

**DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

24 CFR Part 214

[Docket No. FR 5339–P–01]

RIN 2502–AI94

**Housing Counseling Program: New
Certification Requirements**

To: The Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

The Housing Partnership Network (HPN) appreciates the opportunity to comment on HUD rule proposing new certification requirements for HUD-supported housing counseling programs. HPN is an award-winning business collaborative of 100 of the nation’s most successful affordable housing and community development nonprofits. HPN and its members work together to scale innovation and impact, helping millions of people gain access to affordable homes and thriving communities that offer economic opportunity and an enhanced quality of life. In 2013, HPN received the MacArthur Foundation Award for Creative and Effective Institutions and the Wells Fargo NEXT Award for Opportunity Finance, in recognition of its ongoing leadership and innovation in affordable housing

Nearly half of HPN’s members develop single-family housing for sale to low-income people. They often offer housing and/or financial counseling as part of their businesses. HPN members are also leaders in neighborhood stabilization providing counseling support to borrowers having difficulty paying their mortgages, and acquiring, rehabilitating, and reoccupying foreclosed homes. Since 1995, HPN’s Housing Counseling Program members have provided high-quality counseling to more than 750,000 families across the full spectrum of counseling services, including homeownership, foreclosure prevention, renter, homeless, and reverse mortgage counseling.

HPN and the Minnesota Homeownership Center are developers of Framework®, a joint venture that provides an interactive online homebuyer education course that meets all benchmarks of the HUD Housing Counseling Program and National Industry Standards for Homeownership Education. The Framework curriculum was developed using best practices in adult education and online learning and is appealing to a new homebuyer demographic that is accustomed to learning online and is accessible to rural populations, working families, and people for whom travel to in-person classes is simply not feasible. Since its launch this year, Framework has provided homebuyer education to more than 2,000 homebuyers.

Summary of Recommendations

HPN supports HUD's proposal to move toward greater standardization and certification in the housing counseling industry. If implemented in a meaningful way that accounts for potential compliance costs, HUD certification for housing counselors could play a significant role in reinforcing the counseling industry's goals of promoting professionalization and standardization to ensure consistent, high-quality education and counseling for prospective and current homeowners and renters.

HPN proposes the following changes and clarifications for HUD's re-proposed or final counselor certification rule:

- HUD should ensure that its certification standards reflect the industry's core competencies and assess the ability of counselors to help their clients access a broad range of counseling resources.
- HUD's certification standard should assess a baseline of skills and knowledge across the range of counseling services covered by the rule, while acknowledging that individual counselors and counseling agencies often focus on specific aspects of the homeownership or rental process.
- HUD should pay close attention to potential sources of burden for counseling organizations and counselors, many of which have limited resources and could be disproportionately impacted by the costs associated with certification.
- Finally, HUD should explicitly state which staff in an agency must be certified for the purposes of the rule.

HUD should create a certification standard that reflects and embraces the industry's core competencies:

HPN supports HUD's proposal to develop a counselor certification exam that covers topics broadly representative of issues that span the homeownership and/or rental process and one that complement those certifications already available in the industry.

Currently, a number of entities provide high-quality training and certification programs for individual housing counselors that are consistent with the National Industry Standards for Homeownership Education and Counseling. The standards were established to create coherence in service expectations for the housing counseling industry as a whole, including HUD-certified agencies.¹ The National Industry Standards have set operating and performance criteria for pre- and post-purchase counseling, which includes recommended education, benchmarks, and certifications. The National Industry Standards also have separate guidelines for a specialty in foreclosure intervention, as well as a code of ethics and conduct. Together, these standards form the basis of several respected counselor training programs, including the NeighborWorks Center for Homeownership Education and Counseling.² The National Industry

¹ <http://www.homeownershipstandards.com/Home/Home.aspx>

² [National Industry Standards for Homeownership Education and Counseling: Guidelines and Code of Ethics Reference Guide. http://www.homeownershipstandards.com/Uploads/NW9-12%20Standards-FINALv02112013.pdf](http://www.homeownershipstandards.com/Uploads/NW9-12%20Standards-FINALv02112013.pdf)

Standards represent the industry's own efforts to professionalize homeownership counseling, and could be used as a model for HUD's work.

Given this existing high-quality infrastructure, we recommend that any continuing education requirements for HUD certification include courses taught by any HUD- or National Industry Standards-certified entity as options for counselors pursuing continuing education credits.

The HUD certification standard should assess a baseline of knowledge, while acknowledging that counselors and agencies often specialize in specific parts of the homeownership or rental process:

As described in the rule, HUD's certification exam for housing counselors should assess a counselor's baseline knowledge in the core competencies outlined in Dodd-Frank, with the expectation that they should be capable of making informed referrals along the spectrum of counseling services. However, we believe that HUD should not aim to test for a depth of knowledge in any one area of counseling, since counselors and counseling agencies often specialize in serving consumers in one or more aspects of the homebuyer process, such as pre-purchase counseling or foreclosure mitigation or rental and homelessness counseling. An exam with overly specific questions on any one topic would risk being arbitrary or irrelevant to counselors; for instance, a counselor specializing in serving the homeless or hard-to-house is unlikely to deal with issues related to foreclosure mitigation, though she may make referrals to agencies specializing in foreclosure mitigation.

To clarify this in the rule, HUD should amend the rule with the following language: "Therefore, the potential homebuyer or homeowner will have all potential needs assessed by one counselor, *so that the counselor can make necessary referrals* throughout the entire counseling process." Beyond the HUD housing counseling certification, HUD's approach should encourage counselors to gain specialized certification through training programs in line with HUD program requirements and the National Industry Standards for Homeownership Education and Counseling.

Finally, we recommend that the test should not be modeled after the original HECM exam. The HECM test did not reflect the training provided for the test nor did it directly relate to the counseling services required by HUD. Instead, as stated above, the new certification exam should reflect the baseline knowledge a counselor must know to provide high quality services and referrals to clients. Training materials should provide clear information about which subjects will be covered in the certification exams and guidance on how counselors should best prepare themselves to pass the exam.

HUD should address potential sources of burden on counselors and agencies:

HUD should keep in mind that elements of the new rule could impose a significant burden on housing counseling organizations. Housing counseling businesses generally have limited

resources and flexibility to pay for unexpected costs. As a result, the certification process has the potential to impose time and cost burden on individual counselors and their agencies.

First and foremost, HUD should allow agencies to hire non-certified counselors, on the condition that those counselors become certified within a specific period of time. Similarly, HUD-approved agencies should be allowed a grace period during which they may hire a certified counselor in the event that their certified counselors depart from the agency. Overall, we agree that certification of an individual counselor should be tied to their employment through a HUD approved agency. However, a HUD-approved counseling agency should not be at risk of losing its HUD approval due to staff transition. We recommend that a counseling agency have six months to hire a certified counselor before losing their Certificate of Competency. In addition, we recommend that certifications for individual counselors be transferable between agencies. Individuals should not have to re-certify when transitioning employment from one HUD-approved counseling agency to another.

The estimated \$500 exam fee may also be burden on counselors, and in some cases could even be a dis-incentive for individuals to seek certification. HUD should take steps to reduce the individual exam fee, such as placing the certification process online, working with existing testing platforms, or providing training materials free of charge. HUD's examination for counselors providing HECM counseling is currently administered with a \$100 exam fee, which is significantly lower than HUD's estimate for the housing counselor exam. To lessen the burden on counselors and agencies, we also recommend that the one year compliance period start from the time the Final Rule is issued *and* from when the training curriculum and infrastructure and exam are finalized.

HPN also strongly supports HUD's proposal to develop an online certification exam and that the exam be provided in multiple languages. At a minimum the exam should be available in English and Spanish. HUD can draw on the benefits of current online tools, by making an easy-to-access online exam for counselors to access remotely. An online exam may also allow HUD to track counselors' exam performance, which would give HUD clear data points to support necessary modifications to exam and preparation materials.

Finally, HUD should clarify the circumstances under which a counseling organization is deemed to have misused HUD funds. As it stands, the rule notes that agencies that have been found to have misused HUD funds will be required to return those funds and will be ineligible to receive housing counseling grant funds in the future. A participating agency is determined to have misused grant funds if it has used funds "in a manner that constitutes a material violation of applicable statutes and regulations." In a re-proposed or final rule, HUD should clearly define uses of funds that would constitute a "material violation," so that agencies can better manage their compliance risk and ensure that their activities are in line with regulations. We would recommend that a material violation has occurred only where there is purposeful disregard for regulations rather than where inadvertent errors have occurred or where good faith efforts have been made to comply with regulations.

HUD should create a specific definition for the roles within a counseling agency that must be filled by certified counselors:

Though the proposed rule takes steps to define terms including “HUD-approved counseling agency,” the rule does not specify a definition for “housing counselor” for the purposes of complying with certification requirements. As a result, there is no clear distinction in the rule between counseling activities associated with HUD grants that require certified counselors and activities that can be satisfied by non-certified administrative staff. Requiring certification of staff working primarily on non-counseling activities, such as Section 8 program administrative staff, would be extremely onerous for a range of organizations.

We request that HUD make a clear distinction in the proposed rule between housing counseling that takes place as the primary focus of a program or organization, such as the counseling provided through HUD-approved housing counseling agencies or funded through HUD’s Office of Housing Counseling, and counseling that is ancillary to other program activities. Specifically, we recommend that HUD define a “housing counselor” as a person who performs activities defined in the HUD Housing Counseling Program Handbook (7610.1) Chapter One, Paragraph 1-4 Items F for Counseling, for at least one of the service types detailed in Chapter 3, Paragraph 3-6. We recommend that administrative staff and staff working solely on outreach activities should not be required to be certified as long as they are not actively counseling clients.

Conclusion

Thank you, in advance, for your consideration of these comments. Please contact our Executive Vice President for Policy and External Affairs, Paul Weech, at 202-677-4292 or weech@housingpartnership.net or our Vice President for Homeownership Initiatives, Danielle Samalin, if you would like more information on our views or to explore any of the issues raised by this letter in more detail.

Sincerely,



Paul Weech

Executive Vice President for Policy and External Affairs

Housing Partnership Network