



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 Office of Housing Counseling
 451 7th St., SW, Room 9224
 Washington, D. C. 20410

Special Attention of:

Transmittal: Handbook 7610.1 REV-6

All HUD-Approved Housing Counseling Agencies
 (Including All Affiliates, Branches, and Sub-grantees)

Issued: September 2023

All State and Local Units of Government
 Directors, Office of Housing
 Directors, Office of Housing Counseling
 Directors, Office of Single Family

1. This Transmits:

Revision 6 of Handbook 7610.1, Housing Counseling Program

2. Explanation of Materials Transmitted:

This revision to the Office of Housing Counseling Handbook is being published to update existing Chapters.

Below is a list of content updates being made to the Handbook:

| Handbook Chapter | Handbook Changes |
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| Chapter 1. General Program Information | |
| 1-1 Legislative and Regulatory Authority | <ul style="list-style-type: none"> Incorporated statutory and regulatory authorities for providing housing counseling services. |
| 1-2 Program Description | <ul style="list-style-type: none"> Added “HUD certified housing” before the word “counselor.” This change will be made throughout the handbook to align with the Certification Final Rule. |
| 1-3 Compliance with Program Requirements | <ul style="list-style-type: none"> Updated guidance to align with the Certification Final Rule. |
| 1-4 Definitions | <ul style="list-style-type: none"> Aligned Handbook policy with 24 CFR §5.100. Incorporated definitions to align with Certification Final Rule – e.g., Homeownership Counseling, HUD Certified Housing Counselor, Other HUD Programs, Rental Housing Counseling, etc. Introduces new definitions such as: Federal Housing Administration (FHA) connection, HUD Certified Housing Counselor, Non-Profit Organization, Office of Housing Counseling Point of Contact, Other HUD Programs, Branch or Branch Office, Client Management System and deletes obsolete definitions. |

| Handbook Chapter | Handbook Changes |
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| 1-5 HUD Program Responsibilities | <ul style="list-style-type: none"> • Removed obsolete reference to single family and program support division. • Updated list of OHC’s communication mediums for providing program information through e-mail and Internet postings. |
| Chapter 2: Obtaining HUD Approval | |
| 2-1 HUD Approval | <ul style="list-style-type: none"> • Updated to include requirements of the Certification Final Rule and added reference to the housing counseling application, HUD Form-9900. • Corrected incorrect references and citations, as applicable. |
| 2-2 Approval Criteria | <ul style="list-style-type: none"> • Added language, requiring affiliates/branches to have successfully administered a housing counseling program for one year before joining a network. • Added new requirements of the Certification Final Rule: <ul style="list-style-type: none"> ○ Housing counselors that provide housing counseling must have passed the HUD Housing Counselor Certification exam. ○ Contracts or Agreements to Provide Eligible Housing Counseling Services - Individuals providing housing counseling for a contractor must have passed the HUD certified housing counselor examination and their employment must be verified by the HUD approved agency in FHA Connection. • Removed obsolete reference to 24 CFR Part 84 and Part 85. Replaced with 2 CFR Part 200. • Additional guidance for Ineligible Participants. • Additional guidance for Alternative Formats. |
| 2-3 Application Process | <ul style="list-style-type: none"> • Updated existing policy for applying to HUD’s Housing Counseling Program including: <ul style="list-style-type: none"> ○ Organizations applying directly to HUD. ○ LHCA’s applying through a HUD-approved intermediary or SHFA. ○ Affiliates applying through a HUD-approved Intermediary and SHFA. ○ Added reference to the Eligibility Tool to assist applicants in determining if an organization is ready apply to become a HUD-approved Housing Counseling Agency. ○ Updated language for application acknowledgement, notification, and the final determination letter. |

| Handbook Chapter | Handbook Changes |
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| 2-5 Approval of Application | <ul style="list-style-type: none"> Consolidated the process for notifying an agency on their application approval. Agency will be provided an approval letter. The approval letter will indicate the period of approval. Removed language, requiring the agency to sign, date and return to HUD. |
| Chapter 3. Delivery of Housing Counseling Services | |
| 3-1 Basic Requirements | <ul style="list-style-type: none"> Aligned Handbook policy language with 24 CFR 214. Updated to reflect the Certification Final Rule requirements. Updated guidance for settings and format. Updated guidance for Affirmatively Furthering Fair Housing. Updated guidance for accessibility and facilities. |
| 3-2 Housing Counseling Work Plan | <ul style="list-style-type: none"> Updated the existing work plan requirements to align with the revised form HUD-9900. Updated guidance for the Office of Housing Counseling Points of Contacts (POCs) and/or parent organizations to review and approve work plan modifications. |
| 3-3 Client Intake | <ul style="list-style-type: none"> Added clarifying language that client intake in and of itself is not housing counseling and doesn't have to be performed by a HUD certified housing counselor. |
| 3-4 Information Dissemination and Correspondence | <ul style="list-style-type: none"> Clarified existing policy for counselors provide clients instructions on how to access information through alternative means to ensure clients with mobility, visual or hearing impairment or other disability have equal access to enjoy the benefits of the program. |
| 3-5 Counseling Services | <ul style="list-style-type: none"> Aligned Handbook policy with 24 CFR 214. Housing Counseling required under or provided in connection with any program administered by HUD shall be provided only by HUD certified housing counselors. Discussion of Alternatives: Removed reference to FHA. Financial Analysis: Clarified guidance on established a household budget and exceptions to developing budgets. Referrals: Updated guidance to comply with housing counseling certification rule. Termination of Counseling: clarified requirements for documenting follow-up and termination of counseling services. |

| Handbook Chapter | Handbook Changes |
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| 3-6 Approved Housing Counseling, Education and Outreach Topics | <ul style="list-style-type: none"> • Revised descriptions of housing counseling services to align with updated form HUD-9902 and the Certification Final Rule. • Aligned Handbook policy with 24 CFR 5.100 and 5.111. • Added housing counseling service topics to align with updated form HUD-9902: “Disaster assistance counseling” (includes preparedness assistance housing counseling and education and recovery assistance housing counseling). |
| 3-7 Fair Housing and Other Civil Rights Requirements and Guidance | <ul style="list-style-type: none"> • Updated to align with current Affirmatively Furthering Fair Housing (AFFH) requirements. |
| 3-9 Affirmative Fair Housing Outreach | <ul style="list-style-type: none"> • Additional guidance for effective communication with individuals with disabilities. |
| 3-10 Debt Management or Liquidation | <ul style="list-style-type: none"> • Removed guidance on negotiating payment plans and fees |
| 3-13 Discussion of For-Profit Entities | <ul style="list-style-type: none"> • Removed requirement for lender alternatives to include FHA mortgage insurance programs and features |
| Chapter 4. Reverse Mortgage Housing Counseling | |
| 4-1 Reverse Mortgages | <ul style="list-style-type: none"> • Added background information on the three types of reverse mortgages. • Added clarifying language that reverse mortgage counseling must be provided by a HUD-certified housing counselor. • Set an expectation of 60-90 minutes on average for these counseling sessions. • Replaced “seniors” with “clients” for accuracy and consistency throughout Handbook. • Broadened telephone counseling to include virtual or remote counseling methods. • Consolidated 4-2 through 4-13 from the previous version into subsections for reverse mortgage counseling. • Reorganized guidance to make it clear that the requirements of this section (4-1) are applicable to HECM Counseling, except when otherwise indicated (since HECM Counseling falls under reverse mortgage counseling). • Provided more specific contact information for concerns or complaints regarding reverse mortgage lenders or counselors. |

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| 4-2 Home Equity Conversion Mortgages (HECM) | <ul style="list-style-type: none"> • Added “mystery shopping” as a potential agency quality control method in which trained personnel act as prospective clients. • Clarified that HECM Counselors also need to pass the certification exam and comply with applicable requirements of local or state authorities. • Added guidance on maintaining HECM Counselor Roster Profiles and removal from the roster. • Consolidated 4-14 through 4-19 from the previous version into subsections for HECM counseling. • Moved the specific and technical guidance (i.e., definitions of non-borrower spouses and non-assumable) to Appendix 1: HECM Protocol. |
| 4-3 Fees for HECM and Reverse Mortgage Counseling | <ul style="list-style-type: none"> • Moved this guidance from 4-1 into its own new section to provide more detail on the allowability of the fees for both types of counseling. • Added reference to requirements of Chapter 7-6 if for default or homeless counseling services. |
| Chapter 5: Recordkeeping and Reporting | |
| 5-3 Client Management System (CMS) | <ul style="list-style-type: none"> • Removed obsolete requirement for Loan Product Comparison Tool and Financial Calculators. |
| 5-4 File Retention Requirements | <ul style="list-style-type: none"> • Added language emphasizes HUDs right to request documentation relating to compliance with the HUD Handbook. |
| 5-5 Client Data Collection | <ul style="list-style-type: none"> • Updated guidance for reporting Limited English Proficiency (LEP) and Rural Area Status. |
| 5-6 Confidentiality of Records and Credit Reports | <ul style="list-style-type: none"> • Added new guidance on Breach which covers PII, Sensitive PII, steps to ensure compliance with the Privacy Act, notification, and incident response procedures. |

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| 5-7 Counseling File | <ul style="list-style-type: none"> • Clarified guidance for conducting a financial analysis and budget. • Clarified requirements for documenting client follow-up. • Changed "Disclosure" to "Agency Disclosure to Clients" • Clarified how agencies should document whether clients are charged fees, whether fees are waived and if there was an assessment of the client's ability to pay fees. • Clarified documentation that must be in the file if the housing counseling activity is billed to a HUD Housing Counseling grant. • Clarified Client Authorization requirement for credit reports. • Added requirement to include the name and certification ID number of the HUD certified Housing Counselor in the client file. |
| 5-8 Group Education File | <ul style="list-style-type: none"> • Clarified requirements documenting housing counseling activity in client file for billing the HUD Housing Counseling grant. • Clarified how agencies should document whether group education clients are charged fees, whether fees are waived and if there was an assessment of the client's ability to pay fees. |
| 5-11 Reports to HUD | <ul style="list-style-type: none"> • Added guidance for "Required Reports." Aligned with the form HUD-9902 and clarified language for client level data and audits. |
| 5-12 Notification of Agency Updates, Actions Requiring Prior Approval and Required Disclosures. | <ul style="list-style-type: none"> • Guidance on "Notification of Agency updates, actions required prior to approval and required disclosures", including changes to certification status, and agency's profile in HCS. • Guidance on "Agency Changes that require notification to HUD or HUD's prior approval" including merges and acquisitions, conflicts of interest and work plans. |
| Chapter 6: Performance Criteria and Monitoring | |

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| 6-1 Performance Criteria | <ul style="list-style-type: none"> • Workload: Agencies must follow regulatory requirements. • Agency’s Housing Counseling Work Plan: <ul style="list-style-type: none"> ○ Consolidated work plan requirements. ○ Updated guidance for POCs and/or parent organizations to review and approve work plan modifications – consistent with revisions to Chapter 3. • Disclosure to Clients: Amended requirements for client surveys issued by HUD. • Updated requirements for reducing or waiving fees and placement of fee schedules. • Alternative Information about Services or Products: Removed reference to FHA. • Staff and Supervision: <ul style="list-style-type: none"> ○ Separated “staff” and “supervision” to address each topic individually. ○ “Staff Experience and Certification” amended to include requirement that agencies must have one or more certified counselors on staff to provide housing counseling services. ○ “Staff Supervision” amended to include additional requirements for supervisors to verify that counselors meet housing counseling program regulations and requirements. • Audit: <ul style="list-style-type: none"> ○ Removed obsolete reference to OMB Circular A-133. Updated to 2 CFR Part 200, Subpart F. ○ Updated the audit requirements for both agencies that expend \$750,000 or more in federal grants per year and those that expend less. |
| 6-2 Conflict of Interest | <ul style="list-style-type: none"> • Reorganized section for clarity. |
| 6-3 Performance Reviews | <ul style="list-style-type: none"> • Streamlined performance review process. |
| 6-4 Consequences of a Performance Review | <ul style="list-style-type: none"> • Termination of HUD-approved or participation status and grant agreements: termination provisions were moved to a new Paragraph 6-6. |
| 6-5 Inactive Status | <ul style="list-style-type: none"> • Amended the list of actions for which inactive status may be considered. |

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| 6-6 Terminated Status | <ul style="list-style-type: none"> • New section (Termination guidance was moved from Paragraph 6-4) for reorganization and clarity. • Amended the list of actions for which termination of an agency’s approval may be considered to include: <ul style="list-style-type: none"> ○ Noncompliance with housing counseling certification requirements. ○ Noncompliance with Federal fair housing and civil rights requirements. ○ Providing grant funds to an organization that has been convicted for a violation under Federal law relating to an election for Federal office, or any organization that contracts with or employs individuals convicted of such crimes. |
| 6-7 Suspension, Termination, Debarment and Limited Denial of Participation | <ul style="list-style-type: none"> • Updated guidance to include material violations and election law violations. |
| 6-8 Agency Withdrawal | <ul style="list-style-type: none"> • Updated guidance to include: “Unexpired certificates of approval must be returned and cannot continue to be displayed, if applicable.” |
| 6-9 Post-Termination, Post-Withdrawal Requirements | <ul style="list-style-type: none"> • Updated guidance to include “HUD will also discontinue displaying the agency as a HUD-approved housing counseling agency on HUD’s website and update their status in HCS.” |
| Chapter 7: Funding | |
| 7-1 HUD Housing Counseling Grants | <ul style="list-style-type: none"> • Removed obsolete publication date information. • Added reference SAM.gov and removed obsolete reference to General Section. • Paragraph E added statement that funded agencies are expected to use other sources of funding to supplement HUD funding and requirement to demonstrate leveraged funds provided to agency. • Updated guidance on duplicative billing. • Addition of Paragraph G "Limitation on distribution of funds due to Election law Violations." • Addition of Paragraph H “Limitation on distribution of funds due to lack of HUD certification.” • Addition of Paragraph I “Misuse of Funds.” |

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| 7-2 Grant Administration | <ul style="list-style-type: none"> • Removed obsolete references to HOC and Program Support Division. • Removed obsolete references to GTR/GTM, replaced with Point of Contact (POC) and “designee” as appropriate. • Paragraph D removed reference to Form HUD 27053 • Added new Paragraph I, “Special Conditions.” • Added New paragraph J, “Noncompliance and Remedies”, directing grantees to the grant agreement for defaults and remedies. |
| 7-3 Other HUD Grants as a Funding Source | <ul style="list-style-type: none"> • Removed from handbook |
| 7-4 Lender Funded Counseling Services | <ul style="list-style-type: none"> • Replaced memorandum of understanding (MOU) with “Agreement” to align with form HUD-9910. |
| 7-5 Fees for Housing Counseling and Related Service | <ul style="list-style-type: none"> • Clarified guidance on fees and the requirement to inform clients. |
| Chapter 8: Appeals | |
| 8-2 Appeal Process | <ul style="list-style-type: none"> • Removed obsolete guidance |

| Appendices | |
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| Appendix 1 HUD Office Contact; Appendix 2 HUD Handbooks; Appendix 3 Website Addresses | <ul style="list-style-type: none"> • Eliminated former Appendices 1-3 (formerly Appendix 4, now renumbered as Appendix 1) |
| Appendix 1, HECM Protocol | |
| | <p>General changes throughout HECM protocol include:</p> <ul style="list-style-type: none"> • Formatting: use of subtitles and numbering to allow for easier reading and citation • Updating guidance to reflect current policy (for Non-Borrowing Spouses, At Risk Borrowers, Financial Assessment, Property Charge Default Loss Mitigation, Single Lump Sum payment option, for example). This included the addition of the following sections: <ul style="list-style-type: none"> ○ VI. HECM for Purchase ○ IX. Refinancing a HECM ○ X. Property Charge Default Counseling for HECM • Emphasis on HECM, rather than general reverse mortgage, guidance • Inclusion of HUD certification requirements. • Inclusion of Property Charge Default guidance. • Inclusion and increased reference to other HUD guidance (HUD Handbook 4000.1) to avoid duplicative |

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| | <p>or inconsistent information, as well as Consumer Finance Protection Bureau and other federal partner resources.</p> <ul style="list-style-type: none"> • Updating of online tool references to reflect use of: <ul style="list-style-type: none"> ○ HECM Loan Calculator and Underwriting Tool (HLCUT). ○ Client Budget and Resource Identity Tool (CBRIT). |
| I. Objectives of Reverse Mortgage Counseling | <ul style="list-style-type: none"> • Updated citations and attachment information. |
| II. Reverse Mortgage Counselor Roles and Responsibilities | <ul style="list-style-type: none"> • Removed outdated citations and contact information. • Consolidated guidance about questions to review client’s level of understanding during session. |
| III. The Counseling Session | <ul style="list-style-type: none"> • Clarified lender payment of fees information. • Added language on protecting sensitive client information and confidentiality. • Added Non-Borrowing Spouse and Non-Borrowing Owner guidance. • Clarified “persons with reversionary or remainder interest in the real estate” language as “persons with a future interest in the property.” • Streamlined annuity guidance. • Updated references to attachments and online tools. |
| IV. Client Needs and Circumstances | <ul style="list-style-type: none"> • Added Non-Borrowing Spouse and Non-Borrowing Owner guidance. |
| V. Features of Reverse Mortgages | <ul style="list-style-type: none"> • Revised eligibility section and included Non-Borrowing Spouse and Non-Borrowing Owner guidance. |
| VII. Reverse Mortgage Counseling Tools | <ul style="list-style-type: none"> • Updated with new comparison tool information. |
| Attachments | <ul style="list-style-type: none"> • All policy for counselors was consolidated by: <ul style="list-style-type: none"> ○ Moving Rev-5 Attachment A, Current HUD reverse mortgage counseling policies, into the body of the HECM protocol. ○ Moving additional counselor policy Rev-5 Attachment B, Resources for Counselors, into the body of the HECM Protocol. • Attachment A is now Resources for Counselors. • Attachment B is now Resources for Clients, beginning with the Preparing for your Counseling Session handout. |

3. Implementation:

This handbook specifies the most current legislative and programmatic requirements for the implementation of HUD’s Housing Counseling Program. This document outlines requirements for program eligibility and approval, housing counselor certification, the delivery of

comprehensive and HECM counseling services, program record keeping and reporting, performance monitoring, and the competitive funding and grant application process. This handbook offers policy guidance and procedures for HUD staff and program participants to assist both audiences with effective program oversight. Changes identified in HUD Housing Counseling Program Handbook 7610.1 Revision 6 will be effective on January 1, 2024.

4. Superseded Policy:

This handbook has been updated based on 24 CFR Part 214; 24 CFR 206, Subpart E; HUD Home Equity Conversion Mortgage (HECM) Program Handbook 4235.1, REV-1; and applicable Mortgagee Letters and Housing Notices. Additionally, all policy changes related to housing counseling implemented through HUD Mortgagee Letters, Departmental data collection requirements and other Federal regulations issued since the publication of 7610.1 Revision 5 have been incorporated into this handbook. The policy guidance provided in this handbook supersedes 7610.1 Revision 5.

5. Filing Instructions:

Remove: Handbook 7610.1 REV-5

Insert: Handbook 7610.1 REV-6

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FHA Commissioner