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November 22, 2013

The Honorable Carol Galante
Assistant Secretary for Housing - Federal Housing Commissioner
US Department of Housing and Urban Development
Washington, DC 20410

Docket No. FR 5339-P-01
RIN 2502-AI94
Housing Counseling Program: New Certification Requirements

Dear Commissioner Galante:

On behalf of the more than one million members of the National Association of REALTORS®, I write to provide comments on the Proposed Rule entitled “Housing Counseling Program: New Certification Requirements.” The National Association of REALTORS® (NAR) is America’s largest trade association, including NAR’s eight affiliated institutes, Societies and Councils, five of which focus on commercial transactions. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®. NAR represents a wide variety of housing industry professionals, including approximately 30,000 licensed and certified appraisers, committed to the development and preservation of the nation’s housing stock and making it available to the widest range of potential homebuyers.

Consumers who are well informed and prepared to become home owners are critical to the success and stability of America’s housing market. NAR supports voluntary counseling and homebuyer education so that consumers are better equipped to make sound decisions at every step of the transaction and to help them become default-resistant. A study recently released by NeighborWorks® America, evaluated 75,000 mortgages that originated between years 2007 to 2009. The findings of the study showed that borrowers who went through pre-purchase counseling were nearly a third less likely than non-counseled borrowers to fall 90 days or more behind in payments in the first two years after closing.¹ Counseling also can be of tremendous assistance to homeowners who are facing foreclosure. A 2012 report shows that with a counselor’s help, 69 percent of those who sought assistance obtained a mortgage remedy, and 56 percent were able to become current on their mortgages.²

¹ Mayer, N. S. & Temkin, K. (2013, March 13). *Pre-Purchase counseling impacts on mortgage performance: Empirical analysis of NeighborWorks® America’s experience*. Retrieved from <http://neighborworks.issuelab.org/resource/pre-purchase-counseling-impacts-on-mortgage-performance-empirical-analysis-of-neighborworks-americas-experience>

² Jefferson, A., Spader, J., Turnhamm J., & Moulton, S. (2012, May), *Foreclosure counseling outcome study: Final report housing counseling outcome evaluation*. Retrieved from http://www.huduser.org/publications/pdf/foreclosure_counseling_v2.pdf



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Given the important nature of their work, we believe that housing counselors should be held to a high standard of professionalism and conduct. In fact, NAR was part of a collaborative effort of housing industry partners that helped to develop the National Industry Standards for Homeownership Education and Counseling (Standards). The Standards are designed to ensure competency, skills, training, operational knowledge, ethical conduct and performance in counseling and education services. The goal of the Standards is to further professionalism and ethical conduct in the field and ultimately improve services to consumers. NAR endorses the Standards and encourages our REALTOR® members to work in partnership with counseling organizations that have adopted the Standards. We hold the Standards in high regard because they reflect a similar spirit as NAR's 100 year-old Code of Ethics and Standards of Practice.

NAR appreciates HUD's efforts to increase quality and standards in the housing counseling industry. However, we are concerned that the proposed rule may cause the unintended consequence of reducing the availability of housing counseling for clients who want and need it. Of particular concern are the cost of the certification and the time that will be spent by counselors studying and preparing for the exam. Both may create obstacles that will require time and resources that could otherwise be used to assist clients.

Study and preparation time

Even if counselors are well versed in the subject matter that will be covered in the certification exam, they will need to spend time preparing for the test. This preparation could include off-site training, as well as individual study time. The time spent away from the office for training or for independent studying is time that could otherwise be spent working with clients. This valuable time cannot be reclaimed. The same challenge will be faced each time an agency hires a new counselor who needs to be certified. The new employee will need to spend time preparing for the examination instead of becoming oriented with the agency and working with clients.

Compliance costs

The proposed rule indicates that HUD estimates that it can provide the required certification examination at a cost of \$500 per counselor. The rule further states that the burden of the cost rests with the individual counselor; however, training grants may be available to agencies that wish to assist with the expense. Counseling agencies will not be approved by HUD unless they have at least one certified counselor in their employ. It stands to reason that agencies have an interest in assisting with the compliance costs and may use their training grants from HUD to offset their expenses. While this serves the purpose of preparing counselors for the certification examination, it will take away from plans the agencies may have had to provide counselors with specialized training for topics such as foreclosure mitigation or other professional development training that would ultimately benefit the organizations' clients.

Retesting and recertification

The proposed rule does not clearly address the issues of retesting and recertification. If a counselor fails to pass the certification exam, under what circumstances will the individual be allowed to retest and will there be an additional cost to take the test again? Also, the proposed rule indicates that at this time there is no recertification requirement. If HUD reconsiders this at a later time and adds a recertification component, it will create yet another cycle of expense and delays in service delivery as noted above.

Alternatives to creating a new certification

NAR's areas of concern with the rule share a common theme. They result in reduced access to counseling services for clients of all types including buyers who are required to participate in housing counseling as a condition of obtaining a particular mortgage; owners in need of foreclosure mitigation counseling; and potential buyers who wish to voluntarily opt into counseling.

The rule acknowledges that there are both national and state level organizations that provide housing counselor certifications. We suggest that HUD conduct a review of these certifications to determine if there are existing models that could be used by counselors to gain HUD approval in lieu of a new certification. At the very least HUD should adopt a method to grant partial to full credit to those who hold comparable certifications.

Many counselors are already required both by their agency and a state-level entity to obtain various certifications. If the proposed rule is implemented, these counselors will be required to obtain and maintain another certification. The time and expense to do so will take away resources from clients who seek out counseling services. We ask that HUD carefully consider certification alternatives that still achieve the goal of ensuring high standards for counselors while at the same time avoid placing an undue burden on counselors and their agencies.

Sincerely,

A handwritten signature in blue ink that reads "Steve Brown". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Steve Brown

2014 President, National Association of REALTORS®