

Housing Counseling

What Does a Housing Counselor Do?

Housing counselors can help you understand the mortgage lending process, prepare yourself for taking on the responsibility a mortgage, and select the best loan for your needs. They may also be able to help you if you are experiencing difficulties paying your mortgage.

Housing counselors provide several different types of counseling:

- Pre-purchase counseling: These counseling services focus on helping you purchase a home. They will help you determine whether homeownership makes sense for you at the present time, what size of mortgage loan you can afford, and what types of loans would best meet your needs. They may be able to help you identify safe products specifically designed with your needs in mind.

If you have credit problems, a pre-purchase counselor can help you find a specialized credit counselor who can work with you to repair your credit history — often within a relatively short period of time.

- Reverse mortgage counseling: Borrowers seeking a “reverse mortgage” — a mortgage for homeowners over 62 years of age who seek to tap the equity in their homes — must obtain counseling from a certified provider as part of the loan application process. These counseling sessions will help you determine whether a reverse mortgage is the right option for you, and can provide valuable information about how to get the most out of your reverse mortgage at the best price.
- Foreclosure prevention counseling: If you are a homeowners and are in danger of losing their home as a result of foreclosure, you should contact a housing counselor to find out what your options are.

What should I consider when choosing a housing counselor

You should be aware that not all credit counselors are created equal. Some provide excellent counseling services, some provide lesser quality services — and some are in business primarily to take your money. Dishonest counseling firms advertising “homeowner rescue” services have become more numerous and more active as more and more homeowners have experienced difficulty making mortgage payments.

- Be very very careful about any firm that demands an upfront fee. Many of these firms have taken consumers’ money and disappeared.
- Be careful of unrealistic pitches. Some counselors, particularly those working in the foreclosure prevention field, may make unrealistic promises — if it sounds too good to be true, it may be.

- Make sure that the credit counselor is accredited by a reputable agency. HUD (U.S. Department of Housing and Urban Development) certifies and supports housing counselors across the U.S.: you can find one near you from the HUD website <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>.
- The National Foundation for Credit Counseling is a sixty-year old non-profit organization that provides support to more than one hundred member counseling organizations; to find one, check the Foundation's website at <http://www.nfcc.org>.
- Fair Loan Certification, an organization created by the Fair Mortgage Collaborative, certifies counselors that meet the Collaborative's Standards. For more information, visit Fair Loan Certification's website at www.fairloancertification.com.