As of November 20, 2013, this guidance applies to federal savings associations in addition to national banks.*

Comptroller of the Currency
Administrator of National Banks

CCE-HC

This document and any attachments are replaced by version 1.0 of the "Homeownership Counseling" booklet published November 2026.

Homeownership Counseling Examination Procedures

RESCINDED

Comptroller's Handbook

June 2003

(Revised June 2011 for formatting only)

*References in this guidance to national banks or banks generally should be read to include federal savings associations (FSA). If statutes, regulations, or other OCC guidance is referenced herein, please consult those sources to determine applicability to FSAs. If you have questions about how to apply this guidance, please contact your OCC supervisory office.

CCE

Consumer Compliance Examination

Homeownership Counseling Examination Procedures — Introduction

Background and Summary

Section 106(c)(5) of the Housing and Urban Development Act of 1968 (the "act") (12 USC 1701x (c)(5)) provides for homeownership counseling notification by creditors to eligible homeowners. The act has been amended at various times,[1] with the most recent amendment on November 26, 2001, when the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 2002 (Pub. L. 107-73) was enacted. Section 205 of that act repealed the previous sunset provision.

RESCINDED

Applicability

All creditors that service loans secured by a mortgage or lien on a one-family residence (home loans) are subject to the homeownership counseling notification requirements. Home loans include conventional mortgage loans and loans insured by the Department of Housing and Urban Development (HUD).

Requirements

Notice Requirements[2]

A creditor must provide notification of the availability of homeownership counseling to a homeowner, eligible for counseling, who fails to pay any amount by the due date under the terms of the home loan.

---

[1] Section 577 of the National Affordable Housing Act of 1990 (Pub. L. 101-625) extended the homeownership counseling provisions to September 30, 1992; Section 162 of the Housing and Community Development Act of 1992 (Pub. L. 102-550) extended the provisions to September 30, 1994; and Section 594 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 1999 (Pub. L. 105-276) extended the provisions to September 30, 2000.

[2] The Federal Financial Institutions Examination Council (FFIEC) Consumer Compliance Task Force has requested clarification from HUD on HUD's current position regarding notice requirements to first-time homebuyers. These interagency examination procedures are currently limited to determining compliance with the act's notice provisions related to delinquent borrowers. However, should a response from HUD to the Task Force indicate that notices to first-time homebuyers should be provided under the act, the agencies will expand these examination procedures to cover notices to first-time homebuyers.

Eligibility

A homeowner is eligible for counseling if

- the loan is secured by the homeowner's principal residence.
- the home loan is not assisted by the Farmers Home Administration.
- the homeowner is, or is expected to be, unable to make payments, correct a home loan delinquency within a reasonable time, or resume full home loan payments because of a loss in income owing to
  - an involuntary loss of, or reduction in, the homeowner's employment, the homeowner's self-employment, or income from the pursuit of the homeowner's occupation; or
  - any similar loss or reduction experienced by any person who contributes to the homeowner's income.

Contents of notice

The notice must

1. notify the homeowner of the availability of any homeownership counseling offered by the creditor.
2. provide either a list of HUD-approved nonprofit homeownership counseling organizations or the toll-free number[3] HUD has established through which a list of such organizations may be obtained.

Timing of notice

The notice must be given to a delinquent homeowner borrower no later than 45 days after the date on which the homeowner becomes delinquent. If, within the 45-day period, the borrower brings the loan current again, no notification is required.

Definitions

For purposes of these requirements, the following definitions apply:

"Creditor" means a person or entity that is servicing a home loan on behalf of itself or another person or entity.

[3] The number is 1-800-569-4287.

RESCINDED

"Home loan" means a loan secured by a mortgage or lien on residential property.

"Homeowner" means a person who is obligated under a home loan.

"Residential property" means a one-family residence, including a one-family unit in a condominium project, a membership interest and occupancy agreement in a cooperative housing project, and a manufactured home and the lot on which the home is situated.

RESCINDED

Expanded Procedures — Homeownership Counseling Examination Procedures

Objective: To determine whether the financial institution has established procedures regarding homeownership counseling notification requirements to ensure that it is in compliance with the provisions of section 106(c)(5) of the Housing and Urban Development Act of 1968.

1. Assess the bank's level of compliance by using the Homeownership Counseling Examination Worksheet (see appendix).

RESCINDED

Homeownership Counseling Examination Procedures Appendix

Homeownership Counseling Examination Worksheet

This worksheet can be used for reviewing audit work papers, evaluating bank policies, performing expanded procedures, and training, as appropriate. Complete only those sections that specifically relate to the issue being reviewed, evaluated, or tested and retain the completed sections in the work papers.

When reviewing audit or evaluating bank policies, a "no" answer indicates a possible exception or deficiency and should be explained in the work papers. When performing expanded procedures, a "no" answer indicates a violation and should be explained in the work papers. If a line item is not applicable within the area you are reviewing, indicate "NA."

Underline the applicable use.

Audit **Bank Policies** **Expanded Procedures**

	Yes	No	NA
1. Does the financial institution notify eligible homeowners, within 45 days of initial loan default, of any homeownership counseling the institution provides?			
2. Does the financial institution provide eligible homeowners with the names of HUD-approved nonprofit homeownership counseling organizations or the toll-free telephone number to obtain a list of such organizations?			

RESCINDED

Homeownership Counseling Examination Procedures — References

Laws

Section 106(c)(5) of the Housing and Urban Development Act of 1968 (12 USC 1701x(c)(5))

OCC Issuances

OCC Bulletin 2002-27, "Homeownership Counseling," dated June 17, 2002

RESCINDED