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FHA Notice for Roster Appraisers; FHA Notice for HUD-Approved Housing Counseling Agencies

FHA Notice for Roster Appraisers:

FHA has updated the Valuation Protocol FAQs posted on the FHA Appraiser Roster web page. The most recent FAQ can be found on page 27 of the document and provides clarification for what constitutes an acceptable conventional heating system. Please periodically review the FHA Appraiser Roster web page for alerts on recently published Mortgagee Letters of interest and other pertinent announcements.

View the new Valuation protocol FAQs online at: <http://portal.hud.gov/hudportal/documents/huddoc?id=aprval.pdf> Visit the FHA Appraiser Roster Webpage at: <http://portal.hud.gov/hudportal/HUD?src=/groups/appraisers>

AND

FHA Notice for HUD Approved Housing Counseling Agencies:

There has been considerable discussion throughout the counseling industry recently regarding internet education. The purpose of this message is to provide HUD guidance on this topic. [HUD defines "education" as the general provision of housing information, for example through a course. By contrast, *counseling* involves analysis of a household's unique financial and housing situation, a discussion of alternatives, and development of an action plan.] HUD acknowledges that there has been significant innovation in regards to web-based education, that many counseling agencies are interested in offering this service, and that many clients may prefer this format for receiving housing education services.

Approval of Web-based Education:

Currently, HUD does not approve or endorse individual web-based education systems or programs. HUD Housing Counseling program requirements regarding housing education in general, including content, file, and reporting requirements, also apply to web-based education. Moreover, HUD oversight may involve the evaluation of web-based education.

Web-Based Education Allowable:

HUD's regulations and Handbook do not prohibit web-based education. While current Housing Counseling regulations published at 24 CFR Part 214.300 "Counseling Services" did not specifically address the issue of web-based education, they do provide that counseling services may take place at an "alternate location" as long as mutually acceptable to the counselor and client. Section 3-1 C. of HUD's Housing Counseling Handbook, revised in May 2010, provides further guidance on this topic and specifically addresses the issue of internet counseling services. The Handbook builds on the regulation by saying that alternative "formats", such as the internet, are also ok so long as mutually acceptable to counselor and client.

Third Party Providers:

HUD's Housing Counseling requirements (regulations at 24 CFR Part 214.103, the Handbook and the current grant agreement) instruct that housing counseling agencies must deliver all the housing counseling activities set forth in the agency's housing counseling work plan, and cannot contract out housing counseling services. Many have questioned whether internet education, particularly when a counseling agency subscribes to a third party internet education provider/system in order to provide their own clients access to the system, is a violation of this requirement. HUD has concluded that these requirements do not prohibit the provision of internet education through a third party vendor, provided that the counseling agency be able to demonstrate that the clients learned about and accesses the web-based education through the actions, for example marketing and outreach, of the counseling agency. With this caveat, HUD can reasonably conclude that the spirit of the requirement – that the counseling agency itself perform the activities central to the purposes of the grant, if applicable, and the agency's work plan – is being met.

Standards:

The same industry standards for high quality service apply to internet education that apply to in person education/counseling. The sources for these standards are HUD's housing counseling regulations, HUD's Housing Counseling Handbook, and the National Industry Standards. For reference, the Handbook is available at the following link: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/7610.1

Housing counseling regulations are available at this link:

http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_12625.pdf

The National Industry Standards are available at the following link: <http://www.homeownershipstandards.org/>

File Requirements:

All HUD file and record keeping requirements applicable to standard forms of education also apply to internet education. See HUD's Housing Counseling Handbook, Chapter 5, Section 5-8 for these requirements.

Individual Counseling:

Section 3-1 B of the Handbook requires that agencies that offer education, including internet education, must also offer individual *counseling* on the same topic. The purpose of this requirement is to ensure that education recipients have an opportunity to ask questions about the education, and/or receive individual attention should they desire these services. Counseling agencies must also offer individual counseling for all education recipients, including web-based education recipients, that request these individual services. The ideal internet education will include functionality, for example the ability to email questions, so that questions can be addressed during the education. At a minimum, recipients of internet education have to have the opportunity to schedule follow-up counseling to receive individual attention should they choose to do this. This requirement does not mean, however, that every recipient of web-based education must also receive one-on-one counseling. They simply have to have the option to pursue individual counseling through the agency to complement the education, should they desire this service.

In-person Education:

Providers of web-based education must also offer in person education for clients that may prefer this format. This requirement is in Section 3-1 C of the Handbook.

Housing Counseling Work Plan:

Section 3-2 A3 of the Housing Counseling Handbook reiterates that web-based education is acceptable, and requires that counseling agencies address alternative formats, such as the internet, in their Housing Counseling Workplans. Housing Counseling agencies that provide or plan to provide web-based education must update their work plans to reflect these services/formats and send a copy to HUD. The definition of the workplan in Section 1-4 N also addresses this topic.

Reporting:

For the purposes of reporting counseling services activity via form HUD-9902 and/or the Logic Model, internet education, including internet education provided through a third party provider, should be counted as education. For example, web-based homebuyer education should be recorded in section 6a of form HUD-9902. To claim the web-based education activity, the counseling agency must be able to demonstrate that the client learned about and accessed the web-based education through the actions, for example marketing and outreach, of the counseling agency. Additionally, either of the following bullets must apply:

- the counseling agency created the web-based education system/program; or
- the counseling agency conducts the education and makes it available via web cast or skype; or

- the counseling agency has entered into an agreement with a third party provider of web-based education through which they can provide their clients access to the web-based education.

Billing HUD:

Housing education is generally an allowable expense under a HUD Housing Counseling grant. When this is indeed the case, grantees can seek reimbursement from HUD for the eligible costs not offset by consumer fees or other funding sources, if applicable, incurred involving the provision of web-based education. See specific NOFAs and grant agreements to determine if education is a reimbursable expense.

Consumer and Lender Fees:

As with in-person education, housing counseling agencies can charge a fee to consumers participating in internet education, and to lenders. HUD's regulations regarding fees are found at 24 CFR Part 214.313. HUD Housing Counseling Handbook section 7-6 also covers this topic. The regulation and the handbook provide that participating agencies may charge reasonable and customary consumer fees for housing education as long as the cost does not create a hardship for the client. Additionally, they must provide these services without charge to persons who cannot afford the fees. Fees must be commensurate with the level of services provided.

Fulfillment of Third Party Education Requirements:

Numerous third party homeownership, down payment assistance, and other programs require housing education provided by a housing counseling agency participating in HUD's Housing Counseling Program. Examples include lenders, State Housing Finance Agencies (SHFAs) and programs like HUD's Neighborhood Stabilization Program (NSP). Several counseling agencies have questioned whether internet education is acceptable to fulfill the requirements of these programs. From the perspective of HUD's Housing Counseling Program, internet education is education and therefore should be accepted by independent programs that require education. However, since the programs in question are independent of HUD's Housing Counseling Program, and make their own policy, HUD's Housing Counseling Program can not mandate the acceptance of internet education by these third party programs. HUD's Housing Counseling Program will advocate that internet education be accepted similar to in person education, but the decision lies with each third party program.

Please direct questions or comments to your respective HUD point of contact or email Housing.Counseling@hud.gov