

Housing Counseling Frequently Asked Questions - Recordkeeping

HUD-approved housing counseling agencies and other agencies participating in HUD's housing counseling program must maintain accurate client records that comply with the requirements contained in 24 CFR Part 214 and the most current version of HUD Handbook 7610.1. HUD verifies compliance during performance reviews. At a minimum of every three years, participating agencies are subject to performance reviews by HUD staff. During these performance review visits, HUD will sample the agency's housing counseling client and group education files. Summarized below are frequently asked questions and corresponding responses that describe HUD's recordkeeping procedures and requirements.

Q. What can an agency expect during a performance review? What can an agency do to make sure monitors are able to find what they are looking for?

A. A review is usually an on-site monitoring visit. Prior to the visit, HUD staff will review the agency's most current housing counseling work plan and the agency's most recent form HUD-9902. During the visit, typically HUD staff will sample 10-20 client and 2 group education files using a checklist of items required by HUD Handbook 7610.1. HUD Staff will review the participating agency's compliance with basic program requirements; the skills and experience of the manager and the housing counselors; the financial and administrative capacity of the agency; program practices; compliance with conflict of interest provisions; grants management, if applicable, and facility requirements.

An agency can help monitors by having its most current housing counseling work plan on file with the appropriate HUD office. This plan is an outline of the agency's housing counseling services and describes in detail how these services are delivered. A quality housing counseling work plan explains the needs and problems of the target population, how the agency will address one or more of these needs and problems with its available resources, the type of housing counseling services offered, the fee structure if applicable, and specifies the geographic service area served. HUD staff will review this plan prior to an onsite visit.

When the monitor arrives, have a designated workplace available and have all requested information and files ready in a centralized place. For client and group education files in an electronic format, HUD staff will need access or paper copies. Also provide the monitor access to a copy machine.

Q. Are unfunded affiliates of SHFAs and Intermediaries that are participating in the Housing Counseling Program subject to HUD performance reviews?

A. Yes. Even if an affiliate does not receive HUD funding in a particular grant year, any affiliate that is participating in the Housing Counseling Program is subject to HUD performance reviews.

Q. Are branches of LHCAs, sub-grantees, and affiliates subject to performance reviews?

A. No. HUD will directly review only branches of intermediaries and MSOs, not the branches of the sub-grantees and affiliates of intermediaries and SHFAs. Housing counseling program

compliance of branches of LHCAs, and branches of sub-grantees and affiliates, will be considered during performance reviews of the parent organizations.

Q. What information should a client file contain?

A. File should contain:

- All required fields listed in the Interface Control Document (ICD), available at http://portal.hud.gov/hudportal/documents/huddoc?id=OHC_HCSF11071714.pdf
- Evidence of financial and credit analysis, if applicable.
- Activity Log: A narrative that contains the purpose and results of each visit, clearly identifying client need or problem, type of housing counseling provided, other activities performed on behalf of the client, and results of housing counseling.
- Client's Action Plan. The housing counselor prepares an individual housing counseling action plan. The plan clearly identifies the client need or problem and outlines what the agency and the client will do in order to meet the client's housing goal(s). A copy of the plan must be given to the client and maintained in the client's file. An Action Plan is not required for reverse mortgage counseling.
- A record of any follow-up with the client, as needed.
- Copies (electronic or paper) of pertinent records or correspondence received from the client or created on their behalf.
- The disclosure statement to be provided to each client in a face-to-face setting or a notation of the date that the disclosure statement was verbally provided during telephone counseling. The wording of the disclosure statement must be relevant to client.
- Documentation of the termination of housing counseling with an explanation.
- Cost of counseling: If applicable, the amount paid through client fees and a copy of the receipt provided to the client.
- Supporting documentation for costs (e.g., payroll records)
- An indication that the activity was partially or fully funded by a HUD housing counseling grant or sub-grant, when applicable.
- A list of any service providers or product vendors about whom information was provided to the client.

- Client authorization to order a credit report.
- Other information obtained during the intake and subsequent housing counseling sessions not mentioned above.
- Additional documentation required for reverse mortgage client files:
 - List of other people than the borrower(s) that attended the reverse mortgage counseling session and a description of their relationship to the client(s);
 - Signed and dated HECM counseling certificate;
 - Power of Attorney or other documents relating to legal competency, if applicable;
 - Annual Loan Cost Analysis;
 - Amortization schedules for reverse mortgage loan options;
 - Notation of any brochures or handouts on the reverse mortgage lending process/procedures/timelines, reverse mortgage lenders, and/or alternatives to a reverse mortgage provided to client.

Q. What is a client's housing counseling action plan?

A. The housing counselor prepares the client's housing counseling action plan after the screening interview. The plan states what the agency and the client will do to resolve the client's housing need or problem.

Note this is different from the agency's housing counseling work plan discussed in the first question above. There, the housing counseling plan refers to the agency's delivery of housing counseling services.

Q. What is the activity log?

A. This is a list of activities performed on behalf of a client. Activities include, but are not limited to, intake, follow-up, telephone calls on behalf of the client such as working with lenders for loss mitigation, calls to other counselors for advice or ideas to help resolve a client's housing problem(s). The log would document the results of the financial analysis and the evaluation to determine the client's options, or note that the client attended group sessions or training. The key is to provide detailed descriptions of the activities, including persons involved dates and duration. For example, after contacting a lender, the housing counselor should note the date and time of the telephone call, with whom the counselor spoke and the duration and results of the conversation.

Q. Is there any time limit after last contact for termination of a client?

A. HUD Handbook 7610.1 does not provide a specific time limit for termination of counseling, but client files must not remain open indefinitely. The counselor must make reasonable efforts to

conduct a verbal (in person or via phone) follow-up session within the first 60 days of no client contact and record the date and reason for termination. Causes for termination may include the following:

- Client meets his/her housing need or resolves the housing problem
- Housing Counseling Agency determines that further counseling will not meet the client's housing need or resolve the client's housing problem
- Client terminates counseling
- Client does not follow the agreed-upon housing counseling action plan
- Client fails to appear for counseling appointments or classes

Q. What exactly are HUD reviewers looking for in client files?

A. We verify that all the information required in the fourth "Recordkeeping" Answer above is included in the client's file. But we are also examining files to get a sense of the counseling session(s). We want to make sure the client was well-served and look for documentation that indicates to us that:

- The counselor identified the client's housing need or problem
- The counselor assessed the client's unique financial circumstances
- The counselor collected appropriate documentation
- The counselor offered appropriate advice and developed and communicated a realistic housing counseling action plan
- The counselor made reasonable efforts to follow-up with the client; and
- The counselor noted the cause and date for terminating counseling

Q. Is there a certain order in which client files need to be?

A. It is important that the system used by the agency lends itself to easy monitoring by HUD. There is no particular order required by HUD as long as everything is in the file (either electronic or a combination of electronic and paper). We understand that the files must have functionality for the agency. Since October 1, 2007, all Housing Counseling Agencies participating in HUD's Housing Counseling Program are required to use a Client Management System (CMS) that interfaces with HUD's databases in order to collect and submit agency and client level data - the result is that much information that would have traditionally been in the hard copy file is now maintained electronically. Are housing counseling agencies required to keep a hard copy of everything in the file as well? As long as the information exists electronically, there is no need to also have a hard copy in the file. However, the agency must be able to print the information

quickly to show it to the HUD reviewer during a performance review or allow the reviewer access to the CMS.

Q. What are some of the most common file and recordkeeping problems HUD reviewers identify during performance reviews?

A. Here is a list of some common problems identified:

- Counseling type (client problem or need) not identified or documented
- Client name and/or address is not complete
- Housing counseling action plan is missing (not applicable to reverse mortgage counseling files)
- The funding source for the counseling is not identified.
- Documents that demonstrate the counselor discussed financial status and evaluated income, debt, financial obligations, etc. to determine appropriate course of action for the client are missing
- No evidence that follow-up activities were performed by the counselor
- Termination of counseling - date and reason – not documented
- Evidence that the agency's disclosure statement was provided to the client
- In reverse mortgage client files, evidence that alternatives were discussed

Q. Do these recordkeeping requirements apply to affiliates and branches of intermediaries/state finance agencies and non-funded HUD approved agencies?

A: They apply to all HUD-approved and participating agencies. 24 CFR Part 214 Section 214.315 and the most current version of HUD Handbook 7610.1 is the main source of guidance on recordkeeping. It is important to emphasize that HUD's housing counseling recordkeeping requirements apply to affiliates and branches of HUD-approved intermediaries as well. Intermediaries and state housing finance agencies must assure that their affiliates and branches comply with all requirements in 24 CFR Part 214 Subpart D Section 214.315 and HUD Handbook 7610.1. These recordkeeping requirements also apply to all HUD-approved local housing counseling agencies, multi-state organizations and their branches and any participating non-funded agencies.

Q. How can an agency obtain a copy of 24 CFR Part 214 and the latest version of HUD Handbook 7610.1

A. The regulation can be downloaded from: http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title24/24cfr214_main_02.tpl

The handbook can be downloaded at:

<http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/7610.1/index.cfm>

A hard copy of the handbook can also be ordered at 1-800-767-7468.

Q. When exactly should an agency start a client file? For example, when a counselor provides quick advice over the telephone should a client file be started? What about participants in group education sessions?

A. An agency should not start an individual client file for a quick telephone call or participation in a group education session only. The file should be started for each client that has a one-on-one counseling session. Client files should be started when substantive counseling has occurred, i.e. an analysis of the client's unique situation/financial information.

Q. Does each group education session or course/workshop require its own file?

A. Yes. Each distinct group education session, complete course, or workshop should have its own file and file number. The file may be electronic or a combination of electronic and paper. The file must include the items identified below. An individual file does not need to be established for each participant; however, the agency must also record participation in the education/workshop session or course in a client's existing individual file, if any.

- A file number for the education/workshop session.
- All required fields listed in the ICD. See:
http://portal.hud.gov/hudportal/documents/huddoc?id=OHC_HCSF11071714.pdf
- An indication that the activity was partially or fully funded by a HUD housing counseling grant or sub-grant, when applicable.
- Course title, course outline, established curriculum and instructional goals.
- Name of each housing counselor, instructor, or presenter participating in the session.
- Date, place, and duration of each session.
- List of participants and their race, ethnicity, and income data for each household.
- The disclosure statement to be provided to each household that is relevant to the subject of the session.
- Cost of services: If applicable, the amount paid through client fees and a copy of the receipt provided to the client.

Q. Housing counseling agencies may offer several courses or topics as part of a homebuyer education workshop. For example, one class may talk about budgeting. Another class would cover the loan process. Does the agency have to create a file for each individual class?

A. Yes, if the classes are being taught as separate classes. For example, potential homebuyers may be required to complete several mini-courses. Each course is scheduled at a different time. Each individual course would then require its own group education file. By contrast, the agency may offer an all-day workshop for homebuyer education that covers several topics such as budgeting, the home buying process, credit, etc. This is just one class so a group education file would be needed for just that one class and not each individual topic.

Q. Regarding a group education file number, does each course or workshop have its own number assigned to it or does each individual participant receive a client number?

A. Each course or workshop must be assigned a number and not each participant.

Q. Does the housing counseling agency create an individual file for clients that just attend a group education session?

A. There is no need to create an individual file for clients just attending a group education session. If they client follows-up with individual counseling, a file would then be created and reflect that they attended the group education session(s). Similarly, if an individual client file already exists, please note the group education session attendance by the client.

Q. Client files often contain sensitive personal information. What guidance does HUD offer housing counseling agencies regarding client confidentiality and credit reports?

A. HUD expects housing counseling agencies to take confidentiality very seriously. The agency must hold all client information in strict confidence in a secure location. The agency may be subject to the penalties provided in the Fair Credit Reporting Act (14 U.S.C. 1681). Disclosure of information contained in credit reports can be made to clients depending on the terms of the contract between the agency and reporting credit bureau.

Please note that confidentiality also applies to HUD staff. Any information obtained by HUD staff, as part of a performance review will be held in the strictest confidence.

Q. How long should files be maintained?

A. Both group education and individual client files must be retained for 3 years from the date the case file documents the termination of housing counseling or from the date the final grant invoice was paid by HUD.