

HUD Housing Counseling Agencies;

A number of agencies with HECM roster counselors have been marketing their services directly to lenders. Some of these marketing materials state the agency can provide counseling within 24 hours, request the lenders to put the agency's name at the top of the list the lender is required to provide to clients, and other promises of special service. Marketing to lenders in this manner is a violation of program requirements. As Mortgagee Letter 2011-26 states, lenders are prohibited from steering a prospective borrower to a particular HECM counselor or agency for counseling. This marketing gives an appearance of a conflict of interest between the HECM counseling agency and the lender.

HUD has determined that in many of these cases, the length of the counseling session is 30 minutes and is not effective counseling. The client does not get the quality of service for which they are paying. The information in the HECM Counseling Protocol that is required to be covered during the counseling session cannot be conveyed by the counselor and understood by the client in less than 60 minutes

Lenders can obtain information on valid HECM roster counselors and counseling agencies on the HUD website at hud.gov.

This message has gone out to the email addresses provided by all active Counseling agencies in HUD's Housing Counseling Program. All Parent Agencies should make sure their sub-agencies have received this information. Please direct questions or comments to your respective HUD point of contact or email Housing.Counseling@hud.gov by directly responding to this email.

Sincerely,

Ruth Román
Director, Program Support Division
Office of Single Family Housing
Department of Housing and Urban Development