



**HOW TO BECOME A HUD APPROVED HOUSING
COUNSELING AGENCY
&
MSHDA HOUSING COUNSELING PARTNER**



Greetings!

Thank you for your interest in providing housing counseling services to Michigan Residents. Our intent is for this resource guide to help you through the application process with HUD and MSHDA. This guide will provide you with the information on how to become a HUD approved housing counseling agency and your staff to become HUD Certified Housing Counselors. To serve as a counseling agency partner with MSHDA, your agency **must first** become a HUD approved Local Housing Counseling Agency (LHCA). Please note that this process could take 6 months or longer. Once your agency has achieved the HUD approval as an LHCA, you are then eligible to contact a MSHDA Housing Education Program Specialist who will work with you to apply for partnership approval which includes grant funding.

Please do not hesitate to contact our team if you have any questions or concerns.

Best Regards,
MSHDA Housing Education Team

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UNDERSTANDING HUD HOUSING COUNSELING

Who is the U.S. Department of Housing and Urban Development (HUD)?

The Department of Housing and Urban Development is the Federal agency responsible for national policy and programs that address America's housing needs, that improve and develop the Nation's communities, and enforce fair housing laws. HUD's business is helping create a decent home and suitable living environment for all Americans, and it has given America's communities a strong national voice at the Cabinet level. HUD plays a major role in supporting homeownership by underwriting homeownership for lower- and moderate-income families through its mortgage insurance programs.

Looking to Become a HUD-Approved Housing Counseling Agency?

- I. **Is Your Agency Qualified?** Organizations interested in participating in HUD's Housing Counseling Program to provide counseling services must be either: 1) a private or public nonprofit organization or 2) a state or local government. For-profit entities are not eligible to become HUD-approved Housing Counseling Agencies (HCAs).

- II. **Section 106(a)(2)** of the Housing and Urban Development Act of 1968 (12 USC 1701x) provides the legislative authority for HUD to provide housing counseling services directly or through private or public organizations with special competence and knowledge in counseling low and moderate income families.
Detailed information and additional requirements of the housing counseling program are provided in the **Housing Counseling Program Handbook 7610.1**. The program handbook lists the qualifying criteria that all applicants must meet to receive HUD approval. A few of the more important reminders are:
 1. **Nonprofit Status.** The applicant must function as private or public nonprofit organization. The agency must submit evidence of nonprofit status as demonstrated by Section 501 (c) of the Internal Revenue Code.
 2. **Certification.** As of August 1, 2021, agencies applying for approval to HUD's Comprehensive Housing Counseling Program must have a housing counselor that has passed the **HUD Housing Counselor Certification Exam** prior to application submission.
 3. **Experience.** The applicant must have successfully administered a housing counseling program for at least one year.
 4. **Community Base.** The applicant must have functioned for at least one year in the geographical area that the applicant proposes to serve.
 5. **Counseling Resources.** The applicant must have sufficient resources to implement its proposed counseling plan no later than the date of HUD approval.

- III. How to Apply: Please use the [Housing Counseling Agency Eligibility Tool](#) to determine if your organization is ready to apply. The Tool allows organizations to determine if they meet the basic qualifying criteria to apply to become a HUD-approved HCA. Organizations that receive a “ready to apply” result at the end of the tool can move onto notifying HUD.
- IV. PDF of application requirements: <https://www.hudexchange.info/resources/documents/At-A-Glance-Housing-Counseling-Agency-Eligibility-Tool.pdf>
- V. Frequently Asked Questions: [FAQs on Agency Approval](#)

HUD HOUSING COUNSELOR CERTIFICATION

HUD’s Final Rule on Housing Counseling Certification:

On December 14, 2016, HUD published a Final Rule in the Federal Register entitled [Housing Counseling: New Certification Requirements](#). This rule implements statutory requirements that housing counseling required under or provided in connection with all HUD programs will be provided by HUD certified housing counselors. With the new certification requirements, the benefits to the renter, the prospective homebuyer, or the existing homeowner are increased assurance of a more knowledgeable housing counselor providing more effective housing counseling services. HUD expects that more knowledgeable housing counselors will lead to better identification of housing issues, more knowledgeable referrals and resolution of barriers, and a greater ability to avoid scams.

The rule provides guidance for agencies who are required to have housing counseling certified staff as well as new regulations prohibiting the distribution of HUD Housing Counseling Program grant funds to agencies convicted of election law violations or misusing those funds in a manner that constitutes a material violation of HUD requirements. Some of the requirements are in effect 30 days after the rule publication, on January 13, 2017. The rest of the requirements are in effect as of the Final Compliance Date. Entities who are not HUD approved Local Housing Counseling Agencies or services provided by non-HUD Certified Housing Counseling staff to any/all HUD program clients are in direct violation of this federal rule.

HUD Counselor Certification Process:

The Housing Counselor Certification Requirements Final Rule implements statutory requirements that housing counseling required under or provided in connection with all HUD programs must be provided by a HUD certified housing counselor. The standards apply to all housing counseling programs required by HUD or provided in connection with any program of HUD.

It is important to note that a counselor’s HUD certification will remain dormant unless actively employed by a HUD approved Local Housing Counseling Agency (LHCA).

<https://www.hudexchange.info/programs/housing-counseling/certification/>

Counselor Competency:

It is expected that those looking to become a HUD Certified Housing Counselor possess a strong knowledge in homeownership—specifically the homebuying process, budgeting, money management, credit, banking, mortgage financing, down payment assistance, insurance, community involvement, home maintenance, loss mitigation, foreclosure prevention, fair housing, delinquency intervention, refinancing, anti-fraud or anti-predatory lending and relevant local, state and federal laws.

OTHER NATIONAL COUNSELOR CERTIFICATIONS

It is an expected best practice that HUD Certified Housing Counselors complete a minimum of 10 hours of continuing education annually in subjects relative to the core content and delivery of homeownership education. There are a variety of high-quality providers offering virtual as well as in-person training opportunities and scholarships are often available for HUD approved LHCAs.

- NeighborWorks America (www.neighborworks.org)
- NCRC (www.ncrc.org/training/)
- UnidosUS (www.nhnl.org)
- Rural Community Assistance Corporation (www.rcac.org)
- Neighborhood Stabilization Corporation (www.naca.com)

MSHDA HOUSING EDUCATION PROGRAM

Who is the Michigan State Housing Development Authority (MSHDA):

The Michigan State Housing Development Authority (MSHDA), established in 1966, provides financial and technical assistance through public and private partnerships to create and preserve safe and decent affordable housing, engage in community economic development activities, develop vibrant cities, towns and villages, and address homeless issues.

MSHDA's loans and operating expenses are financed through the sale of tax-exempt and taxable bonds and notes to private investors, not from state tax revenues. Proceeds of the bonds and notes are loaned at below-market interest rates to developers of rental housing, and also fund home mortgages and home improvement loans. MSHDA also administers various federal housing programs.

MSHDA Housing Education Program Department:

MSHDA’s Homeownership division provides a variety of programs and products for both homebuyers and homeowners. MSHDA networks with HUD approved LHCA’s throughout Michigan in the delivery of Housing Counseling services to Michigan residents.

Becoming a MSHDA Housing Counseling Agency Partner:

MSHDA requires that anyone interested in becoming a partner and apply for grant funding must first achieve HUD approval as a Local Housing Counseling Agency (LHCA) and must also have HUD Certified Housing Counselor(s) on staff.

Existing or newly established LHCA agencies interested in applying for grant funds should contact the MSHDA Housing Education Program department staff for further instructions. Agencies who have never participated in any MSHDA program must complete and submit an annual Partnership Profile. This is completed between January – March every year. An approved Partnership Profile will result in eligibility to apply for MSHDA grant funding. Approved Partnership Profiles is not a guarantee of funding award.

MSHDA HOUSING EDUCATION PROGRAM CONTACTS:
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MSHDA HEP department offers the following funding sources:

- *MSHDA HEP Grant Funds*
 - Non-federal funding dollars based on MSHDA’s annual budget
- *HUD Comprehensive Housing Counseling Grant Funds*
 - MSHDA applies for and receives HUD Housing Counseling Grant funds and oversees a network of HUD subgrantee agencies. LHCA’s are only allowed to draw HUD funds from one source (i.e., HUD direct, MSHDA or other Multi-State Organization)
- *Other Grant Funds as available*

IMPORTANT FINAL REMINDERS

- Agency must achieve LHCA approval through HUD to provide housing counseling services to the public. Otherwise, this will be a violation of HUD regulations
- The counselor's HUD certification will remain "dormant" until actively employed by a LHCA. That LHCA must validate the counselor's employment and certification in the online system.
- Please work with your assigned HUD representative in completing your LHCA process
- Once LHCA process is approved, you are then eligible to apply for partnership with MSHDA's HEP department.

HELPFUL WEBSITE LINKS

- [How to Become a HUD-Approved Housing Counseling Agency](#)
- [Become a HUD Certified Housing Counselor](#)
- [HUD Housing Counseling Program](#)
- [MSHDA Homeownership Program](#)