Texas Housing Counseling Network
HUD Housing Counselor Certification

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Office of Housing Counseling Updates
HUD Office of Housing Counseling

“The mission of the Office of Housing Counseling is to help families to obtain, sustain and retain their homes. We will accomplish this mission through a strong network of HUD-approved housing counseling agencies and counselors.”

- Network of approximately 1,850 housing counseling agencies
- HUD monitors compliance, conflicts of interest, and the quality of housing counseling
- HUD connects clients with participating housing counseling agencies through our website
- HUD provides grant funding for qualified applicants
National Housing Counseling Activity FY16

Total Counseling Activity – 1,207,849 Clients
National Impact of One-on-One Counseling FY16

- Worked with housing counselor to develop a sustainable household budget
- Received fair housing information
- Improved financial capacity
- Gained access to resources to help improve housing situation
HUD Housing Counseling Grants

- FY 17 appropriation increased by 18%
  - $50 million in housing counseling grants awarded to 155 agencies
  - $3.5 million awarded to four national organizations to train housing counselors
Program Initiatives

Beat the Odds posters
Available for download on HUD Exchange

Webinar Training

Housing Counseling Federal Advisory Committee

Research
Housing Counseling Works

After four years, counseled borrowers had improved credit scores, less debt and fewer delinquencies.
2014 Federal Reserve Bank of Philadelphia

Counseled homeowners were 2.83 times more likely to receive a modification, and at least 1.78 times more likely to cure a default, than similar non-counseled borrowers.
2014 Urban Institute

Borrowers receiving pre-purchase counseling and education...are one-third less likely to become 90+ days delinquent over the two years after receiving their loan.
2013 Neil Mayer & Associates study

NeighborWorks borrowers were more likely to be African American, Hispanic, low income, or female than the general population of borrowers. This finding confirms our hypothesis that these housing counseling services are predominantly serving disadvantaged homebuyers to help them realize the American dream.
2016 Urban Institute Housing Finance Policy Center Research Report

Counseling reduces the delinquency rate by 29% for first time homebuyers and by 15% overall.
2013 Freddie Mac study

Homebuyer education and counseling successfully encourage participants to communicate proactively and productively with their lenders in times of financial distress.
2016 First-Time Homebuyer Education and Counseling Demonstration: Early Insights

The NeighborWorks homeownership education and counseling program works even when it serves more disadvantaged homebuyers in a tight-credit low-default housing market.
2016 Urban Institute Housing Finance Policy Center Research Report

Borrowers who have undergone NeighborWorks pre-purchase counseling perform significantly better than those who do not. The default rate of loans are 16 percent lower than those of non-NeighborWorks loans.
2016 Urban Institute Housing Finance Policy Center Research Report
Housing Counselor Certification
Key Provisions

• All housing counseling provided under or in connection with all HUD programs must be performed by a HUD Certified Housing Counselor.

• 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.
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.
- And **must** include the elements on the next slide.
Housing Counseling Elements

- Intake
- Client budget
- Financial and housing affordability analysis
- An Action Plan, except for reverse mortgage counseling
- Referrals
- Reasonable effort on follow-up with client
What is Not Housing Counseling

- Services that provide 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
What is Group Education?

• Provided for one or more people (classroom, online, conference call or other delivery method)

• Major differences from Housing Counseling:
  • Not customized for individual needs
  • Does not offer individual financial analysis or a client action plan

• HUD approved Housing Counseling Agencies must offer counseling on the same topics as group education...

• ... and a HUD certified housing counselor must oversee group education
## Benefits of Certification

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<th>Broader knowledge = better counseling</th>
<th>Create professional recognition for housing counselors</th>
<th>Elevate the value of the program for consumers</th>
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<td>Consumers avoid scammers and con artists</td>
<td>A credential for counselors</td>
<td>Consumers benefit from HUD approved agencies</td>
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<td>Housing counseling offered in connection with HUD programs meets OHC standards</td>
<td>Programs and counselors eligible for grants and scholarships</td>
<td>Increased visibility and awareness of housing counseling</td>
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Counselor Certification

• Pass the certification exam covering six major topics
  • Only have to pass certification examination once
• Work for an agency approved to participate in HUD’s housing counseling – will be verified through a Federal system
• Counselors can become certified now. The examination is available on August 01, 2017.
• All agencies must comply by 36 months (3 years) after the examination becomes available
Six Major Topics of Testing

- Financial management
- Property maintenance
- Responsibilities of homeownership and tenancy
- Fair housing laws and requirements
- Housing affordability
- Avoiding eviction and foreclosure
• Counselors must register for and take the examination through [www.hudhousingcounselors.com](http://www.hudhousingcounselors.com)
• Free practice exam and a free study guide available
• Can take examination proctored on-line or at a proctoring site
Certification Exam (2 of 3)

• Cost $60 on-line and $100 on site
• Available in English and Spanish
• Can take multiple times until counselor passes - must pay fee each time
• HUD published a Federal Register Notice to announce availability of the exam May 31, 2017
• Examination start date August 01, 2017
How can agencies and housing counselors prepare for the start of the examination?

- Start studying now for the examination
- Free practice exams
- Take courses through HUD’s Training partners
- Create your user account now at www.hudhousingcounselors.com
Impact on Intermediaries & HC Administrators

- Staff of entities whose roles are limited to funding, overseeing or administering a housing counseling program and who do not provide housing counseling services directly to clients are not required to become HUD-certified housing counselors.
Certification and Other HUD Programs
Key Provisions

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Affected HUD Programs

- Final Rule applies to all organizations that deliver housing counseling required by or provided in connection with all HUD programs
  - Counseling in connection with programs such as CDBG, PIH, and HOME may be affected
- The final rule narrowly defines housing counseling
Organizations Possibly Affected

1. State and Local Governments
2. Public Housing Authorities
3. State Housing Finance Agencies
4. Community Housing Development Organizations
5. Other nonprofits or government agencies
Examples

- HOME
  - Down payment assistance
  - Purchasing units developed with HOME funds
- CDBG
  - Paying for Housing Counseling
  - When assistance requires housing counseling
- Family Self-Sufficiency
  - If homeownership counseling is performed with FSS funds the coordinator must be certified
Options for Affected Agencies

- Apply to HUD for approval or join a HUD-approved Intermediary or State Housing Finance Agency as an affiliate
- Partner with other HUD approved Housing Counseling Agencies
  - Informal or formal referral agreement
  - Funding agreements
- Modify the program to be compliant
- Stop delivering Housing Counseling services
Resources and Other Information
Resources

• [www.HUDExchange.info/housingcounseling](http://www.HUDExchange.info/housingcounseling)
  • Press Release and Federal Register Notice
  • List of HUD Programs covered by Housing Counselor Certification
  • Chart of Key Provisions and Dates
  • Subscription and Archive of The Bridge newsletter
  • Toolkits and Program Models
Frequently Asked Questions

• Answers to most of your questions about the Housing Counselor Certification and the certification process

• [www.hudexchange.info/housing-counseling/faqs/](http://www.hudexchange.info/housing-counseling/faqs/)

• FAQs available as a searchable database or a PDF
Office of Housing Counseling

Find us at:
www.hudexchange.info/counseling

Counselor Training and Testing
website:
www.hudhousingcounselors.com

Email us at:
Housing.counseling@hud.gov