HOUSING COUNSELING SERIES, PART 1: Offering SHIP Housing Education and Counseling

Sponsored by the Florida Housing Finance Corporation’s Catalyst Program
Michael Chaney, Technical Advisor
Florida Housing Coalition

Catalyst Training Schedule

www.flhousing.org

Our Thanks to the Florida Housing Catalyst Program

Request a Site Visit on Housing Counseling assistance or more

• Call (800) 677-4548
• Up to 6 hours of training in your office
• Discuss new and existing strategies
• Review of Files, Staffing, Procedures

Webinar Series

• Webinar 2: Successfully Administering Counseling Assistance
• March 5, 2018 at 3:00 pm
• Register at: https://attendee.gotowebinar.com/register/395544574363799016

Two Audiences for Today’s Webinar

• SHIP staff learning about counseling
• Counseling agencies learning about SHIP

About Housing Education and Counseling

Benefits of Pre-Purchase Counseling

There is evidence that pre-purchase counseling reduces the rate of first-time buyer delinquency by 29%.

SOURCE: Peter Zem analysis of 38,000 Freddie Mac mortgages, 2000 to 2008.

Pre-Purchase Counseling Works

What is the dollar benefit of this delinquency rate reduction?

$400 per loan
$800 per loan
$1000 per loan

Pre-Purchase Counseling Works

What is the dollar benefit of this delinquency rate reduction?

$400 per loan
$800 per loan
$1000 per loan
Dollar benefit of Delinquency Rate Reduction

**Answer:** Estimated dollar benefit of this reduction is **$1,000** per loan.

**SOURCE:** Peter Zorn analysis of 38,000 Freddie Mac mortgages, 2000 to 2008.

Who Provides Housing Counseling?

- Nonprofits
- Some local governments
- County Extension Office
- Some are HUD Approved Counseling Agencies

**Handout:** Application for Counseling Agency

- Nonprofit Status or Local Government
- Background Checks of staff and board
- Experience: providing housing counseling for at least one year
- Community Base: at least one year of service in the geographical area
- Counseling Resources: funding, staff, language skills

What are the benefits of being a HUD Approved Counseling Agency?

- Quality Control
- Housing Counseling Agency presenters:
  - Carrie Vitale, Vice President Tampa Bay CDC
  - Sheila Ware, Assistant Director Panama City Community Development

Certification of Individual HUD Counselors

- Required by Dodd-Frank Act
- Final Rule announced December 2016
- All services of a HUD-Approved HCA must be provided by Certified Counselors
- Deadline: 36 months after Certification exam became available (August 2017)

Resources on Certification

- Prep: [https://hudhousingcounselors.com/](https://hudhousingcounselors.com/)
- Examination is not yet posted
- Check for the latest: [https://www.hudexchange.info/programs/housing-counseling/certification/](https://www.hudexchange.info/programs/housing-counseling/certification/)
- Website has FAQ and Details of Exam

How is Counseling Paid For?

- Lenders
- Foundations
- CDBG
- HUD Counseling NOFA
- SHIP
SHIP Pays for Housing Counseling

- May pay with SHIP Program Funds—not Administrative Budget—when contracting for counseling services
- Upper limit for SHIP-funded Counseling dictated by set aside compliance
- Counseling does not comply with set-asides

SHIP may partner with Counseling Agency

- SHIP pays a service delivery fee
- Agency offers services that city/county staff cannot
- Case Studies
  - Tampa Bay CDC
  - H.E.L.P. of Collier County

Counseling Agency Partnership

CASE STUDY
Tampa Bay CDC

- How long have you had a counseling contract with a SHIP office?
- What are the tasks involved with providing SHIP-funded assistance?
- Do you get a fee for each SHIP client assisted? A fee per class?

Counseling Agency Partnership

CASE STUDY
HELP, Collier County counseling nonprofit

- Before: received funding from Lenders
- Now: contracts for classes and 1 on 1 counseling
  - $1000 for each 8 hour class
  - $375 for 3 counseling sessions and 2 follow ups

16/17 SHIP Funds for Housing Counseling

- Source: Foreclosure Counseling Program (FCP)
- HANDOUT - Amount Available: $10,000 - $15,000

Two Possible Approaches for 16/17 Funds

Approach 1: Replace what SHIP is paying for
  - Example: Pre-purchase homebuyer class
  - Frees up SHIP to provide direct assistance

Approach 2: Provide Additional Counseling
  - Examples: Post-purchase homeowner classes, one-on-one buyer counseling, financial coaching, or other new classes/counseling

Counseling to Support a Strategy vs. Stand Alone Counseling

Option 1 (Priority): Support a Strategy
- Homebuyer Strategy provides down payment and closing costs. FCP pays for classes
- Foreclosure Prevention Strategy pays off past due amounts. FCP pays for counseling

Option 2: Stand Alone Counseling
- Example: Offer community classes on Financial Management

Reporting Counseling Expenses

- Report on Form 1
  - One on one counseling
  - Cost of Classes
- Track Class Data
  - Number of SHIP Buyers taught
  - Total Number of Attendees

Types of Housing Counseling

- Pre-Purchase
- Post-Purchase
- Foreclosure prevention
- Rental housing counseling
- Homeless Counseling
Topics for Pre-Purchase Education

<table>
<thead>
<tr>
<th>Key Topic</th>
<th>Short Overview</th>
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<tbody>
<tr>
<td>Basics of homeownership</td>
<td>Understand the benefits and responsibilities of homeownership</td>
</tr>
<tr>
<td>Overview of the home purchase process</td>
<td>Conduct self-assessment of homeownership readiness</td>
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<tr>
<td>Housing affordability</td>
<td>Calculate housing affordability</td>
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<tr>
<td>Creditworthiness</td>
<td>Understand how lenders determine mortgage readiness</td>
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Source: National Industry Standards for Homeownership Education & Counseling

Standards for Education

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<td>Budgeting and Credit</td>
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<tr>
<td>Importance of good credit</td>
<td>Understand the importance of good credit</td>
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<tr>
<td>Financial planning</td>
<td>Develop a financial plan</td>
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<tr>
<td>Setting up a spending plan</td>
<td>Create a realistic spending plan</td>
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<tr>
<td>Budgeting and saving tips</td>
<td>Identify ways to reduce expenses and increase savings</td>
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<tr>
<td>Understanding credit and how to protect credit</td>
<td>Understand the importance of good credit</td>
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<tr>
<td>Credit repair and services</td>
<td>Identify credit repair and credit services</td>
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<tr>
<td>How to fix credit problems</td>
<td>Improve credit rating</td>
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<tr>
<td>Debt management tips</td>
<td>Reduce debt</td>
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<td>Marketing a home</td>
<td>Understand the importance of marketing a home</td>
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<td>Home sale professionals</td>
<td>Identify the different types of real estate professionals</td>
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<tr>
<td>Determining housing and market value</td>
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<td>How to select a home and neighborhood</td>
<td>Identify the different ways to determine market value</td>
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<td>How to make an offer</td>
<td>Understand the home purchase process</td>
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<tr>
<td>Home buying tips</td>
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<td>Home purchase contract</td>
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<td>Inspections</td>
<td>Understand the importance of a professional home inspection</td>
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Questions & Answers

Please complete Evaluation