



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

**November 6, 2009**

**MORTGAGEE LETTER 2009-47**

**TO ALL APPROVED MORTGAGEES  
HUD-APPROVED HOUSING COUNSELING AGENCIES**

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**Subject** Home Equity Conversion Mortgage (HECM) Counseling  
Standardization and Roster Final Rule

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**Purpose** This Mortgagee Letter provides guidance to counselors and lenders regarding the HECM Counselor Roster final regulation. This Final Rule establishes

- testing standards to qualify individuals as HECM counselors eligible to provide HECM counseling, and
- a roster of eligible HECM counselors.

**Note:** Only those counselors on the HECM Roster can provide HECM counseling to potential HECM borrowers.

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**Description of the Mortgagee Letter** This Mortgagee Letter provides guidance to counselors and lenders for

- determining eligibility for placement on the HECM Counselor Roster
- FHA Connection role
- HUD's review of Roster applications
- establishing an Application Coordinator (requirement) and Application Coordinator responsibilities
- Roster application instructions
- understanding the reasons for removal from the Roster
- appealing removal from the Roster and applying for reinstatement
- generating HECM Counseling certificates
- providing a list of HECM counseling providers to potential borrowers.

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**Effective Date** This guidance is effective October 2, 2009.

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**Questions** Please address any questions about the topics addressed in this Mortgagee Letter to the FHA Call Center at 1-800-CALLFHA. Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

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**Signature** David H. Stevens

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Assistant Secretary for Housing-Federal Housing Commissioner

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**ML 09-47.a  
Eligibility for  
HECM  
Counselor  
Roster**

To be placed on the HECM Counselor Roster and remain eligible, a counselor must

- be employed by a(n)
  - HUD-approved housing counseling agency
  - affiliate of a HUD-approved intermediary, or
  - state housing finance agency
- have successfully passed a standardized HECM exam administered by HUD or a party selected by HUD
- have received training and education related to HECMs within the prior two years
- have access to technology that enables HUD to track the results of the counseling offered to each HECM client
- not be listed on
  - General Service Administration’s Excluded Parties List System (EPLS)
  - HUD’s Limited Denial of Participation (LDP) List, or
  - HUD’s Credit Alert Interactive Response System (CAIVRS)
- receive HECM training and education every two years, and
- retake the HECM exam every three years.

**Note:** Counselors who have taken the exam anytime prior to October 2, 2009 will not have to retake the exam to apply and be placed on the Roster provided they meet all other eligibility requirements. They will have to retake the exam prior to their three year anniversary date of joining the Roster.

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**ML 09-47.b  
FHA  
Connection and  
the HECM  
Counselor  
Roster**

FHA Connection will now play a new role in the HECM Counseling Program. HECM counselors will have to use FHA Connection to apply to HUD for placement on the Roster. Each agency will be required to have at least one Agency Coordinator who will also have to use FHA Connection to facilitate the placement of counselors on the Roster. All Roster applicants and Application Coordinators must apply through the FHA Connection at <https://entp.hud.gov/clas> for a user ID. Faxed or mailed applications will not be accepted.

Reference: Step-by-step instructions on the application procedures are available at [www.hud.gov/counselors](http://www.hud.gov/counselors).

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**ML 09-47.c  
HUD Review of  
HECM  
Counselor  
Roster  
Applications**

HUD will review every application submitted by counselors for placement on the Roster. Job performance of HECM counselors will be monitored by HUD through performance reviews.

Counselors will be notified by e-mail to

- provide updates for their continuing education and training prior to the two year requirement deadline, and
- retake and pass the HECM exam prior to the three year requirement deadline.

Evidence of completed continuing education courses should be kept on file at the counseling agency for the term of the counselor's employment and be available to HUD for inspection upon request.

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**ML 09-47.d  
FHA  
Application  
Coordinators  
for HECM  
Counselor  
Roster**

Each agency with a HECM Counselor Roster counselor is required to have one to four FHA Connection Application Coordinators (two are recommended), depending on the size of the organization and number of HECM Roster counselors. Application Coordinators should be employees who have some type of supervisory role in the agency.

An Application Coordinator can also be a HECM Roster counselor by following the steps in the table below.

<b>Step</b>	<b>Action</b>
1	Apply to Roster.
2	Apply for user ID through FHA Connection, as <b>both</b> Application Coordinator and a counselor.

**Note:** Executive Directors of each counseling agency will make the determination on the number and selection of Application Coordinators.

**Reference:** For information on

- how to apply to become an Application Coordinator, see [www.hud.gov/counselors](http://www.hud.gov/counselors), and
- how to obtain an Application Coordinator user ID through FHA Connections, see <https://entp.hud.gov/clas>.

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### ML 09-47.e FHA Application Coordinators' Responsibilities for HECM Counselor Roster

Application Coordinators are responsible for certifying the employment of all HECM counselors within their agency who apply to the Roster, in order for the counselors' names to appear on the HECM Counselor Roster website.

Application Coordinators must enter the date a counselor leaves the employment of the agency in FHA Connection, within 5 days of the counselor leaving so that the counselor's name no longer appears on the Roster as an available HECM counselor for that agency.

**Reference:** For instructions on certifying counselors' employment, see the HECM Counselor Roster website at [www.hud.gov/counselors](http://www.hud.gov/counselors).

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### ML 09-47.f HECM Counselor Roster Application Instructions

Detailed instructions on how to apply to the HECM Counselor Roster are available at [www.hud.gov/counselors](http://www.hud.gov/counselors). After completing the on-line application, the counselor must follow the steps in the table below to submit.

Step	Action
1	Print out the completed application form.
2	Sign and date.
3	Scan the document into a PDF file.
4	Scan corresponding documentation of training matching the training listed on the application.
5	Upload the PDF files to the Roster application.
6	Send.

HUD will review the completed application and notify the counselor via email in 7–10 days, stating whether the application is approved or, if not approved, why it is being rejected.

**Note:** HECM Roster Counselors who are employed by more than one agency can enter the Housing Counseling System ID of each employing agency on the HECM Counselor Roster application.

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**ML 09-47.g  
FHA  
Connection  
User IDs for  
HECM Roster  
Counselors**

After submitting a successful application for the HECM Counselor Roster, counselors must apply through FHA Connection for user IDs, with which they will maintain their profiles in the Roster and generate HECM Counseling Certificates directly from the system.

Reference: Instructions are available on HUD's website at [www.hud.gov/counselors](http://www.hud.gov/counselors).

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**ML 09-47.h  
Maintenance of  
Counselor's  
Profile on  
HECM  
Counselor  
Roster**

All counselors must maintain their profiles on the HECM Counselor Roster, including updates to their

- completed continuing education courses
- employer, and
- contact information.

HECM counselors will update the HECM Roster within five (5) days of any changes to their profile.

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**ML 09-47.i  
Reasons for  
Removal from  
HECM  
Counselor  
Roster**

HUD can remove counselors from the Roster for cause, which may include failure to

- comply with education and training requirements
- respond to HUD inquiries and requests for documentation within a reasonable time
- comply with applicable fair housing and civil rights requirements
- comply with applicable statutes, regulations or HUD requirements
- provide information to clients on
  - options other than HECMs
  - the financial implications of a HECM
  - the tax consequences of a HECM, and
  - any other information required by HUD or requested by the applicant
- maintain registration, license or certification requirements of a state or local authority, or
- perform satisfactorily in providing counseling to HECM applicants.

**IMPORTANT:** Counselors may also be removed from the Roster for providing misrepresentations or fraudulent statements; for promoting, representing or recommending any specific lender; or for any other reason HUD determines serious enough to justify an administrative action.

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**ML 09-47.j  
Removal from  
HECM  
Counselor  
Roster and  
Appeal Process**

HUD will provide the HECM counselor with a written notice of the proposed removal with the reasons for and the duration of the removal. The counselor has 30 days from the date of receipt of the notice to submit a written appeal and request a conference. HUD will review the appeal and respond within 30 days after receiving the appeal or within 30 days after the requested conference was held.

<b>If ...</b>	<b>Then ...</b>
the counselor does not submit a timely written response	the removal will be effective 31 days after the date of HUD's initial removal notice.
the counselor submits a written response, and the removal decision is affirmed or modified as a result	the removal will be effective on the date of HUD's notice affirming or modifying the initial removal decision.

**Note:** The maximum time period for removal from the Roster is twelve months.

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**ML09-47.k  
Reinstatement  
to the HECM  
Counselor  
Roster**

A counselor who has been removed must apply for reinstatement on the Roster after the period of removal has expired. HUD may require the counselor retake and pass the HECM exam for reinstatement. Typically, a counselor will not have to retake and pass the exam to be reinstated on the Roster.

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### ML 09-47.1 HECM Counseling Certificates

Counselor will now generate HUD-92902, *HECM Counseling Certificate*, in FHA Connection and print them for the counselor's and client's signatures. HECM Counselor Roster counselors must begin using the system-generated *HECM Counseling Certificates* immediately after they have received their FHA Connection ID and are placed on the Roster.

Lenders will access information on the client's HECM Counseling Certificate by entering the ID number in the upper right hand corner of HUD-92902 into FHA Connection. Lenders will not verify a counseling agency using the agency's EIN.

**Note:** Non-FHA Connection generated *HECM Counseling Certificates* will not be accepted by lenders if they are dated after October 2, 2009. The requirements of MLs 2004-25, 2006-25, and 2009-10 regarding HECM certificates remain in effect.

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### ML 09-47.m Updated List of HECM Counseling Providers

Lenders are required to give every client a list of HECM counseling providers that includes no fewer than nine HUD-approved counseling agencies, with

- five agencies in the local area and/or state of the prospective borrower
- at least one of the local agencies located within a reasonable driving distance for the purpose of face-to-face counseling, and
- the four national intermediaries that provide telephone counseling
  - National Foundation for Credit Counseling (NFCC) – 1-866-698-6322
  - Money Management International (MMI) – 1-877-908-2227
  - National Council on Aging (NCOA) – 1-800-510-0301, and
  - Consumer Credit Counseling Service of Atlanta (CCCS of Atlanta) – 1-800-251-2227. (**Note:** AARP is no longer a HUD-approved housing counseling intermediary.)

Lenders can obtain a list of these counseling agencies from the HECM Counselor Roster beginning October 2, 2009. Only agencies that appear on the HECM Counselor Roster may be included on the list given to prospective borrowers.