

HOMEOWNERSHIP COUNSELING

OVERVIEW

The Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(c)(5) was amended with regard to the homeownership counseling notification requirements. The homeownership counseling provisions have been extended to September 30, 2000.

All creditors that service conventional mortgage loans and loans insured by the Department of Housing and Urban Development (HUD) must notify a homeowner who fails to pay any amount by the due date, under the terms of the home loan, of the availability of homeownership counseling. The notification must be made within 45 days from the payment due date, unless the homeowner pays the amount before the expiration of the 45-day period.

The creditor must provide the homeowner with the notification of the availability of any homeownership counseling it offers and either: (1) the HUD-approved nonprofit homeownership counseling organizations; or (2) the HUD toll-free telephone number (1-800-569-4287) through which the homeowner can obtain a list of HUD-approved nonprofit organizations that serve the homeowner’s residential area.

Exceptions – This requirements does not apply to loans guaranteed by the Department of Veterans Affairs or situations in which the amount overdue is paid before the expiration of the 45-day period.

Examination Objective(s)

The objective for the examination is to:

- Ensure the institution’s procedures are in conformance with HUD requirements

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EXAMINATION PROCEDURES

1. Determine if the financial institution is informing borrowers, within 45 days of an initial loan default, of the availability of any homeownership counseling it offers.
2. Determine of the financial institution is informing borrowers of the homeownership counseling offered by nearby HUD-approved agencies or the HUD toll-free telephone number (1-800-569-4287) through which the borrower can obtain a list of such agencies



**FDIC LAW,
REGULATIONS,
& RELATED
ACTS**

Applicable Rules Housing and Urban Development Act [12 U.S.C. 1701x Section 106(c)(5)]

Advisory Opinions None

**Statements of
Policy** None

**DCA
MEMORANDA** None

**FINANCIAL
INSTITUTION
LETTERS (FIL)** None
