

**Supporting Statement for Paperwork Reduction Act Submissions**  
**Home Equity Conversion Mortgage (HECM)**  
**Counseling Standardization and Roster**  
**2502-0586**

**A. Justification**

1. HUD's regulations in 24 CFR 206 Subpart E of the National Housing Act (12 U.S.C. 1708) permits HUD to establish testing standards to qualify individuals as HECM counselors eligible to provide HECM counseling to prospective HECM borrowers. The rule establishes a roster of eligible HECM counselors and provides for their removal for cause.

The examination and application assists HUD in evaluating the knowledge and capacity of individuals interested in providing HECM counseling to potential HECM borrowers thereby reducing the risk to the insurance fund. The collection of information assists HUD in providing and maintaining a current roster of HUD-approved HECM counselors to the general public and interested customers.

2. To be eligible to be placed on the HECM counselor roster, an individual must provide HUD with proof that he/she: 1) successfully passed the standardized HECM test; 2) is employed by a HUD-approved housing counseling agency or affiliate of a HUD-approved intermediary or state housing finance agency; 3) is receiving continuing education and providing evidence thereof if requested by HUD, and 4) has access to and is supported by, appropriate technology enabling HUD to track the results of the counseling offered to each loan applicant in accordance with the regulations. HUD staff uses the information collected to assess the eligibility of the individual to provide HECM counseling to potential HECM borrowers. The information also assists HUD staff to detect any conflicts of interest that may not be permissible. To recertify to remain on the HECM Counseling roster, a counselor must provide HUD with proof that he/she has completed HECM-related continuing education within 2 years of being placed on the roster or the most recent continuing education recertification date and pass the HECM exam within three years of being placed on the roster or the most recent exam recertification date.

A HECM counselor may submit a written request to HUD to remove the HECM counselor from the roster.

3. The standardized HECM test is administered by HUD or a party selected by HUD. The test is automated. The information for initial placement on the roster and for recertification is submitted electronically through the FHA Connection. The information collected through FHA Connection is the same as that on form HUD 92904 which can be printed out from FHA Connection once all data is input. HUD made the decision to electronically accept HECM roster applications so that the data can be automatically transferred to the Housing Counseling website upon approval of the application
4. This information is not collected elsewhere. HUD makes every effort to assure no duplication of information is required.
5. This information does not impact small businesses or other small entities.

6. Establishing testing standards and a roster of eligible HECM counselors was necessary to comply with the requirements of 24 CFR 206 Subpart E. HECM counseling is required by statute in Section 255(f) of the National Housing Act. Because of the complicated requirements set forth in the statute, HUD must be assured that individuals have the knowledge and capacity to provide this statutorily required HECM counseling to prospective HECM borrowers. These standards and the associated information collection contribute to improving the quality of HECM counseling. HUD also bears the responsibility of assuring the risk is minimized to the FHA insurance fund. Standards for providing adequate HECM counseling helps to insure that elderly homeowners make more informed decisions when considering whether to pursue a HECM loan. This collection provides the means to meet HUD's obligation.
7. There are no special circumstances involved in this collection.
8. In accordance with 5 CFR 1320.8(d), this information collection soliciting public comments was announced in the *Federal Register* on March 14, 2012 (Volume 77, Number 50, Page 15117). No comments were received.
9. There are no payments or gifts to respondents with respect to this collection.
10. Since social security numbers are required, HUD has provided the required privacy act statement on form HUD-92904.
11. No information of this nature is required as part of this collection.
12. Estimated public burden:

Information Collection	Number of respondents	Frequency of response	Total Annual Responses	Hours per Response	Total Hours	Hourly Cost	Total Annual Cost
Application	200	1	200	0.25	50	\$20	1,000
Continuing education and recordkeeping		1	200	2.00	400	\$20	8,000
Request to be removed from roster	5	1	5	0.25	1	\$20	20
<b>Totals</b>	205		405		651		\$8,020

The hourly cost is based on an estimate of the average annual salary of \$40,000 for HECM counselors.

The continuing education burden is based on the completion of a 4-hour training course once every two years.

All applicants must successfully pass the standardized HECM test. The application requirement for individuals to become approved HECM counselors is minimal. The criteria is clearly defined. This collection requirement does not necessitate the acquisition of specific software.

Two HECM counselors and one counseling agency manager was consulted regarding this collection. All were in agreement that the collection is necessary and is easily completed. The HECM counselors both believed that recertification is necessary as is continuing education. All agreed that the instructions for completion of the HECM counselor roster were clear and the information collected on each counselor is adequate.

13. There is no additional cost to respondents.
14. Estimated annualized costs to the Federal government include 600 hours of staff time needed to coordinate the review and approval of applications, and to monitor HECM continuing education of participating individual HECM counselors. With an estimated cost of \$32.00 per hour for staff at the GS-11 level, the total annualized cost to the Federal government is estimated to be \$19,200.

15. This is an extension of a currently approved collection. Section 255(e)(1) of the National Housing Act provides that mortgagees provide HECM applicants a written list of the names and addresses of HECM counselors. HUD established training and testing standards to qualify individuals as HECM counselors and to provide a roster of approved HECM counselors. As the roster has been operational for three years, HUD has determined that the staff time necessary to maintain and monitor the HECM counseling roster is less than the initial start-up estimates in the previous submission.
- 16 HUD will continue to publish a roster of approved HECM counselors.
17. HUD is not requesting approval to avoid displaying the expiration date.
18. There are not exceptions to the certification statement identified in item 19 of the OMB 83-i.

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**B. Collections of Information Employing Statistical Methods**

This collection of information does not employ statistical methods.