



Homeownership Education and Housing Counseling FAQs

We believe that high-quality homeownership education provides borrowers with the information and resources they need to navigate the home-buying process and make informed decisions that support sustainable homeownership. These FAQs reflect the policy changes in *Selling Guide* Announcements [SEL-2016-06](#) (July 26, 2016), [SEL-2016-08](#) (October 24, 2016), and [SEL-2017-02](#) (February 28, 2017).

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General

Q1. How have Fannie Mae’s homeownership education and housing counseling policies evolved?

The homeownership education requirement is designed to help borrowers gain essential knowledge to prepare for sustainable homeownership and to help our lender partners gain informed borrowers prepared to navigate the loan process. Thanks to lender feedback, we clarified definitions in our *Selling Guide* ([Announcement SEL_2017-02](#)) to more clearly distinguish homeownership education from counseling and to make it simpler for our lender partners to know when education or counseling must be completed. We have also updated and renamed the Certificate of Completion of Housing Counseling ([Form 1017](#)) to align with the changes in the Guide. View the [How to Fulfill the Homeownership Education Requirement for HomeReady Mortgage fact sheet](#) to see how you can help your borrowers choose the best way for them to fulfill the requirement.

Q2. What is the homeownership education requirement for HomeReady® mortgage loans?

At least one borrower on each HomeReady purchase transaction must complete the Framework® online education course (see exceptions below). The Framework course, available in English and Spanish, meets or exceeds industry standards and consistently receives high marks from learners.

Exceptions:

- For HomeReady loans that involve a Community Seconds® or down payment assistance program, buyers may instead complete the homeownership education course or counseling required by the Community Seconds® or down payment assistance program as long as it is provided by a HUD-approved agency and completed prior to closing.
- In addition, the presence of a disability, lack of Internet access, and other issues may indicate that a consumer is better served through other education modes (for example, in-person classroom education or via a telephone conference call). In such cases, lenders should direct buyers to Framework’s toll-free customer service line (855-659-2267), which can refer consumers to a HUD-approved counseling agency.
- Finally, buyers who have **already** completed housing counseling prior to entering into a sales contract are not required to complete the Framework course. Note that the lender must retain a copy of the *Certificate of Completion of Housing Counseling* (Fannie Mae [Form 1017](#)), signed by both the counseling recipient and the HUD counselor to document that the requirement was met.



See *Selling Guide* [section B2-2-06](#), Homeownership Education and Housing Counseling, for further guidance.

Q3. What is Fannie Mae’s objective with the homeownership education requirement and housing counseling options for HomeReady loans?

We believe the Framework course is invaluable for all borrowers. The Framework course has a track record of success, and Framework continues to enhance its online course to incorporate best practices in adult learning. The interactive learning experience supports learners as they come to understand the full spectrum of homeownership.

We recognize that some potential homeowners may want more personalized assistance and others may need additional help with challenging financial and credit issues that can be more effectively addressed working one-on-one with a housing counselor, also known as a homeownership advisor.

Housing counselors are committed to providing unbiased, high-quality advice early in the home-buying process, before critical decisions are made – such as when to buy, which house to buy, or which mortgage is best suited to their financial situation. Housing counselors empower consumers to make informed decisions about their home purchase and to move forward with confidence. Working with a counselor can help prepare borrowers for success and improve loan performance for lenders and investors.

Q4. What if an online course is not an appropriate option for a potential home buyer?

In certain circumstances, an online format may not be the appropriate option for a potential home buyer. The presence of a disability, lack of Internet access, and other issues may indicate that a potential borrower is better served through other modes (e.g., in-person classroom, telephone conference call, etc.). In these situations, potential borrowers should be directed to Framework’s toll-free number 1-855-659-2267, and Framework will refer them to a HUD-approved counseling agency that can meet their needs. Once the individual has completed the appropriate course, the counseling agency that handles the referral must provide the borrower with a certificate of completion, and the lender must retain a copy of the certificate in the loan file.

Q5. Must the lender have the Borrower’s Authorization for Counseling form signed at closing for a HomeReady loan?

No, this is not a requirement for HomeReady loans.

DU Version 10.0, released during the weekend of September 24, 2016, removed the Borrower’s Authorization for Counseling form requirement. Refer to the [Release Notes](#) for more information.

Q6. Is landlord education required for HomeReady loans secured by 2- to 4-unit properties?

No, landlord education is not required.

Framework Online Course

Q7. What is Framework?

Framework is an organization created by two independent, national nonprofits: the Housing Partnership Network and the Minnesota Homeownership Center to advance smart homeownership nationwide.



Framework's interactive online course helps borrowers prepare to buy and own a home. Based on 20 years of experience providing homeownership education, the course is an engaging, comprehensive, and unbiased guide to navigating the home-buying process in today's challenging market. Framework's only business is providing independent homeownership education that empowers consumers. Lenders will benefit from the certainty that Framework meets Fannie Mae's requirements. In addition, 24/7 access is convenient for customers, and Framework can be integrated into lenders' online processes.

Q8. What are lenders saying about the Framework course?

Fannie Mae is receiving positive feedback from lenders. As one loan officer said, "Love how flexible it is ... and the \$75 for the home-buyer course is nothing compared to what they will save in loan-level price adjustments. It's an easy sell and will benefit many borrowers." Further, the Framework course does not appear to cause process delays; according to recent data, 66% complete the course in one day, 94% within one week. We welcome continued feedback from lenders.

Q9. What are borrowers saying about the Framework course?

Although Fannie Mae does not receive direct feedback from borrowers, Framework has shared their customer survey results with us. According to survey results from January 2017, borrowers give the course high marks:

- 96% said they learned as much or more than they expected.
- 91% said completing the course increased their understanding of the home-buying process.

Fannie Mae is confident in the high quality of the Framework course and its value for borrowers.

Q10. How can borrowers interested in the HomeReady mortgage access the Framework course?

Loan officers and others working with potential HomeReady borrowers can easily refer them to the [Framework course for HomeReady](#). Our one-page [Framework overview for home buyers](#) provides your borrowers with all the information they need to get started.

Q11. How much does the course cost?

The cost of the course is \$75 and is paid directly to Framework (no funds are paid to Fannie Mae). Once an individual enrolls in the course, he or she will have unlimited access to the course, and to email support seven days a week. Framework allows its users to pay online with a credit card or debit card.

Q12. What does the Framework course cover? How long is the course?

The comprehensive Framework course includes seven modules covering the basics of buying and owning a home. The course, which takes about four hours to complete, meets the HUD guidelines and the curriculum guidelines of the National Industry Standards for Homebuyer Education and Counseling.

Q13. How does a lender verify that a borrower has completed the Framework course?

After completing the Framework course and passing the quiz, borrowers will receive a certificate of completion indicating they have satisfied the HomeReady homeownership course requirement. Lenders should ask borrowers to provide a copy of the certificate of completion and retain a copy in the loan file. Fannie Mae will also accept the Framework certificate of completion issued through Fannie Mae's



HomePath Ready Buyer™ program or any certificate of completion from Framework to satisfy the HomeReady requirement.

Q14. What if a borrower does not pass the quiz?

A borrower may take the quiz three times. In the rare case when a borrower does not pass after three attempts, he or she would need to do an educational review with a Framework counselor. See the [Framework FAQs](#) for more information.

Q15. How long does the borrower have to complete the course?

Framework recommends that borrowers complete the course as soon as possible, but there is no time limit. Statistics from Framework show that approximately two-thirds of borrowers complete the course in one day and 94 percent complete the course within one week.

Q16. How long is the certificate of completion valid?

Each certificate includes a date of completion, but there is no expiration date. Lenders may have specific policies regarding how long certificates are valid after the date of completion. Borrowers should check with their lender/program administrator to confirm their lender's policy. Fannie Mae has no policy regarding how long a certificate of completion from Framework is valid.

Q17. If a HomeReady application includes multiple borrowers, including an occupant borrower and a non-occupant borrower, who has to take the Framework course?

Fannie Mae requires that at least one borrower on the loan take the Framework course, but does not specify that it has to be taken by the borrower who will be living in the property.

Q18. Can any HUD-approved counseling agency participate in Framework's homeownership advisor network?

Any HUD-approved counseling agency can apply to participate in Framework's homeownership advisor network. There is no cost, no minimum level of activity, and no minimum capacity. Framework requires that all participating agencies be HUD-approved, and endorse the [National Industry Standards for Homeownership Education and Counseling](#) and the National Industry Code of Ethics for Homeownership Professionals. Framework has additional requirements designed to ensure high-quality assistance to consumers and the protection of confidential consumer information. For more information, visit Framework at frameworkhomeownership.org or contact partners@frameworkhomeownership.org to speak with a Framework team member about partnering with Framework.

Q19. Does the Framework homeownership course satisfy the requirements of the Consumer Financial Protection Bureau (CFPB) [Homeownership Counseling Organizations Lists and High-Cost Mortgage Counseling Interpretive Rule](#) (12 CFR Parts 1024 and 1026 published in the Federal Register April 21, 2015)?

Fannie Mae's *Selling Guide* ([B2-2-06](#)) requires that HomeReady borrowers receive homeownership education as well as a referral to or information about locating HUD-approved counseling agencies for additional assistance. The CFPB's [Homeownership Counseling Organizations Lists and High-Cost Mortgage Counseling Interpretive Rule](#) requires that lenders provide borrowers with a list of homeownership counseling organizations providing relevant services in the borrower's location. These



requirements do not conflict but they are separate and distinct. Lenders should not rely on Framework's list of housing counselors to satisfy the CFPB's requirements. Similarly, compliance with the CFPB's requirements does not satisfy the HomeReady requirements for homeownership education and a referral to or information about HUD-approved counseling agencies for additional assistance.

Q20. What are the disclosure requirements for the homeownership course fee paid by the borrower to Framework?

The borrower pays the fee to Framework at the time he or she begins the homeownership course. Disclosure is a legal matter to be determined by the lender. Fannie Mae will not refund or credit the fee.

Housing Counseling

Q21. What does Fannie Mae mean by “housing counseling”?

Housing counseling refers to customized home-buyer support provided exclusively by the trained staff of HUD-approved nonprofit counseling agencies. These agencies are approved and monitored by HUD as providers of independent, professional advice on home-buying and housing issues. “Housing counselor” is defined in the HUD Counseling Program Handbook.

Q22. What are the requirements for housing counseling?

Housing counseling, as defined here, follows the guidance of the HUD housing counseling program. The specific requirements are detailed in *Selling Guide* [section B2-2-06](#), Homeownership Education and Housing Counseling and on [Form 1017](#), which must be completed prior to a sales contract by the individual who received the counseling as well as by the HUD counselor. The HUD counselor must certify that the requirements have been met. The lender must retain a copy of the form in the loan file to document that the requirement was met.



Q23. What’s the difference between homeownership education and housing counseling?

Homeownership education and housing counseling play critical and distinct roles in helping borrowers become mortgage ready.

	Delivery Method	Content	Timing
Homeownership Education	<ul style="list-style-type: none"> ▪ Framework course* ▪ Education course provided by a Community Seconds or DPA provider <p>Must offer an optional referral to housing counseling.</p> <p>*In certain circumstances, a consumer may be better served in a group classroom setting or other education mode.</p>	<ul style="list-style-type: none"> ▪ Established curriculum and instructional goals ▪ Examples of topics: <ul style="list-style-type: none"> • Understanding the mortgage process and required documentation • Home inspections, insurance and what to expect at closing • Budgeting for home repairs and maintenance 	<ul style="list-style-type: none"> ▪ Typically occurs between loan application and closing ▪ Earlier is better ▪ Must be completed by closing
Housing Counseling	<ul style="list-style-type: none"> ▪ In person, telephonic or video conferencing per HUD standards ▪ Session(s) can be delivered one-on-one or via classroom or self-guided online programs, such as the Framework course 	<ul style="list-style-type: none"> ▪ Covers all topics included in education setting ▪ MUST cover: <ul style="list-style-type: none"> • Buy or rent decision • Establishing a household budget • Review of credit report • Preparation of a written action plan based on the client’s individual goals 	<ul style="list-style-type: none"> ▪ As early as possible ▪ Before client selects a home ▪ Must occur before a buyer enters a contract to purchase a home

Q24. What are the benefits of housing counseling?

Counseling fulfills the HomeReady homeownership education requirement. And, exclusively for HomeReady purchase transactions on which buyers have received customized assistance from a HUD-approved nonprofit counseling agency before entering into a sales contract, lenders will receive a **\$500 loan-level price adjustment credit** for HomeReady loans delivered with Special Feature Code 184.

Q25. Who should be referred to housing counseling?

Housing counseling is optional. It can, however, be very beneficial to home buyers who are not eligible for a loan, or who need additional assistance to get started with the home-buying process.



Q26. If a borrower completes housing counseling, does he or she have to complete the Framework course?

Many housing counselors use Framework and similar courses as part of their programs. When borrowers work with a housing counselor, as evidenced by a completed Fannie Mae Form 1017 indicating that they have covered the required content, they do not also have to complete the Framework course.

Q27. How can I find out more about the required content for housing counseling?

Housing counseling begins with an assessment of the potential buyer's housing needs and discussion of whether it is the right time to buy. It includes a detailed review of the potential buyer's household budget and credit to determine how much they can afford. The counselor can help to identify and work with real estate agents, lenders, and other professionals. The counselor must provide a written action plan and a complete Form 1017 to validate that the services were provided and when.

More details are available in the HUD Counseling Program Handbook:

<http://portal.hud.gov/hudportal/documents/huddoc?id=76101HSGH.pdf> and the relevant HUD Housing Counselor Certification Study Guides: <http://www.hudhousingcounselors.com/training-study-guide>.

Q28. What if a potential home buyer wants housing counseling?

As stated previously, housing counseling is not required for a HomeReady mortgage, but potential borrowers seeking additional assistance are encouraged to contact a HUD-approved counseling agency for help. Framework will provide referrals to HUD-approved counseling agencies for those taking the online program. Potential borrowers can also visit hud.gov/offices/hsg/sfh/hcc/hcs.cfm to find a HUD-approved agency.

Q29. If a HomeReady application includes multiple borrowers, including an occupant borrower and a non-occupant borrower, who has to complete the housing counseling?

Fannie Mae requires that at least one borrower on a purchase loan fulfill the homeownership education requirement, but does not specify that it has to be completed by the borrower who will be living in the property.