

U.S. Department of Housing and Urban Development

Special Attention of:
Directors, Office of Housing
Directors, Single Family Division
Chiefs, Asset Management and Disposition Division
Housing Counseling Program
Government Technical Representatives
Government Technical Monitors
Transmittal for Handbook No.: 7610.1 REV-4 CHG-2

Issued: October 21, 2004

1. This Transmits

Revision-4 CHG-2 of Housing Counseling Program Handbook 7610.1.

2. Explanation:

This revision clarifies Departmental policy regarding equal participation and hiring protections for faith-based organizations.

The following revision is incorporated in Chapter 1-2:

Paragraph A. The following paragraph has been added:

It is executive branch policy that, within the framework of constitutional church-state guidelines, faith-based organizations should be able to compete on an equal footing with other organizations for federal funding. Accordingly, organizations that are faith-based are eligible, on the same basis as any other organization, to participate in HUD's programs and activities. Neither the federal government nor a state or local government receiving funds under a HUD program or activity shall discriminate against an organization on the basis of the organization's religious character or affiliation. HUD supports the participation of faith-based organizations in its programs.

The following revision is incorporated in Chapter 5-1:

Paragraph D. The following paragraph has been added:

A faith-based organization's federal statutory exemption from employment discrimination on the basis of religion is found at Section 702(a) of the Civil Rights Act of 1964 (42 U.S.C. 2000e-1(a)) and is not forfeited when the organization receives HUD funding.

3. Filing Instructions:

Remove:

page 1-5, dated 07/95

Insert:

page 1-5, dated 10/04
page 1-5 a, dated 10/04
page 1-6, dated 10/04

page 5-1, dated 07/95

page 5-1, dated 10/04
page 5-1 a, dated 10/04
page 5-2, dated 10/04

John C. Weicher
Assistant Secretary for Housing-
Federal Housing Commissioner

Distribution: W-3-1,

Form HUD-23 (9/81)

U.S. Department of Housing and Urban Development

H O U S I N G

Special Attention of: Transmittal for Handbook No.: 7610.1 REV-4
Directors, Office of Housing CHG-1
Directors, Single Family Division Issued: October 27, 1997
Chiefs, Asset Management Branch
Housing Counseling Program
Government Technical Representatives
Government Technical Monitors

1. This Transmits Revision-4 CHG-1 of Housing Counseling Program Handbook 7610.1
2. Explanation:

This revision allows a HUD-approved housing counseling national intermediary organization to purchase and rehabilitate single family properties, and rent and subsequently sell such properties to home buyers it has counseled, provided there is separate supervisory staff and budget operations for the counseling program and the home rehabilitation and sales effort.

The following revision is incorporated in Chapter 5-2:

Paragraph E5. The following statement has been added:
(Where national, regional and multi-state agencies employ housing counselors as well as staff to rehabilitate and sell housing, and providing there is:

- o A separate supervisory staff and budget for each operation and;
- o The agency gives a written disclosure to its counseling program client stating that it owns property, and that the client is under no obligation to purchase or rent a property from the agency;

this standard will not be applicable.);

3. Filing Instructions:

Remove:

Page 5-2, dated 7/95

Insert:

Page 5-2, dated 10/97

Assistant Secretary for Housing-
Federal Housing Commissioner

Distribution: W-3-1

U.S. Department of Housing and Urban Development
H O U S I N G
Office of Housing

Special Attention of: Transmittal for Handbook No.: 7610.1
REV-4

Directors, Office of Housing
Directors, Single Family Division
Chiefs, Loan Management Branch
Housing Counseling Program
Government Technical Representatives

Issued: August 9, 1995

1. This Transmits Revision 4 of Housing Counseling Program Handbook 7610.1.
2. Instructions and Background Information. This revised handbook (REV-4) replaces Housing Counseling Handbook 7610.1 REV-3 issued 6/93.
 - a. Discard all copies of Revision 3.
 - b. Within twenty working days of your receipt of a supply of 7610.1 REV-4, distribute a copy of REV-4 and this

Transmittal to:

- (1) your staff who handle the housing counseling program, including each Government Technical Representative (GTR) and Government Technical Monitor (GTM) for housing counseling grants, and
- (2) all of your HUD-approved housing counseling agencies that you approve after October 1, 1995.

Headquarters will arrange for distribution to agencies approved on or before June 30, 1995.

- c. 7610.1 REV-4 contains the revisions described in paragraphs 3 through 18 below.

The following paragraphs provide a synopsis of major changes.

3. Chapter 1

- a. Legislative Authority. Paragraph 1-1, Legislative Authority, has been revised to reflect current legislation regarding implementation of the housing counseling program.

1 of 5

HSIS: Distribution: W-3-1,W-2(H)(P)(OGC)(Z),W-3(A)(H)(ZAS)(ZAOO),W-4(H),
R-1,R-2,R-3-1(H),R-3-2,R-3-3,R-5,R-6-2,R-7-1,R-7-2,R-8

- b. Approval of Counseling Agencies. Paragraph 1-2 adds national, regional, and multi-State organizations as eligible for approval and funding.
- c. First-time Homebuyers. Paragraph 1-3, Program Objectives, adds the objective of increasing participation of first-time homebuyers in the housing market.

4. Chapter 2

- a. Approval Criteria. Paragraphs 2-1 and 2-2 now include information regarding approval of national, regional, and multi-State organizations. Paragraph 2-2 also includes additional information regarding local organizations that have one or more branch offices and/or cross State boundaries.
- b. Application Log. Paragraph 2-3 provides for a new application log to be maintained by any HUD office that receives an application for approval as a housing counseling agency. The paragraph provides expanded instructions regarding HUD review process and identifies a new application format, Form HUD-9900C. See Appendix 2.

5. Chapter3

- a. Delivery of Counseling - Basic Requirements. Paragraph 3-1 contains new instructions regarding national, regional, and multi-State organizations.
- b. HUD Program Handbooks. Paragraph 3-1A contains a revised list of such issuances.
- c. HECM Counseling. Paragraph e. on page 3-7 contains new information about this type of counseling. Of particular importance is paragraph e(4) that mandates issuance of the certificate by the counseling agency.

6. Chapter 4

- a. Race/Ethnicity. Paragraph 4-1D requires counseling agencies to report race/ethnicity data for clients as required under Section 808(e) (6) of the Fair Housing Act.
- b. Reports. With the elimination of the former HUD regional offices it was necessary to revise reporting procedures,

especially as they relate to HUD Field Offices. See paragraphs 4-9 and 4-10.

2 of 5

7. Chapter 5

a. Biennial Performance Review

(1) Paragraph 5-3E provides new instructions regarding this review and its relation to the agency's housing counseling plan approved by HUD.

(2) Paragraph 5-3F provides for redacted files to assure client confidentiality.

b. Funding. Paragraph 5-11, Funding, now includes precautions to agencies seeking funds from sources other than HUD.

8. Chapter6

a. Funding Sources. Paragraph 6-1 contains expanded instructions regarding HUD Notice of Funding Availability (NOFA) and the Application Kit.

b. Local Funding Sources. Paragraph 6-1B contains new information regarding these sources of funds.

c. Counseling Fees. Paragraph 6-2 contains expanded information regarding charging counseling fees in years when HUD does not receive an appropriation for housing counseling.

9. Chapter7

a. Vouchering under a HUD Grant. Paragraph 7-1 sets forth new vouchering requirements through HUD's Letter of Credit Control System (LOCCS). Effective March 6, 1995, HUD discontinued the use of Standard Form 270 for HUD housing counseling grantees.

b. Counseling Unit [CU]. All references to "counseling unit" in this handbook relate only to grants made in 1994 and prior years. The term is not used in relation to grants awarded in 1995.

10. Appendices 1A and 1B

a. Application for Approval, Forms HUD-9900A and 9900B. These two appendices are the former Appendices 1 and 2. Their use is restricted to the types of organizations specified on the appendices.

b. The content of these appendices has not changed.

~ of 5

11. Appendix 2

- a. Application for Approval, Form HUD-9900C. This new form is for use by national, regional, and multi-State organizations.
- b. The form is similar to Forms HUD-9900A and 9900B but is submitted to Headquarters for review. HUD Field Offices do not process these applications.

12. Appendix6

Certificate of HUD Approval. Your office may obtain printing of the certificate locally; however, the certificate is available in a WordPerfect file that you may use to print copies of the form, including the name of the approved agency, on an as needed basis. You may request the file from the Single Family Housing Counseling Staff in Headquarters.

13. Appendix10

Housing Counseling Agency Fiscal Year Activity Report, Form [HUD-9902](#) added Race/Ethnicity data reporting.

14. Appendix11

Biennial Performance Review. This checklist includes a new provision for determining if the agency's housing counseling plan requires updating due to changes in the housing market conditions in the agency's target area. See Instructions and question 34.

15. Appendices 14A, 14B, and 14C

Letter of Credit Control System (LOCCS) and Voice Response System. These three appendices relate to the newly instituted vouchering system for housing counseling grantees. The appendices are:

- a. Request Voucher for Grant Payment
- b. Access Authorization (for use by grantees)
- c. Access Authorization Security Form for HUD Staff
- d. Housing Counseling Grant Letter No. 1 - LOCCS/VRS
- e. Memorandum: Information on Using LOCCS - Vouchers

16. Appendix15

- a. Housing Counseling Activity and Unit Log. The form now contains a race/ethnicity documentation area.
- b. Counseling Unit. The box identified as "Unit Claim" now refers only to grants issued by HUD in 1994 and prior years.

Transmittal to:

- (1) your staff who handle the housing counseling program,
 - (2) all of your HUD-approved housing counseling agencies and
 - (3) each Government Technical Representative (GTR) and Government Technical Monitor (GTM) for housing counseling grants.
- c. 7610.1 REV-3 contains the revisions described in paragraphs 3 through 19 below. In the handbook, the revisions listed below are marked by an asterisk (*) at the beginning in the left margin to indicate the beginning of the change and its ending in the right margin. Revision 3 also contains the changes previously issued as CHANGE 1, 2, 3 and 4 identified in paragraph 20 below.
- d. Changes followed by "(OIG)" indicate changes made in response to the Office of Inspector General (OIG) audit of the housing counseling program.

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3. Pages iii and iv of the Table of Contents list the new forms and appendices described in the following paragraphs.
 4. Pages 2-3 and 2-4 contain new information about training for HUD-approved housing counseling agencies. This includes a training survey (Appendix 18) and a report to Headquarters from Field and Regional Offices (Appendix 19). (OIG)
 5. Page 2-8 contains a new requirement that counseling agencies include the ZIP Code areas from which their clients come.

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Your office must obtain ZIP Code information from all agencies currently approved by your office. Report this information to the Director, Single Family Servicing Division, Headquarters, no later than October 30, 1993. Use the format in Appendix 7.
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6. Page 3-7 adds the counseling requirement under the Home Equity Conversion Mortgage (HECM) program.
7. Page 3-8 alerts counseling agencies to the counseling requirement under the Pre-Foreclosure Sale program, including Form HUD-90038 in Appendix 17.
8. Page 4-4 indicates a significant change in Form [HUD-9902](#) contained in Appendix 10. (OIG) The Office of Management and Budget (OMB) required HUD to change the report from the calendar year to the federal fiscal year.

9. Pages 4-5, 4-6 and 4-7 require a new report from Field and Regional Offices that summarize the counseling agency reports submitted to HUD on Form [HUD-9902](#), the revised format of which is in new Appendix 10. (OIG)

To comply with this requirement, the field MUST assure that HUD-approved housing counseling agencies submit timely and accurate annual reports required in paragraph 4-9 of 7610.1 REV-3.

10. Appendix 1, page 2 now requires applicant organizations to include the ZIP codes from which their clients come.
 11. Appendix 2, page 2 also relates to the ZIP code requirement.
 12. Appendix 3, page 2 also relates to the ZIP code requirement.
 13. Appendix 7 was reorganized and the ZIP code requirement added.
 14. Appendix 10 contains the revised Form [HUD-9902](#). (OIG)
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15. Appendix 15, page 1 was revised to conform to the types of counseling and counseling outcomes reported on Form [HUD-9902](#). (OIG)

Use of this log, or a form with at least the same information, is required of all HUD-approved housing counseling agencies. HUD counseling grantees must conform to the terms of the grant agreement to document claims for counseling units for which the grantees invoice HUD.

16. Appendix 17 contains a copy of Form HUD-90038 (2/93).
17. Appendix 18 contains the new Training Needs Survey format for use by HUD-approved housing counseling agencies. (OIG)
18. Appendix 19 contains the new format for Field and Regional Offices to use in preparing their Training Needs Survey. (OIG)
19. Appendix 20 contains a copy of new Form HUD-9923 for use by Field and Regional Offices to prepare summaries of the counseling agencies, reports on Form [HUD-9902](#). Form HUD-9923 is in LOTUS file HUD-9923.WK1. The Single Family Servicing Division will send the LOTUS file to your office via LAN CC:MAIL. (OIG)
20. Previously-issued Changes incorporated into Revision 3.
 - a. CHANGE 1. This change of paragraph 4-9 Reports to HUD, subparagraph A1, reduced the reporting requirement on Form [HUD-9902](#) from twice a year to once a year. Revision 3 further changes this requirement.

b. CHANGE 2. This change revised pages iii and iv of the list of Appendices by adding Form HUD-9922, HUD-approved Housing Counseling Agency Biennial Performance Review Annual Report (by Field and Regional Offices). The change:

- (1) revised paragraphs 5-1B, Reporting
- (2) revised paragraph 5-1E5, Conflict of Interest
- (3) added paragraph 5-5, Report of Performance Reviews (This report is required of all Field and Regional Offices.) (OIG)
- (4) added, in relation to new paragraph 5-5, a new report, Form HUD-9922 sent to all Field and Regional Offices as LOTUS file HUD-9922.WK1 via CC:Mail (OIG)

c. CHANGE 3. This change revised paragraph 6-1, HUD as a Funding Source, by announcing the use of a NOTICE OF FUNDING AVAILABILITY (NOFA) to announce counseling funding in the Federal Register.

d. CHANGE 4. This change revised Appendix 7, the format Field and Regional Offices use to report counseling agency changes to the Single Family Servicing Division in Headquarters. Revision 3 further changes this format.

21. Upcoming change in billing procedures for housing counseling grant recipients

The Department is phasing out the use of Standard Form 270, Request for Advance or Reimbursement, and phasing in the use of Line of Credit Control System (LOCCS)/Voice Response System (VRS). See paragraph 7-1 for further information.

Assistant Secretary for Housing
- Federal Housing Commissioner

HANDBOOK

7610.1 REV-3

U.S. Department of Housing and Urban Development
Office of Single Family Housing

June 1993

Housing Counseling

Program

Departmental Staff and
Public and Private
Nonprofit Agencies
