



Rural Development

PA AN No. 1290 (HB-1-3550)
August 14, 2014

Pennsylvania
State Office

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TO: All Rural Development Employees
Pennsylvania

FROM: Thomas P. Williams /s/Thomas P. Williams
State Director

SUBJECT: Homeowner Education

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is issued to continue the requirement for homeowner education for Section 502 Direct loans. The intended effect of this action is to assure that first-time homeowners financed under the Section 502 Direct program are well prepared for homeownership by assuring that they receive homeownership education.

COMPARISON WITH PREVIOUS AN(s):

This PA AN replaces PA AN #1280 (HB-1-3550) which expired on July 30, 2014.

IMPLEMENTATION RESPONSIBILITIES:

Effective May 7, 2007, the effective date of the final rule, the Agency requires applicants who are first-time home-buyers to complete homeowner education training prior to loan closing. **The homeowner education requirements are outlined in Handbook-1-3550, Chapter 3, Section 2, Paragraph 3.4 [7 CFR 3550.11].**

Waivers of the homeowner education requirement may be considered by the State Director on a case-by-case basis.

7 CFR Part 3550.11 outlines the order of preference given to courses. First preference is given to classroom, one-on-one counseling, or interactive video conference.

Second preference is given to interactive home-study, interactive telephone counseling, and on-line counseling of at least four hours duration.

Third preference, which can only be used if all other formats are not reasonably available, is given to online counseling.

We have conducted an assessment of the availability of certified homeowner education providers that provide the service free of charge or for a nominal fee. Please refer to **Attachment A**, "Pennsylvania Approved Homeowner Education Resources List" for resources in your area.

Expiration date:
August 31, 2015

**Filing Instruction: Preceding RD
Instruction Handbook-1-3550,
Chapter 3, Section 2**

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The Unnumbered Letter “Nationally Approved On-Line Homeownership Education Providers” dated August 11, 2014 states the following:

1. “In 2010 eHome America was approved for national use as a first preference format after a panel of internal and external subject matter experts reviewed and approved the course; and it has remained approved for national use ever since. It has been determined that the online course offered by eHome America continues to meet the Agency’s needs as a provider for on-line education. Since this course includes an online assistance feature and a personal counseling session, it also meets the intent of the Handbook preference for classroom or one-on-one training. As such, it may be included on the State’s list of approved local homeowner education providers.” The website for eHome is as follows:
www.eHomeAmerica.org.
2. On September 23, 2013, a notice was published in the Federal Register informing online homeownership education providers that the Agency intended to review other courses for nationwide use. After convening a new panel and reviewing the four submissions as a result of the Federal Register notice, the decision was made to approve Framework for national use as a third preference format. Framework can be access at the following website:
www.frameworkhomeownership.org.

Course Curriculum

The homeowner education provider will issue a letter or certificate of completion to document the applicant has satisfactory knowledge of the following:

1. preparing for homeownership (evaluate readiness to go from rental to homeownership);
2. budgeting (pre-post purchase);
3. credit counseling;
4. shopping for a home;
5. lender differences (predatory lending);
6. obtaining a mortgage (mortgage process, different types of mortgagees);
7. loan closing (closing process, documentation, closing costs);
8. post-occupancy counseling (delinquency and foreclosure prevention); and
9. life as a homeowner (homeowner warranties, maintenance and repairs).

The letter or certificate of completion will be filed in position 3 of the applicant's case folder as evidence the requirements of homeowner education have been met.

The regulations offer some flexibility to the homeowner education providers to tailor the curriculum to meet the needs of the applicant. For example, if the applicant has already located a dwelling to purchase, they are not required to take that portion of the training dealing with shopping for a home. The provider could determine that the applicant already has satisfactory knowledge in this area.

It is important this homeowner education policy is clearly communicated to Section 502 Direct applicants and program participants, including real estate agents, builders, partners and loan application packagers.

If you have any questions on this AN, please contact the Single Family Housing Division at 717-237-2186.

Attachment A

Pennsylvania Approved Homeowner Education Resources List

Name of Counselor	Service Area	Cost	Contact
Pennsylvania Housing Finance Agency (PHFA)	statewide	\$0 could be minimal cost for training material	www.PHFA.org; under "housing resources"; Click on homebuyer education / counseling; Choose counseling agency (Homeownership)
eHome America	statewide	\$75	www.eHomeAmerica.org
Housing and Urban Development (HUD)	statewide	\$0 could be minimal cost for training material / credit report	www.HUD.gov; under the heading "at your service"; Click on "talk to a housing counselor"; Click "Search on line"; Click on PA or select PA from dropdown box; OR Call-1-800-569-4287, enter your zip code, you will be provided 3 counselors, closest geographically
Framework	statewide	\$75	www.frameworkhomeownership.org