

From: Mayer, Jerrold H
Sent: Tuesday, June 02, 2015 12:45 PM
To: 'SF-HOUSING-COUNSELING-L@hudlist.hud.gov'
Subject: HECM Counseling Fees

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HECM Counseling Fees:

The Department is aware that there may be some confusion about how much a counseling agency may charge for HECM counseling services and whether there is a “cap” on the amount that can be charged. The purpose of this email is to reiterate current HUD policies pertaining to the charging of fees for HECM counseling as clarified in Mortgagee Letter (ML) 2011-09 (“[Home Equity Conversion Mortgage \(HECM\) Counseling: Waiver of HECM Counseling Fees and Activities Included in the Time Recorded Portion of the HECM Counseling Certificate](#)”).

ML 2011-09 superseded the provisions of ML 2008-12 regarding “Appropriate Charges”. The updated guidance in ML 2011-09 under the subheading “Appropriate HECM Counseling Fee Charges” provided that counseling agencies may charge **more than** \$125.00 for HECM counseling. Counseling agencies may establish a fee structure for HECM counseling as long as the fee is reasonable and customary, does not exceed a level commensurate with the counseling services that are provided, and is not being charged to pay for the same portion of or for an entire service that is already funded with HUD Housing Counseling grant funds or any other funds received for HECM or delinquency counseling.

As clarified in ML 2011-09, there is no “cap” or maximum amount that can be charged for HECM counseling. A fee of \$125.00 is neither a maximum nor a minimum allowable charge. HUD-approved counseling agencies providing HECM counseling may adjust counseling fees based on actual costs to provide HECM counseling. The counseling agencies, however, must be able to demonstrate how the fee charged to clients was calculated and what considerations contributed to the establishment of the fee. When HUD staff conducts a Performance Review, agencies will be required to have this information available. Agencies must also disclose their fee structure in their housing counseling work plan.

Counseling agencies are reminded that any agency which charges for counseling must meet the following requirements:

- Describe how the fee policy will be implemented and monitored in its HUD-approved Housing Counseling Work Plan;

- Document that the client was advised of the amount of the counseling fee and its hardship waiver policy during client intake;
- The counseling fee must be reasonable and customary for the area;
- The counseling fee must not exceed the level commensurate with the actual counseling services that are provided. Charges may take into account the cost to distribute required material, session preparation, and post counseling follow-up. Clients cannot be charged for client intake;
- The client is not being charged to pay for the same portion of, or for an entire service, that is already funded with HUD Housing Counseling Program grant funds or any other funds received for HECM or delinquency counseling;
- Written procedures based on objective criteria must be established for determining a client's ability to pay;
- An agency must document the client files with the information reviewed to make a hardship based waiver;
- An agency must not collect a fee at the time of counseling for clients below 200% of the Federal Poverty level;
- An agency **must not** offer a discount on counseling charges based on the client's ability to pay for the counseling services upfront. Clients that need to pay for counseling services out of the proceeds must not be penalized for having to do so;
- Clients must not be turned away because of an inability to pay counseling fees. Moreover, the housing counseling agency may not withhold counseling services or the Certificate of HECM Counseling based on a client's failure to pay for HECM counseling.

Counseling agencies are permitted to collect the HECM counseling fees in advance of the scheduled counseling session; however, agencies are not permitted to "hold" a personal or cashier's check, or process a charge on a client's credit card, in a situation where a determination of financial hardship has been made or arrangements have been agreed upon to collect the counseling fee at the time of HECM loan closing.

Client Intake information and Documentation for Waiver of Fees below 200% of Federal Poverty Level:

The collection of income and expense information is voluntary on the part of the clients. HUD recognizes that this information is important in determining eligibility for waiver of counseling fees. This information is critical to providing a thorough and in-depth counseling session. If the client is unwilling to provide the information necessary to support waiver of the fee request, agencies may charge

a fee consistent with their fee policy and HUD requirements. The counselor must document the client file to reflect the client's refusal to provide the requested information.

As part of the Housing Counseling Work-plan agencies must establish client intake policies and requirements to insure they collect income and expense information needed to insure a thorough counseling session. If an agency determines that it does not have sufficient client information to conduct a thorough counseling session, they are not required to schedule the session. The agency must document their inability to proceed with scheduling counseling in the client's intake file.

Any questions regarding this "Listserv industry email" may be directed to Housing.Counseling@hud.gov. On the email subject line please type "HECM Fees." This will help ensure that the email gets forwarded to the appropriate HUD staff.

HUD-OHC Listserv Bulk subscriptions:

Some housing counselors have asked, "How do I sign up my entire agency staff for HUD Office of Housing Counseling (HUD-OHC) listserv updates?" It is easy... Just list your staff email addresses like this:

aaa@xyz.com
bbb@xyz.com
ccc@xyz.com

You can send in one email address or your entire agency. Then [Email your list](#) to HUD-OHC. If you have a housing counseling industry friend who you want to subscribe to this listserv, there are 2 other ways to sign up: Send them this [link](#) or forward them this email.

Some Helpful Links for Housing Counselors:

- [Email Technical Support for Housing Counselors](#)
- [HUD Housing Counseling Webpage](#)
- [The Bridge Housing Counseling Newsletter Archive](#)
- [Housing Counseling Listserv Archive](#)
- [OHC Webinar Archive](#)
- [Events & Training Calendar](#)
- [Contracting Opportunities](#)
- [Employment Opportunities](#)

- [Grant Opportunities](#)
 - [Disaster Recovery Resources](#)
 - [Foreclosure Assistance](#)
 - [Making Home Affordable](#)
 - [FHA Resource Center](#)
 - [Index of HUD Listserv Mailing Lists](#)
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Disclaimer: This list will often provide training opportunities, event notifications and other announcements for non-profit and government HUD Housing Counseling partners. HUD does not endorse the organizations sponsoring linked websites, and we do not endorse the views they express or the products/services they or their community/business partner's offer. For more information please see [HUD's web policies](#).

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Thank you!!!!