Office of Housing Counseling

Housing Counseling Certification Rule Training

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Speakers

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Why Are We Here?

• If you, or your sub-recipients, provide housing counseling services as part of a HUD-housing program, you may be covered under HUD’s final rule on housing counselor certification.

• This presentation will help you understand if you are covered and the steps you can take to fulfill the requirements.
Agenda

• Housing Counseling Overview
• The Final Rule and Community Planning and Development Programs
• Housing Counseling Certification
• HUD Housing Counseling Certification Exam
• HUD Housing Counseling Agency Approval
• Resources
Housing Counseling Overview
Housing Counseling Program

• Celebrating 50 Years!! – Statute found in Section 106 of Housing and Urban Development Act of 1968
• Mission - To provide individuals and families with the knowledge they need to obtain, sustain, and improve their housing through a strong national network of HUD-approved housing counseling agencies and HUD certified counselors.
Housing Counseling Program (cont)

• Governance of HUD’s Housing Counseling Program – Regulations found in 24 CFR Part 214:
  • Final Rule September 28, 2007
  • Housing Counseling Certification Requirements Final Rule December 14, 2016
Housing Counseling Program (cont)

• Almost 1,800 agencies participate in HUD’s program
  • Some apply for funding via NOFA
  • Not all are funded by HUD’s NOFA

• HUD-approved housing counseling agencies:
  • Intermediaries (regional and national organizations)
  • Multi-state organizations
  • Local housing counseling agencies

• Participating in housing counseling include state housing finance agencies
National Housing Counseling Activity FY2017

Total Counseling Activity – 1,121,957 Clients
Housing Counseling Activity Benefits

- Improves family stability
- Enriches distressed neighborhoods
- Increases household wealth
- Contributes to economic growth
- Fosters stable housing
- Helps protect from discrimination and scams
- Reduces foreclosures, loan delinquencies, and defaults
Certification Rule

• New Certification Requirements Final Rule December 14, 2016
  • Requires certified housing counselors who work for HUD-approved housing counseling agencies
  • Misc other requirements, including definition of housing counseling (24 CFR Part 5)
  • Affects a number of other HUD programs, including CPD (e.g., HOME, CDBG, CoC) and PIH (e.g., Section 8 to homeownership)
What is Housing Counseling?

• Housing Counseling is independent, expert advice customized to the need of the consumer to address the consumer’s housing barriers and to help achieve their housing goals

• **Must** include the elements on the next slide
Housing Counseling Elements

- Intake
- Client Budget
- Financial and housing affordability analysis
- An client action plan
- Reasonable effort to follow-up with client
What Is Not Housing Counseling?

- Services that provide only housing information, or placement or referral services
- Routine administrative activities (e.g., program eligibility determinations, intake, case management)
- Case management that provides housing services as incidental to a larger case management (HOPWA, ESG, COC) and does not fund housing counseling
- Fair housing advice and advocacy (e.g., processing complaints and filing claims)
- Group education without individualized services
The Final Rule and Community Planning and Development Programs
• The final rule standardizes the definition of housing counseling
  • Any housing counseling, as defined in 24 CFR 5.100 required under or provided in connection with any program administered by HUD shall be provided only by organizations and counselors certified by the Secretary under 24 CFR part 214 to provide housing counseling, consistent with 12 U.S.C 1701x
Legislative Changes to Statutory Requirements:

• Standardized the definition of Housing Counseling.

• A HUD Certified Housing Counselor is a housing counselor who has passed the HUD certification examination and works for a HUD-approved housing counseling agency.

• Effective August 1, 2020
Housing Counseling Certification

Designed to improve and standardize professional standards for those who counsel consumers

Housing counseling required by HUD or provided in connection with any HUD program will meet industry and HUD standards

HUD certification will allow consumers to quickly find a trusted, impartial and knowledgeable advisor who is required to put the consumer’s best interests first
Covered Programs

• Counseling in connection with CPD programs (primarily CDBG/CDBG-DR, HOME) may be affected

• The final rule standardizes the definition of housing counseling
  • Any housing counseling, as defined in 24 CFR 5.100 required under or provided in connection with any program administered by HUD shall be provided only by organizations and counselors certified by the Secretary under 24 CFR part 214 to provide housing counseling, consistent with 12 U.S.C 1701x
Required under or provided in connection with any program administered by HUD means:

1. Housing Counseling required by statute, regulation, Notice of Funding Availability, or otherwise required by HUD;

2. Housing Counseling that is funded under a HUD program;

3. Housing Counseling that is required by a grantee or sub-grantee of a HUD program as a condition of receiving assistance under the HUD program; or

4. Housing Counseling to which a family assisted under a HUD program is referred, by a grantee or sub-grantee of the HUD program.
Covered Programs (cont)

- **Required by Statute or Regulation (e.g., HOME)**
- **May be Funded (e.g., HOME, CDBG/CDBG-DR, HOPWA, ESG, CoC)**
- **Referrals May be Provided (e.g., CoC)**
- **Required by Grantee or Subgrantee (e.g., CDBG/CDBG-DR)**
HOME as a HUD program where housing counseling is required by statute and regulation:

• Recipients of homeownership or residential mortgage loans funded under the HOME program

• Homebuyers assisted with HOME such as:
  • Receiving HOME-funded direct homebuyer assistance (i.e., DPA assistance)
  • Purchasing units developed with HOME funds

• Housing counseling must be provided by a HUD Certified housing counselor regardless of the funding source to pay for housing counseling services
HOME as a HUD Program where housing counseling is funded:

• For TBRA, rental, owner occupied rehabilitation, housing counseling is not required by HOME regulation, but such counseling is an eligible HOME-funded cost

• If HOME-funded, such housing counseling must be provided by a HUD Certified housing counselor

• If part of a HOME activity, housing counseling must be provided by a HUD Certified housing counselor regardless of the funding source to pay for housing counseling services
CDBG as a HUD Program where housing counseling is funded under the HUD program:

- Housing counseling may be eligible as a public service (under 24 CFR 570.201(e))
- Housing counseling may be eligible as part of a homeownership assistance activity (24 CFR 570.201(n))
- Housing counseling may be eligible as a housing service in support of the HOME program (24 CFR 570.201(k))
• Holistic case management for persons experiencing homelessness is not housing counseling

• If activity is part of holistic case management for persons experiencing homelessness, it is not housing counseling

• There may be instances where housing counseling, as defined in the Final Rule, is being provided
  • Ex: if program participant is receiving housing counseling as a separate specialized service
Housing Counselor Certification
Housing Counseling Certification Rule

- Published 12/14/2016; effective 1/13/2017, two components
  - Certification
  - Other Housing Counseling Rule Provisions
- Publication also includes revisions to:
  - 24 CFR Part 5 (General HUD Program Requirements)
  - 24 CFR Part 92 (HOME Program)
  - 24 CFR Part 570 (CDBG Program), including disaster recovery
  - 24 CFR Part 574 (HOPWA Program)
  - 24 CFR Part 576 (ESG Program)
  - 24 CFR Part 578 (CoC Program)
KEY PROVISIONS

• All housing counseling required under or provided in connection with any program administered by HUD shall be provided only by organizations and counselors certified by the Secretary.

• A HUD Certified Housing Counselor is a housing counselor who has passed the HUD certification examination and works for a HUD-approved housing counseling agency.

• Effective date: August 1, 2020.
1. Counselors must demonstrate competency in each of the following areas of housing counseling: (1) financial management; (2) property maintenance; (3) responsibilities of homeownership and tenancy; (4) fair housing laws and requirements; (5) housing affordability; and (6) avoidance of, and responses to, rental and mortgage delinquency and avoidance of eviction and mortgage default.

2. HUD certification will allow consumers to quickly find a trusted, impartial and knowledgeable advisor who is required to put the consumer’s best interests first.
Options for Affected Agencies

• Apply to HUD for approval or join a HUD-approved intermediary or state housing finance agency
• Partner with an existing Housing Counseling Agency to deliver housing counseling
• Modify the program in order to become compliant
• Stop delivering housing counseling services before the Final Compliance Date of August 1, 2020
• Staff of entities whose roles are limited to funding, overseeing or administering a housing counseling program or other HUD program that requires housing counseling and who do not provide housing counseling services directly to clients are not required to become HUD-certified housing counselors.
Key Considerations

• Does your HUD program require housing counseling or is housing counseling provided in connection with your HUD program?

• Do you provide housing counseling directly or refer clients to another agency for housing counseling?

• Does it meet the definition of housing counseling defined previously?
Other Housing Counseling Rule Provisions in Effect

• Any agency that covers pre-purchase, post purchase, default, must cover all homeownership topics relevant to the client:
  • The decision to purchase a home
  • The selection and purchase of a home
  • Issues arising during and affecting the period of ownership of a home (including financial, refinancing, default, and foreclosure, and other financial decisions)
  • The sale or other disposition of a home
• Distribution of Home Inspection Materials
  • As part of the homeownership counseling process, participating agencies shall provide clients with importance of obtaining an independent home inspection using materials available.
HUD
Housing Counseling Certification Exam
Housing Counselor Certification

• Housing counselor certification is a two-step process
  • Take and pass HUD certified housing counselor exam
  • Employment verified by a HUD approved housing counseling agency as an employee for that agency
Housing Counselor Certification

• Only individuals employed by a HUD approved housing counseling agency may be certified

• Counselors may be certified by multiple HUD approved housing counseling agencies
  • Each agency must verify employment
Housing Counselor Exam

- Examination may be taken on-line or at a proctoring center
- Test is available in English and Spanish
- Only need to pass the certification examination once
- Free training (15 modules) and practice exam are available on the [www.hudhousingcounselors.com](http://www.hudhousingcounselors.com) website
- No continuing education requirements
Housing Counselor Exam

• Registering for and to take the examination is done through www.hudhousingcounselors.com
• Current registration examination fees
  • $60 for on-line
  • $100 for a proctoring center
• Can take exam the multiple times if necessary to pass
  • Must pay fee each time
• Cost for registering and examination may change after September 30, 2018
• Recommended reading: “Review Before You Go”
HUD Approval
Options for Participation

• Seek direct approval as a housing counseling agency from HUD

• Join a network of agencies overseen by an intermediary or state housing finance agency

Both options have same qualifying criteria
Benefits of HUD Approval

• Credibility in the community with partners, lenders, and the families served

• Access to scholarships for training from Office of Housing Counseling partners

• Technical assistance, capacity building, and training from HUD

• Wider visibility and access to clients through HUD website, mobile app, and toll-free referral number

• Other funding sources such as state, local, foundation, and private grant funds often require HUD approval
Qualifying Criteria

- Private or public nonprofit organization 501(c), or state or local government
- One year experience providing housing counseling
- One year of operation in proposed geographic service area(s)
- Sufficient counseling resources
How to Become a HUD Approved Housing Counseling Agency

Organizations interested in becoming HUD-approved to provide counseling services must be either: 1) a private or public nonprofit organization or 2) a state or local government. For-profit entities are not eligible to become HUD-approved Housing Counseling Agencies.

The HUD Approval Process Overview shows the steps in becoming a HUD-approved Housing Counseling Agency.

There are two ways to participate in HUD’s Housing Counseling Program:

1. Organizations may apply directly to HUD as one of the following: a Local Housing Counseling Agency (LHCA), an intermediary (regional or national), a multi-state organization (MSO), or a state housing finance agency (SHFA).

2. LHCAAs can also apply through a HUD-approved Intermediary or SHFA. Intermediaries and SHFAs provide LHCAAs with critical supportive services, including training, tools and templates, pass-through funding, and technical assistance. They also monitor their networks to ensure services meet program standards and effectively meet the needs of their clients.

Qualifying Criteria

Section 106(a)(2) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701) provides the legislative authority for HUD to provide housing counseling services directly or through private or public organizations with special competence and knowledge in counseling low and moderate income families.

Detailed information and additional requirements of the housing counseling program are provided in the Housing Counseling Program Handbook 7610.1. The program handbook lists the qualifying criteria that all applicants must meet to receive HUD approval. A few of the more important are:

1. **Nonprofit Status.** The applicant must function as a private or public nonprofit organization. The agency must submit evidence of nonprofit status as demonstrated by Section 501(c) of the Internal Revenue Code.
2. **Experience.** The applicant must have successfully administered a housing counseling program for at least one year.
3. **Community Base.** The applicant must have functioned for at least one year in the geographical area that the applicant proposes to serve.
4. **Counseling Resources.** The applicant must have sufficient resources to implement its proposed counseling plan no later than the date of HUD approval.

https://www.hudexchange.info/programs/housing-counseling/agency-application/
Housing Counseling Agency Eligibility Tool

• Anyone registered on HUD Exchange can use the tool
• Provides in-depth explanation of eligibility criteria
• Evaluates agency readiness to apply based on information provided to the tool
• Provides an agency with a user report to follow up on next steps
• Does not replace a formal application review by HUD
Housing Counseling Agency Eligibility Tool (cont)

https://www.hudexchange.info/programs/housing-counseling/housing-counseling-agency-eligibility-tool/
Application Preparation and Submission

Step 1: Use Housing Counseling Agency Eligibility Tool

Step 2: Review HUD Exchange website for required forms and guidance on completing your application

Step 3: Prepare required documentation, including form 9900

Step 4: Contact HUD to be connected with application advisor

Step 5: Submit application to HUD

Step 6: Work with HUD reviewer

Step 7: Approval!

Step 8: Work with assigned HUD Point of Contact
Resources
Information on Housing Counselor Certification

• PDF document that identifies other HUD Programs covered by Housing Counselor Certification Requirement and options to meet requirements:

• Extensive FAQs including FAQs specific to each covered HUD program
  https://www.hudexchange.info/resource/5194/housing-counseling-new-certification-requirements-faqs/
Other Resources

• OHC main HUD Exchange webpage
https://www.hudexchange.info/programs/housing-counseling/

• List of HUD-Approved Housing Counseling Agencies
https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm

• Introduction to Housing Counseling
https://www.hudexchange.info/trainings/courses/introduction-to-housing-counseling/

• HOME Notice on Homebuyer Program Policies & Procedures
Office of Housing Counseling Resources

Find us at:
www.hudexchange.info/counseling

Counselor Training and Testing website:
www.hudhousingcounselors.com

Certification Rule:
https://www.hudexchange.info/programs/housing-counseling/certification/
Find a Housing Counselor:

https://www.hudexchange.info/programs/housing-counseling/customer-service-feedback/

Email us at:

housing.counseling@hud.gov