

Housing Counseling Program Guide

2018-2020

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**About the Housing Partnership Network**

**Overview**

The mission of the Housing Partnership Network is to build affordable homes, better futures and vibrant communities for low- and moderate-income people through partnerships with our member organizations, the business sector, government, and philanthropic institutions.

The Housing Partnership Network fulfills its mission by supporting and partnering with its members – 100 of the nation's leading housing and community development nonprofits that work locally, regionally and nationally to ensure that people have the opportunity to live in decent homes in vibrant communities. HPN facilitates the peer exchanges among members that produce new and innovative solutions to shared problems; researches and tests ideas for feasibility; raises the necessary capital to launch new business enterprises; and manages the initiatives on behalf of participating members.

HPN's member-driven activities are supported by a Boston-based staff with a satellite office in Washington D.C. HPN is governed by a Board of Directors comprised of senior leaders from member organizations. Collectively, Network members have developed over 410,500 affordable homes, and served as housing counselors to over 1.1 million families.

**Housing Counseling Program Background**

In 1995, the Department of Housing and Urban Development invited regional and national nonprofits to participate in its Housing Counseling Program (HCP) as housing counseling intermediaries. That same year, the Housing Partnership Network became the first HUD-approved housing counseling intermediary. The idea was to bring together members of the Network who were providing housing counseling locally into a single application for funding, and for many, facilitate access to this federal housing counseling funding for the first time.

Since this time, the Network has been funding its members to provide housing counseling each year. As with that first application in 1995, the strength of the Network’s program lies in the experience and capacity of its members locally.

The breadth and focus of Network members’ counseling programs vary widely as counseling plans reflect local circumstances and priorities. At the same time, there is need for continued accountability. The purpose of this guide, and the other efforts bulleted below, is to establish commonly understood operating standards and program expectations and standards, while allowing for, and supporting, local innovation and variation.

Because the Network’s program represents the collective efforts among all members participating, poor performance by any individual member can affect the reputation and competitiveness of our program as a whole. Thus, members are not only accountable to their own organizations, but to their member peers, who together constitute the Network’s counseling program. While the Network allows local flexibility regarding the use of grant funds, there is a need for us to actively promote and ensure consistency in the quality and impact of members’ housing counseling efforts.

Overall, the Network does the following:

* Facilitates peer exchange and learning among members participating in the Network’s program through in-person meetings, conference calls and through Housing Partnership Online;
* Works with members through a Housing Counseling Program (HCP) Advisory Committee to provide recommendations and input regarding the strategic direction and oversight of the Network’s housing counseling program;
* Secures grants and fee-for-service contracts for member organizations;
* Offers technical assistance to support program operations and use of technology among members;
* Promotes business development for member organizations and professionalization of the counseling industry as a whole;
* Takes an active role in national policy discussions around Housing Counseling and sustainable homeownership initiatives; and
* Maintains a Program Guide to clarify program requirements, operating standards, and performance expectations.

**Housing Counseling Program Requirements**

The Network’s housing counseling program is funded through the Department of Housing and Urban Development’s (HUD) Housing Counseling Program (HCP). Each year, as part of HUD’s Housing Counseling NOFA process (NOFA stands for Notice of Funding Availability); the Network applies for funding on behalf of members electing to apply as part of the Network’s program. The Network is currently one of 35 national and regional intermediaries that compete for these housing counseling dollars. In addition to these 35 intermediaries, there are hundreds of nonprofits who are funded directly through HUD to provide housing counseling as locally HUD-approved counseling agencies.

In its application to HUD, the Network certifies that members will operate their counseling programs consistent with federal and HCP regulations and requirements. Thus, while many members are not locally HUD-approved for counseling, by receiving funding through the Network, all members are agreeing to operate their housing counseling programs consistent with the requirements of a HUD-approved counseling agency. A list of these federal rules and regulations are included with this Guide as Appendix A. The HUD Housing Counseling Handbook can be downloaded from HUD’s website at <http://portal.hud.gov/hudportal/documents/huddoc?id=76101HSGH.pdf>

Highlighted on the following pages are the salient ways that these federal requirements affect members’ counseling program operations. **This is not intended as a substitute for staff review of and familiarity with the complete requirements as outlined in the HUD HCP Handbook, referenced federal regulations and requirements and the Sub Grant Agreement**.

* **Reporting**

As a recipient of HCP funding through the Network, organizations must capture and report the following:

1. **demographic data**, i.e., the race, ethnicity, income (as a percent of AMI), rural area status, and limited English proficiency (LEP) status of clients counseled;
2. **output data**, i.e., the number of clients counseled by type of counseling received;
3. **impacts** data, i.e., the scope of outcomes and impacts of the services provided; and
4. **financial** data, i.e. income and expenses for counseling programs and cost per HUD client.

This information must be collected and reported for HUD-funded counseling activities and ALL counseling activities supported by the organization.

All members are required to capture client level data using a client management system (CMS) (such as CounselorMax or Home Counselor On-Line) that is compliant and interfaces with HUD’s Housing Counseling System (HCS). HUD will be collecting: all client-level data, the form HUD-9902, and agency profile information through agencies’ CMS systems. HUD requires an electronic upload of client level data on a quarterly basis from all organizations receiving HUD funding. ***All agencies are required to use a CMS compliant with ARM 5.0 version.  HUD will not accept ARM version 4.0.***

The Network requires members to report quarterly on demographic data, output data, and impacts data using the HUD form 9902 – Housing Counseling Agency Activity Report.

Quarterly reports provide back-up to member quarterly billings for the Network and HUD, and provide HUD with client ID numbers for service type by counselor, per quarter, which they use to randomly select files for review during monitoring visits.

HUD monitors the timeliness and accuracy of the Network’s reporting. In addition, HUD has moved toward performance-based contracting, asking intermediaries to quantify expected outcomes, and then asking us to report against these.

**(see HUD HCP Handbook 7610.1 Rev-5 Issued May 2010, Chapter 5 and Grant Agreement)**

Each component of the reporting process is briefly described below, including **ARM** reporting requirements (formerly known as CARS), the **Quarterly Report Workbook** including the **Activity Summary, Staffing Summary, Itemized Expenditures, Program Income Report, 9902 Report, and Final (Year-End) Report:**

ARM (Agency Reporting Model)

Beginning FY12, HUD required housing counseling agencies to receive HUD funding to report client level data through ARM (Agency Reporting Model) — formerly known as CARS)--via your client management systems (CMS). Once quarterly data is finalized in the CMS, HPN will submit your 9902 and client level data to HUD via ARM.***All agencies are required to use a CMS compliant with ARM 5.0 version.  HUD will not accept ARM version 4.0.***

Quarterly Report Workbook

Since the performance period covers the prior fiscal year, Quarter 4 will capture the counseling activities that occurred during that period. As a result, the HCP Quarterly Report Workbook should include all activity to be billed to HUD across the first four quarters of the FY2019 program year (October 1, 2018 – September 30, 2019). You do not need to submit three separate reports for each quarter; you should submit one report Workbook that covers all three quarters. Quarter 5 should include all activity to be billed to HUD in the first quarter of FY20 (October 1, 2019 - December 31, 2019). Quarter 6 should include all activity to be billed to HUD in the second quarter of FY20 (January 1, 2020- March 31, 2020).Each tab of the Workbook is described below.

* If the Network does not receive these forms **on time it** **will significantly delay our payments to you (by three months or more)** as we will not be able to include you in our quarterly requisition to HUD.

1. The **Quarterly Activity Summary** lists the total number of unique client IDs for each service type to identify all of the households for whom you have provided a counseling or education service during the quarter under the grant. To back up the report form, you will attach a list of the client IDs in an Excel spreadsheet format, providing the client IDs along with the corresponding counselor, branch location, and quarter. You are required to use a list of ID numbers generated from a Client Management System database. Please list individual ID numbers as opposed to ranges because these numbers will provide an audit trail for HUD, and make sure the corresponding counselor, branch location, and quarter are clear for each ID. When sending client level data, please be sure to remove all personally identifying information.

The Quarterly Activity Summary also asks for information regarding Outreach. You must complete this section with a description of your specific activities when you bill for outreach activity.

1. The **Quarterly Staffing Summary** quantifies the **ACTUAL staff hours** spent educating and/or counseling the households identified on the Quarterly Activity Summary and supporting Client ID list, by staff person and their corresponding hourly rate. **The Staffing Summary must be backed up with timesheets for all counseling hours billed to HUD and an explanation of the billing methodology used**.

**Note:** It is important to carefully track all of the hours you spend with clients (preferably in your required client management system), including face to face time, phone time, and case management time that you spend on a client’s behalf so that you are able to report this information accurately when you compile your quarterly payment requisitions.

**Note:** It is not necessary to complete the Quarterly Activity Summary or Staffing Summary after you have expended your total grant award for the year. In addition, ***it is important to discontinue identifying clients as “HUD” in whatever client management system you use after your HPN/HUD grant has been exhausted***. At that point, any additional clients who receive counseling services should be billed to other funding sources. For example, for those who use CounselorMax software, DO NOT check the HUD box for any new clients you enter into the system after your agency has fully expended its HUD grant.

1. **Itemized Expenditures** must be submitted listing expenses for each distinct quarter under the HUD grant. All Sub-grantees must be able to demonstrate and document the actual cost of service provision. Sub grantees must submit source documentation of direct costs, such as invoices, receipts, cancelled checks, and salary reports, to support all sub grant requests for payment.
2. A **Program Income Report** must be submitted each quarter, regardless of whether you are billing to the HUD grant. The Program Income Report details cumulative fees earned over the sub grant period for related activities in your housing counseling program, such as fee-for-service contract income or client fees. This should not include grant income.

The Housing Counseling Agency Activity Report (HUD form 9902) records the number of clients you serve by service type, as well as the impacts of your cases as of that reporting period. The HUD 9902 was revised in FY15 to enable agencies to track multiple positive outcomes for each client counseled. The quarterly 9902 should be cumulative (for example, the Quarter 3 9902 should cover October 1, 2018 to June 30, 2019; Quarter 4 should cover October 1, 2018 to September 30, 2019; and Quarter 5 should cover October 1, 2018 to December 31, 2019). This year, because the sub grants starts after the grant period, it is an 18-month reporting period, and there will be 6 quarters.Sub Grantees can choose to bill retroactively or bill forward. For those billing retroactively, please submit four **separate** (9902 reports for **each of the first four quarters** of the performance year; Quarter 4 (July 1, 2019-September 30, 2019). For the previous FY19 fiscal year (October 1, 2018- September 30, 2019)**, due on Wednesday, November 21, 2019. For those billing forward, the deadline for Q5 (October 1, 2019-Decemember 31, 2019) is January 15, 2020, And the deadline for Q6 (January 1, 2020- March 31, 2020 is April 15, 2020, which when the final report is due.**

♦ Households who are active from the previous program year should not be reported as new clients in the first quarter of the new program year and captured in the HUD-9902. This year, the Quarter 4 Report (10/1/18- 9/30/19) is the first report for the year, and the clients that were previously included in the Quarter 4 Report cannot be double counted.

♦ Count carryover clients that received services in a previous reporting year and continue to receive services on the same topic in the current year. Do NOT count households counseled in a previous year whose results have changed but who received no additional services during the current year. CounselorMax users should register some activity (i.e. log time for a phone call) for all of last year’s active clients to ensure that the 1st quarter report and 9902 report record these clients as new. This will also help ensure that follow-up continues with these clients until a resolution is recorded.

♦The ALL Activities column on the 9902 should represent all of the clients in your entire housing counseling program that meet the requirements of HUD Counseling. The HUD Activities column should represent only those clients that you bill to HPN and should therefore match your Quarterly Activity Summary.

♦ Count distinct services. If a household attends a homebuyer education workshop, later attends pre-purchase counseling, and later attends default counseling, that household should be counted 3 times – once for the workshop and once for each distinct counseling type. By contrast, if a household attends pre-purchase counseling that takes place over the course of 4 sessions, that household should only be counted once because they received one distinct service - pre-purchase counseling.

♦ For 9902 Impacts Section 10.c. “Households for whom counselor developed a sustainable household budget through the provision of financial management and/or budget services”: Count all households with whom the counselor developed a budget. Counselors do not have to verify that the household actually implements and sustains the budget. By sustainable, HUD means a realistic and doable budget for that household. HUD expects this impact will apply to nearly all one-on-one counseling clients because the HUD Housing Counseling Handbook requires establishment of a household budget that the client can afford

Final Report

The Final Report must accompany the sixth quarterly report and is due to the Network on Wednesday, April 15, 2020. Itmust include all forms detailed above plus two additional documents:

1. The supporting documentation of leveraged resources for October 1, 2018 – March 31, 2020.
2. A **brief narrative** (not more than three pages), a format for which has been provided. The Narrative Report should also be submitted with your quarterly report in the quarter in which you draw down your full grant.
3. A program budget, including a list of the program’s revenues and expenses. The revenues should not exceed the expenses of the program.

Please ensure that reports are timely, accurate, and complete. If there is staff turnover, please ensure that new staff is fully briefed on the reporting requirements. Network staff is always available to answer any questions that you have, and/or to train new staff on requirements.

* **Record-Keeping**

As outlined in Chapter 5 of the HUD HCP Handbook, counseling organizations are required to maintain specific information in their client and workshops files.

Every file should have a checklist to ensure that all required forms and other applicable documentation are in place. In order to protect client interests and agency liability, every file must contain the following:

* **Client Authorization**- showing consent by the client to share any personal information with HUD or other third parties
* **Privacy Policy**- outlining how your agency manages and discloses both public and personal client data
* **Disclosure Form**-should describe the various services provided by the agency and identify any financial arrangements or partnerships between the agency and any relevant industry partner. The form should explicitly state that the client is in no way obligated to receive services from your organization, or from funders or partners (See Appendix D for sample disclosure statements).
* **Intake Form** that identifies the housing “need” or “problem,” i.e. the type of services needed; whether this intake occurred in person or over the phone; client contact information; and the counselor’s name. **Budget/Financial Analysis**- a document the client’s income, expenses, spending habits, and use of credit in order to evaluate their unique financial situation relative to their financial capability; and conduct
* **Housing analysis**- documents the client’s housing needs, current housing quality, and housing affordability relative to their financial capability.
* **Action Plan** outlining next steps for the client and counselor; a chronological log of all subsequent interaction with the client, or on behalf of the client; all correspondence sent to or on behalf of the client; and relevant documentation, such as credit report, income statement, etc.
* **Follow-Up Documentation-** HUD requirement to be present in all counseling files. The counselor must make reasonable efforts to follow up verbally (in person or telephone) within 60 days after the counseling session, and those follow-up efforts should be documented in the file.
* **Funding source**- Should be clearly identifiable

There are similar specific requirements for “group” files and workshop files. For more details on HUD client file requirements, see the HUD Handbook.

It is important that files be maintained consistently, and “tell a story” easily to an outside party who may come to review them. To make this maintenance easier, the Network has created a standard client file checklist (included as Appendix B in this Guide). See also the section on Quality Assurance on page 23 of this guide for the Network’s expectations in this regard. HUD staff will review a random selection of files when on-site for their monitoring visits (approximately every two years), and will expect files to be maintained in accordance with Handbook requirements. HUD allows for electronic files as well as paper files. For paper files, it is also a requirement that files be maintained in locked file cabinets. Electronic files should be saved in a secure data system per HUD Handbook and Sub Grant Agreement guidelines. There is personal identifying information in many of these files, including financial information, and members must maintain files in a manner that protects client privacy.

Finally, all files must be maintained for three years following the close of the program during which the client was active. Longer file retention requirements may take precedence if the household has received grant or loan assistance through state or federal subsidy programs. At the time of disposal, paper files should be shredded and electronic files deleted since they likely contain personal identifying and financial information.

**(See HUD HCP Handbook 7610.1 Issued May 2010, Chapter 5 and OMB Omni Circular 2 CFR Part 200, Uniform Administrative Requirements Costs Principles, and Audit Requirements for Federal Awards. See also Gramm-Leach-Bliley (GLB) Act, aka The Financial Modernization Act of 1999, which includes provisions to protect consumers’ personal financial information held by financial institutions.)**

* **Fair Housing**

There are numerous federal nondiscrimination rules and regulations that apply to organizations who receive federal funding. What is important to recognize is that while acting as HUD-approved counseling agencies, members have fair housing duties and responsibilities beyond just the guarantee that your organization will not discriminate in its programming.

Members have the responsibility to affirmatively further fair housing (AFFH) by making special efforts to reach and accommodate populations that are typically underserved by the market, such as minority households, people with disabilities, and clients with limited English proficiency.

Your organization must also work to eliminate traditional barriers to affordable housing and homeownership, such as offering services in multiple languages and facilitating access to home buyer assistance programs. Finally, your organization must ensure the accessibility of your services for people with disabilities, and offer reasonable accommodation when necessary.

HUD requires agencies to report on their outcomes in AFFH on the Final Narrative Report. HPN will ask each agency to report AFFH outcomes based on the strategies and metrics provided in your organization’s streamlined application for HUD funding.

The Network encourages members to include a question regarding the need for special accommodation as part of the standard intake form that households complete in order to initiate counseling. In cases where reasonable accommodation is requested, members should document all actions taken to facilitate service delivery.

During HUD’s monitoring visits, staff will confirm that your office space is accessible to people with disabilities. They will also want to see that you are accessible to the community by public transportation, that you offer private meeting spaces, and if you offer workshops, that you arrange – or have available – convenient and accessible training space. They may also want evidence of how you affirmatively market your services.

HUD encourages its funding recipients to adopt the goals and objectives of Section 508 by ensuring, whenever electronic and information technology (EIT) is used, procured, or developed, that persons with disabilities have access to and use of the information and data made available through the EIT on a basis comparable as is made available to and used by persons without disabilities. This does not affect recipients’ required compliance with Section 504 of the Rehabilitation Act and, where applicable, the Americans with Disabilities Act. Applicants and recipients seeking further information on accessible technology should go to <http://www.section508.gov/>.

**(See Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and Fair Housing Act, See HUD HCP Handbook 7610.1 Rev-5 Chg-2 Issued May 2010, Chapter 5, See Final Rule On Affirmatively Furthering Fair Housing 24 CFR Parts 5, 91, 92, 570, 574, 576, and 903)**

* **Charging Client Fees for Counseling and Education**

HUD-approved agencies are able to charge reasonable fees for counseling services, as long as the cost does not create a financial hardship for the client. In addition, agencies may not impose fees upon clients for the same portion of or for an entire service that is already funded with HUD grant funds. When counseling fees are charged, counseling files should include a statement, signed by the client, stating explicitly that the fee charged does not create a financial hardship for the client.

HUD expects agencies to conform to the following client fee guidelines:

* Inform clients of the fee structure before counseling services are provided, and do not charge for intake.
* Provide counseling without charge to persons who cannot afford it. This may include categories of potential clients, such as households who are very low income (<30% or 50% of AMI) or clients seeking foreclosure prevention counseling;
* Charge nominal (reasonable) fees consistent with those of similar agencies and commensurate with services provided; and
* Establish a sliding scale for individual counseling based on client income and debt obligations and use this scale consistently for all fee clients.

Members who elect to charge fees should have a written fee policy that adheres to the guidelines above and is available to all clients as part of the orientation to your services. HUD requires that agencies post this fee schedule is in a prominent place in your office that is easily viewed by clients. Two sample fee policies and scales are included as Appendix C to this guide. HUD will review fee schedules during performance reviews.

Charging clients for the cost of pulling credit reports is not considered a client fee, but an explanation of this cost, and what it is paying for, must be provided to clients in writing. This could be done as part of the credit report authorization form. In addition, in cases where an agency receives a discount for the cost of credit reports, this must be passed on to clients.

**(See Housing Counseling Program Final Rule, 24 CFR Part 214)**

* **Lender Fees for Counseling**

HUD does allow counseling agencies to receive compensation for counseling (as distinct from referral fees, which are prohibited) on a per client basis from lenders, but certain procedures must be in place and thresholds for activity met.

Fee Amounts

The counseling fee charged must be reasonable (i.e., comparable to what others would charge in the market place for the same service) and commensurate with the level of service provided.

The same fee must be charged regardless of the loan amount for which the household is applying or closes (i.e., the fee is tied to the value of the service rendered and is NOT tied to the size of the loan and therefore to the potential benefit to the broker or lender).

Lender Referrals

A counselor must ensure that potential borrowers are shown products from at least three lenders, if applicable, one of which must be an FHA product, and documentation of this is in the client file.

Threshold Activity to be Eligible for Compensation

At a minimum, counselors must perform the following six activities in order to be compensated for counseling provided. HUD has identified these activities as part of the origination of a loan and therefore services for which compensation is legal:

1. Taking information from the borrower and filling out the application (capturing required data in forms other than an application will suffice);
2. Analyzing the prospective borrower's income and debt and pre-qualifying the prospective borrower to determine the maximum mortgage that the prospective borrower can afford;
3. Educating the prospective borrower in the home buying and financing process, advising the borrower about the different types of loan products available, and demonstrating how closing costs and monthly payments could vary under each product;
4. Collecting financial information (tax returns, bank statements) and other related documents that are part of the application process;
5. Assisting the borrower in understanding and clearing credit problems; and
6. Maintaining regular contact with the borrower, realtors, lender between application and closing to appraise them of the status of the application, and gathering any additional information as needed.

In addition, counselors may do any of the following, though these activities move more directly into loan origination and processing and could warrant use of different staff and merit additional compensation:

* Initiating/ordering VOEs (verifications of employment) and VODs (verifications of deposit);
* Initiating/ordering requests for mortgage and other loan verifications;
* Initiating/ordering appraisals;
* Initiating/ordering inspections or engineering reports;
* Providing disclosures (truth in lending, good faith estimate, others) to the borrower;
* Ordering legal documents;
* Determining whether property was located in a flood zone or ordering such service; and
* Participating in the loan closing.

See more information about referring clients to particular loan products in the FAQ section (pages 9 and 10) of the June 2015 OHC Newsletter, The Bridge:

<http://portal.hud.gov/hudportal/documents/huddoc?id=OHC_BRIDGE063015.pdf>

Disclosure

Finally, counselors should ensure that there is a signed written disclosure with the client that the organization will receive compensation for specific services provided. This is best done as part of the standard intake for all clients counseled. The goal is to evidence that potential borrowers are independently choosing the best loans for themselves.

References

For more detail on this issue, we encourage you to read the two policy statements issued by HUD on the question of broker compensation and fees and disclosure statements. The new HUD Capacity-Building Toolkit contains resources on best practices for Agency Disclosure Forms and Model Funding Agreements.

<https://www.hudexchange.info/resource/4722/housing-counseling-capacity-building-toolkit/>

Additional Restrictions for HECM Counseling

HUD’s rules for accepting lender fees for providing Home Equity Conversion Mortgage counseling are more stringent than for other types of counseling:

* Agencies that provide HECM counseling are not permitted to promote, represent, recommend, or speak for any specific lender. Lenders are also not allowed to promote, represent or recommend a specific counseling agency for HECM counseling to their clients. Clients who seek assistance in locating a lender may be referred only to HUD’s listing of approved HECM lenders located at <https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/lender/lenderlist>.
* With the enactment of the Housing and Economic Recovery Act of 2008, lenders can no longer pay HUD-approved counseling agencies, either directly or indirectly, for HECM counseling services through either a lump sum basis or a case-by-case basis. Clients may still pay for these services.

Further clarification is available in Mortgagee Letters:

<http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/hecmml>

* **FHA Products that Integrate Counseling**

Home Equity Mortgage Conversion (HECM) Prior to obtaining a HECM, all prospective HECM borrowers must receive reverse mortgage counseling. Counseling must be conducted by approved agencies and certified counselors appearing on the HECM Counselor Roster. (Section 255(d) of the National Housing Act and the implementing FHA regulations at 24 CFR **§** 206.41)

The HECM Counseling Protocol is a document provided by HUD, which describes required tasks and materials for a HECM counseling session. Congress mandated the creation of the Protocol as part of the Housing and Recovery Act of 2008 and the Protocol was published in July 2010 as part of HUD Housing Counseling Program Handbook 7610.1. It went into effect on September 11, 2010.  
  
According to the HUD Handbook, agencies may provide general reverse mortgage program information to potential borrowers through group education or marketing and outreach. However, one-on-one reverse mortgage counseling is required to receive a HECM loan, where a HECM recipient receives a certificate as proof that the counseling occurred. All reverse mortgage counselors must have the capacity to conduct face-to-face counseling with prospective reverse mortgage borrowers.

The new HECM Protocol specifically requires:

* Use of online Reverse Mortgage Counseling Toolkit
* A mandatory list of topics to be covered in counseling session
* Counselor Review of Client Understanding
* Mandatory Follow Up Communication from Counselor to Client

The Protocol mandates that counselors provide specific HECM materials to clients in advance of a counseling session, so that the client has time to review the information and prepare questions. This Client Information Packet (*Page 33 of HUD Handbook 7610.1)* must include:

* Handout entitled “Preparing for Your Counseling Session”-HECM Protocol Attachment C.12
* Printout of loan comparisons
* Printout of Total Annual Loan Cost (TALC)
* Loan amortization schedule
* The National Council on Aging (NCOA) booklet “Use Your Home to Stay at Home – A Guide for Homeowners Who Need Help Now”

HUD’s web-based Reverse Mortgage Analyst should be used by counselors to generate required loan comparisons, TALC and a loan amortization schedule.

As per the Protocol, mandatory topics for a HECM counseling session include:

* Alternatives & Options
* Reverse Mortgage Information
* HECM Specific Information
* Financial Implications
* Client Concerns & Questions
* Next Steps

Counselors are required to complete a budget with every client during the counseling session based on information obtained from the client. Counselors should use the National Council on Aging’s (NCOA) web-based Financial Interview Tool (FIT) to meet the budget requirement. In addition, also through NCOA, counselors are required to offer a BenefitsCheckUp® (<https://www.benefitscheckup.org/#/>) to all clients to see which public benefit programs they may be eligible for; the check is required for all clients whose income falls below 200% of the Federal Poverty Level or who are disabled.

To complete a counseling session, HECM counselors must ask ten questions to confirm clients’ understanding. Clients must answer five of ten questions correctly to receive their certificate of completion. Sample questions include: *When you have a reverse mortgage, who owns your house?* *When does the reverse mortgage have to be paid back?* *What homeowner responsibilities will you continue to have after you get a reverse mortgage?* **(See HUD Handbook 7610.1Appendix B-10 for a full list of questions)**

Finally, all counselors are required to follow up with the client after counseling has been completed. Both a follow up phone call and close out/outcome letter are required.

The above description is only intended to provide a brief overview of the reverse mortgage counseling requirements provided by HUD for HECM counseling. Please see the HUD Housing Counseling Handbook 7610.1 Rev 5, specifically Chapter 4 and relevant appendices for complete information and requirements.

* **Prohibition of Conflict of Interest**

HUD requires that HUD-approved counseling agencies represent any client without any conflict of interest. HUD considers a conflict to exist when the counseling agency has any interest in the matter relating to the client, an interest that might compromise the agency’s ability to represent fully the best interests of the client alone. Examples considered conflicts of interest that are most relevant to Network members are:

* Member owns or purchases property that the client may choose to purchase;
* Member is the client’s landlord – either collecting rent, administering a lease, or in some manner having a direct interest in the client as a tenant;
* Member accepts a fee for in any way participating in the sale of a property for the client;
* Member holds or services the mortgage on a client’s property;
* Member has financial relationship with any other industry partners that could stand to benefit from client’s financial transactions.

In cases where a potential conflict of interest exists regarding the development and sale of single-family homes, HUD requires organizations to:

1. Have a separate staff and budget for each function, e.g., the person who provides counseling cannot also be the person who markets homes for sale; and
2. Provide a written disclosure (a sample provided below) to clients revealing the potential conflict and indicating that the client is under no obligation to receive any other services from the organization or its exclusive partners, for example, purchasing a property from the member organization. The disclosure statement must describe the various types of services provided by the agency as well as the financial relationships between the agency and other industry partners. The disclosure statement also clearly states that a client is under no obligation to receive any other services that are provided by the agency or its exclusive partners. To ensure clients receive the highest quality of service, sub grantees should also provide information about alternative services, programs and products.

In cases where a potential conflict of interest exists because of the availability of an in-house mortgage product (1st or 2nd lien), the member must have the client sign a disclosure. This disclosure can be part of the standard intake or a separate form.

The disclosure language should clarify that the household is seeking counseling services and is not applying for a loan; that the household will be offered objective advice if requested about loan products for which the household may be eligible; that the household is free to select lenders and lending products of their own choosing; and that no information will be shared with an in-house or outside loan officer without the written consent of the household (or conversely clarify that information will be shared unless the households requests that such information NOT be shared).

In the case where the member offers a 1st mortgage product, there should be a functional separation among staff, i.e., the staff providing the counseling or education should not be the same staff processing or approving loans. As with outside lender referrals above, potential homebuyers must be shown at least three or more reasonable and comparable loan product options for comparison purposes. These discussions must always be documented in counselor files. Counselors may never promote specific lender entities. Alternative mortgage options must always include a discussion of FHA programs and products.

Finally, in cases where a member has a financial relationship with any other industry partners, households must be provided with full disclosure that they are under no obligation to receive services from its partners. Such partners could include lenders, realtors, or other developers.

Furthermore, members shall not accept a fee from a lender or realtor for referring prospective homebuyers to a specific mortgage.

**(See HUD HCP Handbook 7610.1 Rev-5 Chg-2 Issued May 2010, Chapter 6)**

* **Code of Conduct Policy**

HUD requires nonprofits who receive HUD counseling funds to have a written Code of Conduct policy that prohibits any real and apparent conflicts of interest that may arise among officers, employees, or agents regarding procurement. Such a policy must prohibit the solicitation and acceptance of gifts or gratuities by officers, employees and agents for their personal benefit, and must outline the administrative and disciplinary actions available to remedy violations of such standards. Special guidance should be given to employees who provide education and counseling, and who may also hold a brokers or Realtors license. (A sample policy is included as Appendix E to this guide.)

**(See OMB Omni Circular 2 CFR Part 200, Uniform Administrative Requirements Costs Principles, and Audit Requirements for Federal Awards.)**

* **Tracking Expenses**

It should be understood that the sub grant agreement with the Network is a cost reimbursement contract. Thus, any costs billed to the Network’s HCP grant must reflect the actual costs of service delivery and must be able to be documented. In this regard, members must:

Track Expenses

Staff expenses related to this grant must be tracked through time sheets and there should be controls in place to ensure that expenses applied to this grant are not also charged to, or covered by, any other funding source, including client fees.

Accurately Allocate Direct Costs to the Grant

The Network allows up to 20% of your sub grant to be used to offset direct program expenses associated with a unit of service. Anticipated direct program expenses should be itemized in the program budget you submit with your sub grant agreement and actual expenses must be reported each quarter in the Itemized Expenditures report. Use of grant funds collected for direct program costs must be supported and consistent with non-profit accounting principles and applied to actual direct costs that can be documented.

**(See Omni Circular and HUD Capacity Building Toolkit on Personnel Activity Reports:** [**https://www.hudexchange.info/resources/documents/Housing-Counseling-Model-Personnel-Activity-Reports-OMB-Circular-A-122.pdf**](https://www.hudexchange.info/resources/documents/Housing-Counseling-Model-Personnel-Activity-Reports-OMB-Circular-A-122.pdf)**)**

* **Audit Requirements**

Sub grantee shall comply with the audit requirements of the Single Audit Act (31 U.S.C. §§ 7501-07) and 2 CFR Part 200, Subpart F Audit Requirements, including the associated Compliance Supplement, as amended. The requirements of the Single Audit Act and 2 CFR Part 200 Subpart F shall supersede the requirements in HUD Handbook 7610.1 Rev-5 dated May 2010, for an audit every two years. HPN requires these audits as part of member applications for funding each year. Upon review, the Network will require member explanation and follow-up if any outstanding audit findings are identified.

**(See OMB Omni Circular 2 CFR Part 200, Uniform Administrative Requirements Costs Principles, and Audit Requirements for Federal Awards)**

**Operating Standards**

In addition to the HCP requirements, HPN has its own operating standards and performance expectations. HPN has developed these standards and expectations in conjunction with members, through the HCP Advisory Committee and annual meetings, with the goal of ensuring that all participants in the Network’s housing counseling program provide high quality counseling and education.

These operating standards are not designed to be overly prescriptive, but instead are designed to establish a baseline that HPN and its members believe is necessary for quality programming.

The operating standards presented below are continually evolving through the input of members and through the use of technology to improve and standardize output and impact reporting.

In addition, HPN has established a set of performance expectations. Like the operating standards, these performance expectations will evolve as HPN is better able to establish meaningful benchmarks for performance. Taken together, members’ ability to meet and exceed these operating standards and performance expectations will inform the Network’s decisions for grant allocations.

* **Counseling Capacity**

The Network expects that organizations receiving housing counseling program funding will commit the staffing and administrative resources necessary to meet the operating standards outlined below and to operate a quality and comprehensive counseling program. Furthermore, the Network believes that adherence to these standards will ensure that organizations will serve a minimum of 200 clients annually.

* **Individual Counseling**

The Network expects that members receiving funding from HPN for housing counseling establish minimum skill standards for all staff providing individual counseling. These standards should be in writing, and ensure that staff is adequately trained in the financial and relational skills necessary to provide competent counseling. (A sample skills requirement for pre-purchase counseling is included as Appendix F of this Guide.)

In addition, members should establish a standard protocol for their counseling process. This will ensure that staff is clear on expectations, and that clients receive consistent and reliable service. At a minimum, any counseling process should include: a formal intake, problem identification, a budget / financial analysis, a discussion of alternatives, and development of an action plan. An action plan could be as simple - and static - as a referral to a community resource, or as involved - and dynamic - as an action plan for improving credit and building savings expected to take place over a 9 to 24-month period.

Members should have established standards for staff follow-up. The Network expects that active or open clients should be communicated with, by phone, in-person, email, or mail, at least every 60-90 days. Clients with whom there is no contact for 3 consecutive months, despite efforts by staff, should be determined inactive and, following a final attempt to engage the client, their files closed.

All HUD-approved housing counseling agencies must offer individual counseling in conjunction with any group education being offered.

* **Group Education**

The Network expects that all members participating in their counseling program who provide group education will use a core curriculum consistent with recognized standards in the field. Members are expected to develop a course offering and schedule that is responsive to their target populations, and that maximizes the number of enrollees able to complete the entire workshop. (See the Homebuyer Core Content Matrix included as Appendix G to this Guide.)

Members should use a training manual, and make materials available to attendees. Staff offering group workshops should themselves have training and/or experience as trainers.

In addition, the Network supports the development and use of “fast track” and online curricula, provided:

1. There are explicit referral criteria relevant to client competency and mortgage readiness; and
2. Clients are strongly encouraged, and when possible required, to attend the workshop early in the homebuyer process and prior to committing to a particular loan product.

Increasingly, members are offering financial capability coaching workshops. These are being offered in tandem with homebuyer education, as a precursor to it, and as post-purchase workshops to existing homeowners.

* **Online Education**

HUD Guidance

HUD recognizes the value of online education, and allows the use of online education and counseling tools that meet HUD standards and follow curriculum guidelines. Online counseling can mean video conferencing over the internet for one-on-one sessions, or it can mean online education workshops. While HUD does not give approval to any one online tool specifically, it allows the use of online courses that satisfy HUD requirements. Counseling paperwork can be sent either through encrypted email, secure file sharing or through regular mail.

Framework®

Framework is built on the belief that there is a better way to buy a home. It is an intuitive, interactive online homebuyer education course that is grounded in best practices in adult and e-learning. As a joint venture of HPN and the Minnesota Homeownership Center, it exceeds both HUD and National Industry Standards for content. For $75, Framework is accessible to consumers 24/7 and on the go via mobile. Framework’s online platform makes education accessible to users with limited free time or limited mobility, as it allows users to complete education requirements at their own pace, without having to travel to a counseling agency. It’s available in English and Spanish and is approved by NeighborWorks America, Chase, Wells Fargo, Bank of America, many Federal Home Loan Banks and Housing Finance Agencies, and by the USDA, Rural Housing, for use by Section 502 direct loan applicants, as well as many other partners and lenders for use in their own local programs. It can be easily co-branded to “power” your online education platform and costs nothing for your organization to sign up as a partner. There are also other options for online homebuyer education as well, such as eHome America.

**Relationship between Individual Counseling and Group Education**

Network members utilize different program models for reaching and engaging customers for pre-purchase services. Some members use homebuyer education classes or online education as the entry point to the organization’s services, while others require individual counseling as a prerequisite to home buyer education, and still others employ a hybrid model. The table below highlights the pros and cons of different program models that members have identified:

|  |  |  |
| --- | --- | --- |
| Practice | Pros | Cons |
| Individual Counseling Pre-Requisite for Home Buyer Education | * Ability to identify individual circumstance upfront (i.e., readiness) * Better likelihood of long-term relationship * Only those nearing mortgage readiness referred to education (fresher knowledge as enter home buying process) | * Staff intensive – need counseling capacity to meet demand * Can slow receipt of education for those referred by public or private partners * May be too intimidating for households who just want to learn more |
|  |  |  |
| Home Buyer Education Point of Entry For Households Interested in Homeownership | * Less intimidating; a first step for many households * Households learn where they need help and learn terminology so those who follow-up for individual counseling are better prepared/more informed * Efficient way of reaching more households and allows households to ‘self-screen’ | * Can discourage or overwhelm households who are really not ready – high attrition rates in workshops * May lose opportunity for on-going relationship with household * Workshops may include wide variation in skills, readiness of participants making training a challenge |
|  |  |  |
| Hybrid Model | * Program flexibility * Accommodate need for offering education in a timely manner for referral partners while still encouraging individual counseling * Require/strongly encourage individual counseling first for households who are not near ready | * Workshops may include wide variation in skills, readiness of participants making training a challenge |

Standard

While local variation will continue, members agree on several standards that should be followed, including:

* Individual counseling should be offered to all participants of home buyer education (this is a HUD housing counseling requirement – HUD recommends that 80% of households who receive home buyer education also receive individual pre-purchase counseling);
* On average annually, a minimum of 10 households should participate in members’ homebuyer workshops. There are exceptions to this if members are working in rural markets or serving special populations, such as people with disabilities;
* In order to ensure adequate consumer protection while remaining responsive to private and public referral partners, if a household who attends a workshop *has already signed a purchase and sales agreement* *and/or submitted a loan application* and is *not* being referred by a known lender partner for a known loan product, a counselor should have an individual consultation with the household to ensure that they understand and agree to the proposed terms of their mortgage financing before the member issues an education certificate. This can occur immediately following a workshop or in a subsequent office visit.

Recommendations

In addition to these standards, member feedback generated the following recommendations:

* To the extent practicable, it is best to conduct a screening interview to determine the best course of action with a household, i.e., online education, workshop or individual counseling.
* Members should continue to develop and refine ways to assess household readiness upfront and calibrate pre-purchase services to meet the distinct needs of households who are near mortgage ready versus in need of long-term counseling.
* **Training and Staff Development**

Members participating in HPN’s program must ensure that staff receives initial training and certification relevant to the competent delivery of counseling and education. This should include additional training as staff assumes new counseling and/or training responsibilities. Training should include classes to develop staff skills, such as financial counseling skills, relational counseling skills, training techniques, and so on. There are training resources nationally (such as the NeighborWorks Training Institute, National Council of La Raza’s Training Institute, National Community Reinvestment Coalition’s Training Institute and AARP) and many states – often the Housing Finance Agency – offer training and certification programs locally.

In addition, members must ensure that staff maintains a working knowledge of the community (such as job training, credit counseling, weatherization), affordable housing (such as home buyer assistance, home maintenance, housing search assistance), and lending (such as product terms) resources potentially available to clients.

In December 2016, HUD published the final rule for housing counselor certification requirements as established by the Dodd Frank Act of 2010. This rule implements the requirement that housing counseling required under or provided in connection with HUD programs must be provided only by certified housing counselors who work for organizations approved to participate in HUD’s Housing Counseling Program. In order to be certified, an individual must ***both*** pass a standardized written examination covering six major topic areas, and work for an agency approved to participate in HUD’s housing counseling program. The Housing Counselor Certification Examination is available starting August 1, 2017. By **August 1, 2020 all counselors working on HUD programs must be certified**. The cost for the exam is $60 for the online test and $100 for testing at a proctoring site. HUD has also launched a new training website, [www.hudhousingcounselors.com](http://www.hudhousingcounselors.com), for Counselor Certification. The website contains free online trainings to prepare counselors for the Counselor Certification Exam. The rule also requires that all agencies approved to participate in HUD’s housing counseling program that provide “homeownership counseling” shall address the entire process of homeownership as outlined in the Final Rule and as part of the homeownership counseling process, participating agencies shall provide clients with such materials as HUD may require regarding the availability and importance of obtaining an independent home inspection.

**(See FR 5339–F–03 Housing Counseling: New Certification Requirements:** [**https://www.regulations.gov/document?D=HUD\_FRDOC\_0001-4720**](https://www.regulations.gov/document?D=HUD_FRDOC_0001-4720) **and associated FAQ:** [**https://www.hudexchange.info/resources/documents/Housing-Counseling-New-Certification-Requirements-FAQs.pdf**)](https://www.hudexchange.info/resources/documents/Housing-Counseling-New-Certification-Requirements-FAQs.pdf))

In addition to meeting the requirement that counselors be HUD-Certified, Members have agreed on the following standards and best practice recommendations:

Standard

1. Within the first year of employment, new staff for all housing counseling programs must receive professional training in their program area (i.e., home buyer education, pre-purchase counseling, foreclosure prevention counseling, HECM). This training should be consistent with current certification standards (such as NCHEC).
2. Staff who will offer specialized counseling, such as foreclosure prevention counseling, refinance counseling, HECM counseling, and so on, must receive training – and certification when required – specific to the particular counseling service they will provide. This should occur as initial training for new staff as well as professional development training for veteran staff.
3. Staff should participate in a minimum of ten hours of continuing education and training each year in content areas that are relevant to the housing counseling field and to their work as housing counselors. More than ten hours is strongly encouraged.

Recommendations

1. Newly hired staff members should shadow a veteran staff member for the first 1-2 months of employment to gain necessary skills.
2. Topics for continuing education should be at the discretion of the member organization to ensure staff development is aligned with the organization’s goals for program growth and innovation (such as financial capability, coaching, HECM, and so on).
3. Opportunities for continuing education of staff members may be sought from many sources including local community colleges, Fannie Mae, Freddie Mac, and the real estate and mortgage industries (trade associations).

The above standards and best practices closely reflect the National Industry Standards for Homeownership Education and Counseling, which the Network endorsed on behalf of members and which all members must adopt. These standards present guidelines for the provision of high quality housing counseling and education services. For more information on these standards, including how to take steps to adopt, see: [www.homeownershipstandards.com](http://www.homeownershipstandards.com).

* **Customer Feedback**

HPN expects members to regularly solicit and make use of customer feedback to inform and improve their counseling program operations. Such feedback can provide valuable information regarding convenience and schedule, relevance and understanding of content, and the perceived value of services. Furthermore, it can also be used as part of members’ quality assurance protocols, such as monitoring staff performance.

The Network expects members to employ a standard method for collecting customer feedback, such as an evaluation questionnaire following group education sessions, and mail or phone questionnaires following all, or randomly selected, individual counseling sessions. This follow-up may be coupled with outcomes tracking.

* **Quality Assurance**

Members participating in HPN’s counseling program must employ quality assurance mechanisms to help assess their programs’ value and to help prepare for HUD visits. Quality assurance mechanisms should be varied and include such things as staff evaluation, customer feedback (as described above), and establishment of a system for monitoring production and outcome goals.

A particularly important aspect of quality assurance is regular case file review using a standard case file checklist (a sample checklist is included as Appendix B in this Guide) to ensure files are complete, clear, and consistent with the record-keeping requirements outlined in the HUD HCP Handbook. Members should, at minimum, follow the standard below to ensure completeness and consistency among case files:

Standard

1. On a quarterly basis, a staff person (other than the person responsible for the case file) should review between three to five randomly selected client files. This review should encompass at least one file per staff member. It is ideally conducted by a supervisor, but for smaller organizations or counseling programs, it could be a peer review. The review should compare actual files against a standard case file checklist to ensure that all necessary documentation is in the file, that files are maintained consistently, and that timely follow-up has occurred with the client.
2. Agencies should also have a process for communicating deficiencies discovered in these reviews to the counselors and identify remedies to the problems uncovered.
3. A quality assurance review that finds an inadequate or incomplete file should signal a more exhaustive review of that staff member’s files.

The Network recommends that program directors also regularly review any notes entered by counselors into client management system client logs.

* **Reporting**

Members participating in HPN’s program must ensure that they have the staff capacity and technology tools to ensure timely and accurate reporting. Staff responsible for reporting to the Network should be fully briefed on HUD and Network reporting requirements and deadlines, and have a working understanding of the current reporting forms. This includes retraining staff during times of staff turnover. The Network staff is readily available to respond to questions and to individually brief staff. For more information, see page 6 of this document.

* **Client Management System**

HUD requires all agencies participating in the Housing Counseling Program to utilize an automated client management system (CMS) for the collection and reporting of client level information. The CMS must interface with HUD’s Housing Counseling System database. The CMS most widely used by Members to satisfy these requirements is CounselorMax (owned by NeighborWorks America).

CounselorMax is the technology of choice for the Network. The ‘HUD Activity Within Quarter’ report can be accessed in the reporting function of CounselorMax to track the time spent with each client by counselor and service type for each quarter which syncs up with the HUD column of the 9902. The report generates an Excel spreadsheet including a list of client IDs with their corresponding counselor names, case numbers, service types, counseling minutes, branches, resolutions, and dates of case creation and resolution for a given quarter. The HUD-9902 can be automatically generated from client data entered in CounselorMax at quarterly, six month, and annual intervals. NeighborWorks America offers training and support free of charge – please call (866) 733-0446 or e-mail counselormax@nw.org for CounselorMax customer support.

* **Comprehensiveness**

It is the expectation of HPN that members strive to provide the maximum level of service to their clients, and that any HUD-funded service is available to the public at large. At a minimum, HPN expects, and HUD funding requires, that members:

1. Have established referral networks for families and individuals seeking services that the member does not provide, such as credit counseling, housing search assistance, legal aid, relocation assistance, foreclosure prevention counseling, and so on;
2. Offer and encourage individual counseling in conjunction with the provision of group education; and
3. Have agreements with, or a working knowledge of, public and private funders who provide homebuyer/owner assistance programs, such as down payment assistance, and mortgage capital, closing cost assistance, rehabilitation grants, or foreclosure prevention assistance.

* **Leveraging Local Resources**

According to HUD requirements, the funding that the Network provides as a HUD-approved intermediary can only partially support the counseling operations of members. Therefore, members participating in the Network’s program must have at least one additional source of operating support for their counseling programs. This may be a public or private grant, fee income, or operating support earmarked for the counseling program by the member organization.

More is better. The other sources of operating support for your local counseling efforts (such as local public and private grants or fee income) when aggregated make up the leverage the Network presents to HUD in our application for funding each year. The higher the ratio of HUD to non-HUD funding for our collective efforts, the stronger our application is.

In addition, the Network expects members to maintain at least a leverage ratio of 1:1 on an annual basis – non-HCP funding to HCP funding for continued program participation with the Network. Non-HCP funding may include operating support and homebuyer and homeowner assistance grants that are administered by the member.

* **Knowledge of Consumer Protection Laws**

There are several consumer protection laws with important implications for the work of housing counseling organizations. The Network expects all members to be familiar with how these laws protect households, and to be able to advise households about how to follow up if they feel their rights have been violated. We recommend that organizations have instructive materials regarding these laws available for households.

Important consumer protection laws include:

* Bankruptcy Abuse Prevention and Consumer Protection Act: in effect as of October 2005, it is the largest overhaul of the Bankruptcy Code since its enactment in 1978. The Act predominantly impacts consumer bankruptcy, but also has provisions affecting corporations, farmers, and small businesses. The Act is a response to escalating bankruptcy filings, creditor losses associated with bankruptcy, and loopholes that previously allowed abuse and lack of financial accountability.

1. Implications for organizations that provide foreclosure prevention counseling: Foreclosure prevention counselors in particular should be aware that the new bankruptcy law makes it more difficult for households to file for bankruptcy. In addition, the law includes specific changes that impact how bankruptcy filing can and cannot be used as a protection against foreclosure.

* Dodd–Frank Wall Street Reform and Consumer Protection Act
* Equal Credit Opportunity Act: prohibits credit discrimination on the basis of sex, race, marital status, religion, national origin, age, or receipt of public assistance.

1. Implications for organizations that engage in lending: These organizations are bound by the provisions of the Equal Credit Opportunity Act, so staff should ensure that their lending policies are in compliance with this law.
2. To view the text of the Equal Credit Opportunity Act, go to: <http://www.fdic.gov/regulations/laws/rules/6500-100.html>
3. To view a summary of the provisions contained in the Equal Credit Opportunity Act, go to: <https://www.consumer.ftc.gov/articles/0347-your-equal-credit-opportunity-rights>

* Fair Credit Reporting Act: ensures the accuracy and privacy of information kept by credit bureaus and consumer reporting organizations. It gives consumers the right to know what information credit bureaus and consumer reporting organizations are distributing about them to creditors, insurance companies, and employers.

1. To view the text of the Fair Credit Reporting Act, go to: <http://www.ftc.gov/os/statutes/031224fcra.pdf>
2. To view a Summary of Your Rights Under the FCRA, go to: <https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf>
3. To view FAQ about your rights under the FCRA to receive free credit reports, go to: [https://www.consumer.ftc.gov/articles/0155-free-credit-reports](https://www.consumer.ftc.gov/articles/0155-free-credit-reports%20)

* Fair Debt Collection Practices Act: prohibits debt collectors from engaging in unfair, deceptive, or abusive practices, including over-charging, harassment, and disclosing consumers' debt to third parties.

1. Implications for organizations that engage in lending: Organizations that make loans are bound by the provisions of the Fair Debt Collection Practices Act. Staff responsible for following up with clients on late payments or delinquencies should make sure that they do so according to the guidelines of this law.
2. To view the text of the Fair Debt Collection Practices Act, go to: [https://www.ftc.gov/enforcement/rules/rulemaking-regulatory-reform-proceedings/fair-debt-collection-practices-act-text](https://www.ftc.gov/enforcement/rules/rulemaking-regulatory-reform-proceedings/fair-debt-collection-practices-act-text%20)
3. To view answers to Frequently Asked Questions about the Fair Debt Collection Practices Act, go to: <https://www.consumer.ftc.gov/articles/0149-debt-collection>

* Gramm-Leach-Bliley (GLB) Act (aka The Financial Modernization Act of 1999) – includes provisions to protect consumers’ personal financial information held by financial institutions. These provisions limit when a “financial institution” may disclose a consumer’s “nonpublic personal information” to nonaffiliated third parties. It states that financial institutions must notify their customers about their information-sharing practices and tell consumers of their right to “opt-out” if they don’t want their information shared with nonaffiliated third parties.

1. Implications for organizations that engage in lending, brokering or servicing loans, or providing credit counseling: Organizations that are “significantly engaged” in financial activities are considered financial institutions under this statute, and are therefore bound by its provisions. More explicitly, organizations that engage in lending, brokering or servicing loans, or those who provide credit counseling services must abide by the privacy protections of the GLB Act. These organizations must follow specific guidelines that include the delivery of a privacy notice to all consumers that informs them of their privacy rights. A sample privacy notice is included as Appendix F in this Guide.
2. To view the FTC publication, “How to Comply with the Privacy of Consumer Financial Information Rule of the Gramm-Leach-Bliley Act,” go to: <https://www.ftc.gov/system/files/documents/plain-language/bus67-how-comply-privacy-consumer-financial-information-rule-gramm-leach-bliley-act.pdf>
3. To view a summary of the financial privacy requirement of the GLB Act, go to: <https://www.ftc.gov/tips-advice/business-center/guidance/how-comply-privacy-consumer-financial-information-rule-gramm>
4. To view a guide to privacy choices for your personal financial information, go to: <http://business.ftc.gov/documents/bus69-protecting-personal-information-guide-business>

* Home Ownership and Equity Protection Act: amends the Truth in Lending Act (TILA); establishes disclosure requirements and prohibits equity stripping and other abusive practices in connection with high-cost mortgages.

1. Implications for organizations – Organizations that engage in lending are bound by the provisions of the Home Ownership and Equity Protection Act, so staff should ensure that their lending policies are in compliance with this statute.
2. To view the text of the Home Ownership and Equity Protection Act, go to: <https://www.ftc.gov/enforcement/statutes/home-ownership-equity-protection-act>

* Truth in Lending Act: requires creditors to disclose in writing certain cost information, such as the annual percentage rate ("APR"), before consumers enter into credit transactions.

1. Implications for organizations – Organizations that engage in lending are bound by the provisions of the Truth in Lending Act, so staff should ensure that their lending policies are in compliance with this statute.
2. To view the text from the Truth in Lending Act, go to: <http://www.fdic.gov/regulations/laws/rules/6500-100.html>

* Information/Materials in Spanish: Much of the above about information is available in Spanish from: <http://www.ftc.gov/index_es.shtml>

**Performance Expectations**

Related to the operating standards outlined above, HPN has developed performance expectations in order to monitor and evaluate member performance under the program. Clarity of expectations and monitoring of relevant benchmarks will allow the Network to identify technical assistance needs, either unique to particular members, or common across members. These efforts will also inform the HPN’s grant allocation decisions. (See the following section, Grant Allocations, for more detail on the methodology used by HPN.)

* **Expected Production and Outcomes**

HPN requires members to project production and impacts for their entire counseling program at the beginning of the program year to set production and outcomes targets for the year. These goals are incorporated into HPN’s grant agreement and members are held accountable for any variances. The goals that members project should be realistic and achievable and based on your understanding of your target population. HPN will use these targets to monitor member performance and to benchmark outcomes across members.

This is not to say that variances, or a redirection of grant resources, e.g. from pre-purchase counseling to foreclosure prevention counseling based on emergent community need, are not acceptable. However, the Network will expect members to explain the reason for variances. In cases where the variance has negative implications for grant spending or production, the Network will ask members to identify the action(s) that they are taking to improve performance.

In its grant agreement, HUD requires outcome projections for the HPN’s HUD Counseling grant activity. For this program year (beginning October 1, 2018), HPN is projecting the following among other outcomes:

|  |  |
| --- | --- |
| **8. Clients Receiving Education/Group Workshops** |  |
| a. Completed financial literacy workshop, including home affordability, budgeting and understanding use of credit | **426** |
| b. Completed predatory lending, loan scam or other fraud prevention workshop | **-** |
| c. Completed fair housing workshop | **52** |
| d. Completed homelessness prevention workshop | **-** |
| e. Completed rental workshop | **135** |
| f. Completed pre-purchase homebuyer education workshop | **1857** |
| g. Completed non-delinquency post-purchase workshop, including home maintenance and/or financial management for homeowners | **35** |
| h. Completed resolving or preventing mortgage delinquency workshop | **81** |
| i. Completed other workshop | **67** |
| Section 8 Total: | **2653** |

|  |  |
| --- | --- |
| **9. Clients Receiving 1:1 Counseling** |  |
| a. Homeless Assistance | **11** |
| b. Rental Topics | **158** |
| c. Pre-purchase/Homebuying | **3784** |
| d. Home Maintenance and Financial Management for Homeowners (Non-Delinquency Post-Purchase) | **20** |
| e. Reverse Mortgage | **7** |
| f. Resolving or Preventing Mortgage Delinquency or Default | **813** |
| Individual Counseling / Sections 9a-f Total: | **4793** |
| **Total Counseling / Sections 8 and 9 Total:** | **7446** |

* **Probation**

If a member fails to meet the operating standards or performance expectations outlined above, HPN may elect to place the organization on probation. HPN will notify the member of this decision in writing and discuss the steps that are needed to improve the organization’s counseling program operations and performance.

Probation may result in either a reduced grant award or no funding for the current program year depending on the severity of the problems and the timing of the probation. If there are no material changes in the counseling program’s performance by the close of the program year in which the member was notified, HPN may elect to end the counseling funding relationship at the start of the next program year.

In order to be funded by HPN, a member must meet the minimum threshold requirements. In order to be funded in the same historical capacity in the current program year, each member must:

* Counsel a minimum of 200 clients annually,
* Employ at least 2 counseling staff,
* Leverage a minimum ratio of 1:1 of HUD to non-HUD funds in the program budget on an annual basis, and
* Demonstrate a recent clean audit.

If these minimum requirements are not met, the Network will not be able fund the counseling member during the program year and the member will be put on probation for that year. However, HPN will review each case of an agency not meeting these standards individually, and determine if continued funding is merited.

**Annual Awards Allocation**

Outlined below is the current process the Network uses to allocate grant awards among our members applying for HCP funding through the Network.

Step One

Members submit applications for funding as part of Network’s application to HUD. These applications include information on organizational capacity, outputs and outcomes results, non-profit status, and most recent audit.

Step Two

The Network staff reviews and ranks applications using a scale of 1 – 45. Criteria used for ranking applications mirror the operating standards outlined in this Guide, as well as HUD’s scoring criteria. They include: 1) quality of the application submitted to HPN; 2) capacity of the organization to implement its program; 3) quality of proposed counseling activities and quality assurance procedures; 4) evidence of additional support for counseling activities/leverage; and 5) proficiency in predicting and achieving results and program evaluation.

Step Three

Using 9902 production numbers, members are placed into funding tiers based on size and capacity.

Step Four

At the time of the HUD grant award to the Network, funding tiers are assigned grant ranges.

Step Five

Members are awarded a grant amount within their assigned tier. A high application score will result in a grant at the top of the funding tier range. Conversely, a poor application score will result in a grant amount at the bottom of the tier range.

There may be exceptions to the matrix, such as: 1) the Network may establish a cap for members participating in the program for the first time; 2) past problems with full grant utilization may drop a members’ tier; 3) moving across tiers between grant years; or 4) the Network may establish a minimum decrease or a maximum increase amount from previous year awards.

**Federal Rules and Regulations that Apply to the Housing Counseling Program**

Program Requirements and Instructions

HUD Housing Counseling Program Handbook No. 7610.1 (Rev-5)

24 CFR Part 214: Housing Counseling Program; Final Rule

Relevant Mortgagee Letters as issued by the Department of Housing and Urban Development, especially Loss Mitigation Policy and Guidance and HECM

Rules and Regulations related to Administrative Requirements

2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements

Restrictions of Lobbying:

Byrd Amendment (31 U.S.C. §1352)

24 CFR Part 87

Lobbying Disclosure Act of 1995 (2 U.S.C. §1601 et seq.)

2 CFR Part 2424: Government Debarment and Suspension

24 CFR Part 21: Drug Free Workplace Act

Rules and Regulations Related to Financial Management

Single Audit Act (31 U.S.C. §§ 7501-07) and 2 CFR Part 200, Subpart F

Rules and Regulations related to Nondiscrimination

* Nondiscrimination on the Basis of Race, Color, or National Origin

1. 42 U.S.C. § 2000d-2000d-4: Title VI of the Civil Rights Act of 1964
2. 24 CFR Part 1: Nondiscrimination in Federally Assisted Programs of the Department of Housing and Urban Development – Effectuation of Title VI of the Civil Rights Act of 1964
3. 24 CFR 146

* Nondiscrimination on the Basis of Age

1. 24 CFR Part100.300 – 100.308
2. 42 U.S.C. § 6101-07: Age Discrimination Act of 1975
3. 24 CFR Part 146: Nondiscrimination on the basis of age in HUD Programs or Activities Receiving Federal Financial Assistance (implementing regulation)

* Nondiscrimination on Basis of Ability

1. 29 U.S.C. § 794: Section 514 of the Rehabilitation Act of 1973
2. 24 CFR Part 8: Nondiscrimination Based on Handicap in Federally
3. Assisted Programs and Activities of the Department of Housing and Urban Development (implementing regulation)
4. 24 CFR Part 100.200 – 100.205

* Fair Housing Duties and Responsibilities

1. 42 U.S.C. § 3601-19: Fair Housing Act
2. 24 CFR Part 100: Discriminatory Conduct Under the fair Housing Act (implementing regulation)
3. Executive Order 11063

* 24 CFR Part 107: Equal Opportunity in Housing

1. Executive Order 11063, as amended by Executive Order 12259: Nondiscrimination and Equal Opportunity in Housing Under Executive

* Nondiscrimination on the Basis of Sex

1. Title IX of the Education Amendments of 1972
2. 24 CFR Part 3: Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance (implementing regulation)

**The Housing Partnership Network  
Guidance for Maintaining Housing Counseling Files**

**Introduction**

In response to requests from HPN counseling members, we are providing a checklist to assist with members’ quality assurance reviews of case files. The checklist outlines the content necessary in a housing counselor’s case file. While each member has its own system for documenting work with participating households, certain information and documents must be in the files of members who receive housing counseling funding through HPN.

You may use this checklist – or a variation of it – in conducting your file reviews. Members are expected to audit a minimum of 3 to 5 files a quarter, with every counselor having at least one file reviewed.

**General Requirements for Case Files**

All case files should be:

* Legible
* Logical and standard in their organization and content
* Maintained confidentially (physical and electronic files)
* Complete (intake, counseling activity, close out)
* Current
* Organized to readily present the current activity of the case

**Suggested Organization**

While each partner may develop its own method for organizing case files, we are providing a suggested standard. Use of files with binder clips and/or internal dividers or tabs is recommended to organize documents and withstand handling.

* The bulk of file items are organized in a standard (such as chronologically) sequence on the right side of the client file.
* The funding source(s) for each client is clearly marked on the file.
* The most current work plan (or action plan) is on top of the right side of the file.
* The client log is assembled on the left side of the file with the most recent contact on the top.
* Copies of all correspondence received or sent out are maintained at the back of the file chronologically.
* Copies of a credit report (as necessary for financial capability, pre-purchase, foreclosure prevention counseling) and financial documents and verification maintained together and chronologically.
* Closed files have a termination summary on top of file contents.

**File Content**

The table below outlines documentation that should appear in housing counseling case files. The format for these documents may vary. First Tier content includes those items that must be present in any file – regardless of the length of the counseling intervention. Second Tier content includes those documents that should be in the file presuming the continuation of counseling and the follow-up necessary as part of the work plan or action plan. The Second Tier does not presume to be comprehensive of all documents that could /should appear in a case file.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **File Item** | **Purpose** | **Quality Assurance Review** | **Type of Counseling for which needed** |
| First Tier: Content Needed for All Case Files | Cover Sheet/Checklist | Captures key identifying information for easy reference. This item may be folded into the Application. |  | Pre-Purch Counseling  Post-Purch Counseling  Foreclosure Prevention  Financial Counseling |
| Application/ Intake Form | Documents all information collected at an initial contact. Captures demographic and financial data. | Contains counselor’s name.  Reflects if intake was on phone or in person.  Indicates type of counseling and/or housing sought.  Shows if a fee is collected. | Pre-Purch Counseling  Post-Purch Counseling  Foreclosure Prevention  Financial Counseling |
| Authorization  and Privacy Policy | Signed permission allowing the counselor to share and obtain information on the household with other parties (could be included as part of the application) | Dated  Has borrower signature  Privacy Policy shows what/when/why& how information will be shared | Pre-Purch Counseling  Post-Purch Counseling  Foreclosure Prevention  Financial Counseling  All other counseling |
| Fee Policy (if fees charged by organization) | Discloses the uniform fee policy of the program and explains the method for obtaining a fee waiver in the event of financial hardship. | The *Housing Counseling Guide* has an example for quality assurance purposes.  Has a signature | Pre-Purch Counseling  Post-Purch Counseling  Financial Counseling  All other counseling |
| Disclosure | A required form used to disclose this potential conflict of interest. | The *Housing Counseling Guide* has an example for quality assurance purposes. | Pre-Purch Counseling  Post-Purch Counseling  Financial Counseling  Foreclosure Prevention  Rental Counseling |
| Action Plan | A contract between the counselor and participating household outlining goals of their work together | Dated  Has signatures of both the household and counselor.  Copy to household  Current | Pre-Purch Counseling  Post-Purch Counseling  Foreclosure Prevention  Financial Counseling |
| Budget/Financial Analysis | Counselors review clients’ income, expenses, spending habits, home value, and use of credit. | Create realistic budget with client | Pre-Purch Counseling  Post-Purch Counseling  Financial Counseling  Foreclosure Prevention  Rental Counseling |
| Client Log | Documents details of each contact with a participating household; 3rd party contacts on behalf of client; document review and other case management. | Indicates name of counselor, amount of time, and status at each contact.  Reflects contact at least once every 3 months to verify that the case is active. | Pre-Purch Counseling  Post-Purch Counseling  Foreclosure Prevention  Financial Counseling |
| Termination Summary | A short summary of the status of the case at the time it was closed out. | Documents close out and outcome of case. | Pre-Purch Counseling  Post-Purch Counseling  Foreclosure Prevention  Financial Counseling |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Item** | **Purpose** | **Quality Assurance Check** | **Type of Counseling Requiring Item** |
| Second Tier: Content Needed for Most Case Files | Borrower Authorization to Obtain a Credit Report | Signed permission for the program to obtain a credit report on behalf of household. May be included as segment of the Application. | Has a signature  Copy to household | Pre-Purch Counseling  Financial Counseling  Foreclosure Prevention |
| Credit Report | Obtained from one of the national credit bureaus. Needed for analyzing a household’s candidacy for a mortgage. |  | Pre-Purch Counseling  Financial Counseling  Foreclosure prevention |
| Income Verification | Copies of household’s most recent pay stubs and checks for Social Security or other forms of income and public assistance. Must provide three viable options/products for client based on income. | Must be updated periodically if a household is seeking a mortgage.  Originals returned to household. | Pre-Purch Counseling  Post-Purch Counseling  Foreclosure Prevention |
| Investigation Request Form | A document that the program can submit to credit companies to investigate issues the household wishes to contest in a credit report. | Has a signature | Pre-Purch Counseling  Financial Counseling |
| Housing History Verification | A form sent to previous landlords to verify history of rent payments to support loan applications. | Has a signature | Pre-Purch Counseling |
| Budget Worksheet | A table that calculates a household’s income and expenses to assist with budgeting. | Well organized.  Legible  Copy to household | Pre-Purch Counseling  Post-Purch Counseling  Foreclosure Prevention  Financial Counseling |
| Prequalification Sheet | A table that calculates the monthly payments necessary for three or more loan products for comparison purposes. |  | Pre-Purch Counseling |
| Foreclosure Documentation | Copies of bank correspondence and Letter of Hardship are maintained in file. |  | Foreclosure Prevention |
| Workshop Graduate Certificate/Evidence of Workshop Completion | Copy of the certificate issued to households who complete workshops or other evidence of workshop completion. |  | Pre-Purch Counseling  Financial Counseling |
| Loan Application Checklist | A checklist to help the counselor and household track their collection of supporting documents needed to complete a mortgage loan application. |  | Pre-Purch Counseling |
| Work Out Packet Checklist | A checklist to help the counselor and household track the collection of supporting documents needed to complete a work out |  | Foreclosure Prevention |

**SAMPLE FEE POLICY I**

**1.1 PURPOSE:**

To develop a policy by which the {Organization} will charge customer fees for Post and Pre-Purchase Counseling and Home Ownership Training classes to offset those expenses incurred in conjunction with education materials. This policy will comply with grant funding received by the Housing Partnership from the Department of Housing & Urban Development (HUD). The HUD grant policy states that fees cannot be charged to customers that have received home owner education with funding provided by HUD and that counseling organizations will not charge fees if they present a hardship for the customer.

**2.1 POLICY:**

It will be the policy of the {Organization} to charge fees for home ownership counseling and training classes per the following fee structure:

|  |  |  |
| --- | --- | --- |
| **Service Provided** | **Households Earning 50% & below HUD Median Income** | **Households Earning Above 50% of HUD Median Income** |
| Pre-Purchase Initial Meeting | Free\* | Free\* |
| Pre-Purchase Counseling | Free - includes Money Management class and materials, and HOT class. Customer will have the option of purchasing a HOT manual for $15 and must pay for a Credit Report\* | $150.00 for households that have not declared bankruptcy within the last 5 years (includes a tri-merge credit report, Money Management class and materials, and HOT class). Customer will have the option of purchasing a HOT manual for $15).  $200 for households that have declared bankruptcy within the last 5 years (must order an RMCR instead of a tri-merge). Services provided will be same as above. |
| Home Ownership Training (HOT) for non-counseling customers | Free\* | $30 per household (customer will have the option of purchasing a HOT manual for an additional $15). |
| Post Purchase Workshop | Free\* | $30 including materials |
| Money Management for the Community | Free\* | $35 including materials |

\*Costs incurred by the {Organization} to provide services will be offset by grant funds provided by the Department of Housing and Urban Developed (HUD).

In those situations where the charging of fees will present a hardship for the customer, it will be at the discretion of the {Organization} Counselor or Trainer to waive fees per the completion of a Program Exception form, which has been approved by the Director of Customer Development. A hardship may be considered if:

* Customer has a debt-to-income ratio above 45%
* Customer earns below 60% of HUD Median Income
* Customer is experiencing a hardship due to illness, unexpected financial crisis, etc.

***Charging fees is prohibited for foreclosure prevention and homelessness services counseling.***

***Paid customer fees will be non-refundable. This policy will go into effect Month Date, Year.***

**SAMPLE FEE POLICY & SCALE II**

|  |  |
| --- | --- |
| *Effective* | |
| (Subsidies May be Available) | |
| **Total Household Income** | **Fee** |
| $0 - $25,000 | $0.00 (Only subject to $25.00 Credit Report Fee) |
| $25,001 - $30,000 | $100.00 |
| $30,001 - $40,000 | $175.00 |
| $40,001 - $50,000 | $250.00 |
| $50,001 - $60,000 | $325.00 |
| Over $60,000 | $400.00 |
| The fee for counseling and educational services is calculated on a sliding scale and based on the Gross Annual Income (before taxes) of all applicants.  No fees apply for foreclosure prevention or homelessness counseling services. | |
|  |  |
| Fees can be paid by PayPal, check or money order to: [Organization] | |
|  |  |
| THIS FEE IS NON-REFUNDABLE. NO CASH WILL BE ACCEPTED. | |
|  |  |
| **All Fees are subject to Change.** | |
|  |  |
|  | |  | | --- | |  | |
| |  | | --- | |  | |  |
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|  |  |
|  |  |

**SAMPLE DISCLOSURE**

*NOTE: This is a sample document only. All documents your agency adopts should first be reviewed by your agency’s legal counsel and should be changed to reflect the services and products provided by your organization as well as your organization’s relationships with industry partners.*

LETTERHEAD

**About Us and Program Purpose:** The mission of [AGENCY] is to [mission statement]. [AGENCY] is a nonprofit, HUD-approved housing counseling agency. We provide free housing counseling and education services, including [LIST SERVICES, e.g. Mortgage Delinquency & Default Resolution Counseling, Pre-purchase Counseling, Rental Housing Counseling, as well as Financial, Budgeting, & Credit Repair and Pre-purchase Homebuyer Education Workshops]. We serve all clients regardless of income, race, color, religion/creed, sex, national origin, age, family status, disability, or sexual orientation/gender identity. We administer our programs in conformity with local, state, and federal anti-discrimination laws, including the federal Fair Housing Act (42 USC 3600, et seq.). **As a housing counseling program participant, please affirm your roles and responsibilities along with the following disclosures and initial, sign, and date the form on the following page.**

**Client and Counselor Roles and Responsibilities:**

|  |  |
| --- | --- |
| Counselor’s Roles & Responsibilities | Client’s Roles & Responsibilities |
| * Reviewing your housing goal and your finances * Preparing a Client Action Plan that lists the steps that you and your counselor will take in order to achieve your housing goal. * Preparing a household budget. * Your counselor is not responsible for achieving your housing goal, but will provide guidance and education in support of your goal. * Neither your counselor nor agency employees, agents, or directors may provide legal advice. | * Completing the steps assigned to you in your Client Action Plan. * Providing accurate information about your income, debts, expenses, credit, and employment. * Attending meetings, returning calls, providing requested paperwork in a timely manner. * Notifying your counselor when changing a housing goal. * Attending educational workshops as recommended. * Retaining an attorney if seeking legal advice and/or representation in matters such as foreclosure or bankruptcy protection. |
| **Termination of Services: Failure to work cooperatively with housing counselor and/or [AGENCY] will result in the discontinuation of counseling services. This includes, but is not limited to, missing three consecutive appointments.**  **INITIALS: \_\_\_\_\_ / \_\_\_\_\_** | |

**Agency Conduct**: No [AGENCY] employee, volunteer, or agent shall undertake any action that might result in, or create the appearance of, administering counseling operations for personal or private gain, provide preferential treatment for any person or organization, or engage in conduct that will compromise our agency’s compliance with federal regulations and our commitment to serving the best interests of our clients.

**Agency Relationship**: [AGENCY] has financial affiliation with HUD, [LIST OTHER FUNDERS]. As a housing counseling program participant, you are not obligated to use the products and services of [AGENCY] or our industry partners.

**Data Sharing with Third Parties:** I/we give [AGENCY] authorization to share my information with HUD and the Housing Partnership Network, [AGENCY] HUD Housing Counseling Program intermediary. **INITIALS \_\_\_\_\_ / \_\_\_\_\_**

\*If your privacy policy includes a disclosure about data sharing with third parties, it does not need to be repeated so you can delete this section

**Alternative Services, Programs, and Products & Client Freedom of Choice:** In the interest of full disclosure, [AGENCY] also provides [LIST RELEVANT SERVICES, e.g. mortgage lending, real estate, etc.]. As a housing counseling client, you are not obligated to participate in any of these services. You are entitled to choose whatever services and/or products best meet your needs.

**Referrals and Community Resources**: You will be provided a community resource list which outlines regional services available to meet a variety of needs, including utility assistance, food banks, and legal aid assistance, among others. This list also identifies alternative agencies that provide services, programs, or products identical to those offered by [AGENCY].

**Privacy Policy**: I/we acknowledge that I/we received a copy of [AGENCY]’s Privacy Policy. **INITIALS \_\_\_\_\_ / \_\_\_\_\_**

**Home Inspection**: I/we acknowledge that I/we received a copy of ‘For Your Protection: Get a Home Inspection’ and ’10 Important Questions to Ask Your Home Inspector’. **INITIALS \_\_\_\_\_ / \_\_\_\_\_**

**Errors and Omissions and Disclaimer of Liability**: I/we agree that [AGENCY], its employees, agents, and directors are not liable for any claims and causes of actions arising from errors or omissions by such parties, or related to my participation in [AGENCY] counseling; and I hereby release and waive all claims of action against [AGENCY] and its affiliates. I have read this document, understand that I have given up substantial rights by signing it, and have signed it freely and without any inducement or assurance of any nature and intend it to be a complete and unconditional release of all liability to the greatest extent allowed by law. If any provision of this document is unenforceable, it shall be modified to the extent necessary to make the provision valid and binding, and the remainder of this document shall remain enforceable to the full extent allowed by law. Please note that representatives of [AGENCY] do not provide tax or legal advice and that you should consult your tax advisor or attorney for such guidance.

**Quality Assurance**: In order to assess client satisfaction and in compliance with grant funding requirements, [AGENCY] or one of its partners, may contact you during or after the completion of your housing counseling service. You may be requested to complete a survey asking you to evaluate your client experience. Your survey data may be confidentially shared with [AGENCY] grantors such as HUD. By signing this Disclosure Statement I give [AGENCY] authorization to share my information with HUD and other third parties, as applicable.

**I/we acknowledge that I/we received, reviewed, and agree to** [AGENCY]**’s Program Disclosures.**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Name 1 Signature Date**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Name 2 Signature Date**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Counselor Signature Date**

**If acceptance of Program Disclosure Form is taken by phone:**

Counselor’s signature above acknowledges that this Program Disclosure Form was read to client and client has verbally agreed to [AGENCY]’s Program Disclosures. A hard copy of the disclosure was sent to the client on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

*(See HUD’s Capacity Building Toolkit for more information on disclosure statements:* [*http://portal.hud.gov/hudportal/documents/huddoc?id=ohc\_adf062512.pdf*](http://portal.hud.gov/hudportal/documents/huddoc?id=ohc_adf062512.pdf)*)*

**Sample Code of Conduct Policy**

F. STANDARDS OF PROFESSIONAL CONDUCT

These standards are intended to serve as a guide to the everyday conduct of {ORGANIZATION} employees. Their purpose is to help employees understand and successfully deal with various kinds of issues and situations that are part of their work environment. {ORGANIZATION} employees need to have a thorough understanding of what the agency needs and expects of employees with regard to their behavior, and of the thoughts underlying those expectations.

In themselves, these Standards do not represent a set of rules that will lay out what to do in every situation. They do offer general principles to guide conduct, and a context for evaluating conduct. If you find that in some particular situation these Standards do not give you sufficiently clear guidance, ask for help from your supervisor.

{ORGANIZATION} is aware that the responsible professional behavior of {ORGANIZATION} staff results ultimately not from written standards, but from personal commitment by all {ORGANIZATION} staff. These Standards are offered to support and affirm that commitment.

**1. Understanding the Context in which We Operate**

a. The Power Relationship

It is critical to recognize and understand the context in which we operate. We provide benefits and services to people in great need of one of the fundamentals of life -- safe, decent, and affordable places to live. People who are struggling to get or keep a place to live are under severe stress. Often, a request for services may be accompanied by desperation, fear, resentment, or hostility. We as {ORGANIZATION} employees have great power in being able to help them with this problem. There is a need for {ORGANIZATION} employees to understand that this power greatly affects the expectations of clients and deeply colors their relationships with {ORGANIZATION} employees.

b. Personal versus Professional Relationships

It is also important to recognize that people seeking our help may either knowingly or unconsciously seek our sympathy as compassionate individuals. A client may look for an emotional, personal commitment in addition to the professional commitment. It is important to recognize the difference, and to keep the professional relationship paramount.

By the very nature of our work, we often receive intimate information about our clients. And since we want our clients to confide in us, we take steps to put them at ease and to develop their trust. What this means is that to do our jobs well as professionals, our relationships take on certain central aspects of good friendships -- trust and concern.

There is a difference, however, between a relationship which is primarily professional and one that is primarily personal. To borrow from the National Association of Social Workers’ Code of Ethics, {ORGANIZATION} employees “should be alert to and resist the influences and pressures that interfere with the exercise of professional discretion and impartial judgment required for the performance of professional functions.”

c. Negative Relationships

Finally, our role demands that we not let any negative personal reactions affect the professional services we provide to clients.

It is just as important for a worker to avoid treating a client less fairly or effectively because there may not be positive feelings toward to between the worker and the client. {ORGANIZATION} workers need to make every effort to be tolerant and patient with clients. Even though we all have issues and problems in our lives, we need to remind ourselves that many of our clients’ lives may be difficult.

Our goal here is to attain and maintain a level of professional behavior that is helpful, efficient, and respectful. At the same time, this standard does not require {ORGANIZATION} workers to be the object of abusive behavior from clients; should relations between a worker and client become antagonistic to the point that the worker feels s/he cannot be fair, calm, and supportive, the worker should inform his/her supervisor and ask for either mediation or a transfer of the case to another worker.

**2. Specific Standards**

The above are general concepts which should guide our interactions with clients. These concepts are translated into some more specific standards below.

The following behavior is unacceptable:

1. lending, giving, borrowing or accepting money, goods, gifts or services from or to clients, except for the receipt of non-monetary gifts of less than $20.00 value, and homemade food items, unless prohibited by the Executive Director. All gifts, whether accepted or rejected, should be reported to a supervisor.
2. lending, giving, borrowing or accepting money, goods, gifts or services from or to any person or organization with which the agency is doing, has done, or is seeking to do business, except for the receipt of non-monetary gifts of less than $20.00 value, and homemade food items. All gifts, whether accepted or rejected, should be reported to a supervisor.
3. providing false information which will unfairly help or harm a client.
4. any illegal activities or fraud which if engaged in whether on or off the job could affect {ORGANIZATION}’s ability to fulfill its mission, its reputation in the communities it serves or its relationships with funding sources and other agencies, or which seriously calls into question the employee’s ability to do his/her job.
5. providing temporary shelter in the home of a worker, or seeking shelter in the home of a client.
6. allowing a client to use a worker’s residential address for the purpose of obtaining benefits, or using a client’s address to obtain benefits for a worker.
7. allowing a worker of client’s religious or political beliefs to influence decisions about delivery of services to clients, whether as favoritism or antagonism.

**3. Implementation**

These standards of professional conduct, as well as other sections of the Personnel Policies are to be observed as part of an individual’s employment with {ORGANIZATION}. Failure by an employee to observe them will be handled in accordance with the disciplinary procedures outlined in the Personnel Policies. Any individual situation will be assessed with regard to seriousness of the infraction, consequences, past performance, and so forth.

G. CONFLICTS OF INTEREST

It is {ORGANIZATION}'s policy to prohibit its employees from engaging in any activity or practice which conflicts with the interest of the agency or its clients. The conflict of interest policy requirements are as follows:

1. Employees and members of their immediate families are prohibited from accepting gifts, moneys, and gratuities from persons receiving benefits or services under agency programs, from anyone performing services under a contract with the agency, or from anyone who is in a position to benefit from the action of any employee or a board member, under circumstances from which it might reasonably be inferred that the purpose of the gift is to influence the employee in the conduct of the agency's business with the donor. Such gifts should be returned with a note of explanation or converted into a charitable donation to the agency as a whole by transferring the gift and information as to the situation in which the gift was received to the Personnel Officer for disposition. Employees are not, however, prohibited from accepting advertising novelties such as pens, pencils, calendars or other gifts of nominal value ($20.00) when circumstances clearly show that the gifts are offered for reason of personal esteem and affection, and for which a brief note of receipt and the reason for the gift are recorded with the Personnel Officer. Some positions may be prohibited from accepting any gift as instructed by the Executive Director.
2. No employee shall act in a manner which would cause a reasonable person, having knowledge of the relevant circumstances, to conclude that any person can improperly influence or unduly enjoy his/her favor in the performance of their duties because of kinship, rank, position or undue influence of any party or person. It shall be unreasonable to so conclude if such employee has disclosed in writing the facts which would otherwise lead to such a conclusion.

1. Employees who hold jobs outside {ORGANIZATION}, Inc. or work as consultants must do so on their own time. All such work must be disclosed to their supervisor and shown not to impair their ability to perform job duties, or present a conflict with duties performed by the employee for {ORGANIZATION} or constitute competition with the work of {ORGANIZATION}. Employee’s must submit written disclosure of any outside employment to the Personnel Officer listing:
2. Name of employer
3. Position title or function
4. Number of work hours per week
5. Weekly schedule
6. No employee shall participate in or represent the agency in a particular matter in which to his knowledge s/he, his/her immediate family or partner, a business organization in which s/he is serving as officer, director, trustee, partner or employee, or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest.

Further, various contracts to which {ORGANIZATION} is a party may impose specific conflict of interest requirements. These must be adhered to. This includes, but is not limited to the U.S. Department of Housing and Urban Development, which requires that {ORGANIZATION} and its employees abide by the following:

1. Neither {ORGANIZATION} nor any of its contractors or their subcontractors shall enter into any subcontract, or arrangement, in connection with HUD sponsored programs in which any of the following classes of persons has an interest, direct or indirect, during tenure or for one year thereafter:
2. Any present or former member or officer of {ORGANIZATION};
3. Any employee of {ORGANIZATION} who formulates policy or who influences decisions with respect to the programs;
4. Any public official, member of a governing body, or state or local legislator who exercises functions or responsi­bilities with respect to the programs.

Any members of the classes described above must disclose their interest or prospective interest to {ORGANIZATION} and HUD. The requirements of this paragraph may be waived by HUD for good cause.

1. No employee shall, directly or indirectly, give, offer, or promise anything of value to any representative of any financial institution in connection with any transaction or business that {ORGANIZATION} may have with such financial institutions.
2. No employee shall use or attempt to use his/her position at {ORGANIZATION} to secure for him/herself or others unwarranted privileges or exemptions which are of substantial value and which are not properly available to similarly situated individuals.

Any disclosure required by the foregoing policy must be in writing. The Executive Director, or his/her designee, will have final authority (or the Chairperson of the Board if it involves the Executive Director) to approve or disapprove outside employment as well as involvement in a {ORGANIZATION} decision, project, or other matter which raises questions of conflict of interest.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **HPN Homebuyer Core Content Matrix – where and how is homebuyer information conveyed to households** | | | | | | | | **Orientation** | **Intake &**  **Assessment** | **Group**  **Workshop** | **Individual**  **Counseling** | **Handouts** |
| **Qualifying for a Mortgage** | | | |  |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |  |  |  |  |
|  | Borrower qualifications | | | |  |  |  |  |  |  |  |  |
|  |  |  | capacity (income) | | |  |  |  |  |  |  |  |
|  |  |  | capital (cash reserves) | | | |  |  |  |  |  |  |
|  |  |  | credit (usage, payment history) | | | |  |  |  |  |  |  |
|  |  |  | collateral (value of property) | | | |  |  |  |  |  |  |
|  | Mortgage qualifying process | | | |  |  |  |  |  |  |  |  |
|  |  |  | qualifying ratios | | |  |  |  |  |  |  |  |
|  |  |  | credit scoring and automated underwriting | | | | |  |  |  |  |  |
|  |  |  |  | |  |  |  |  |  |  |  |  |
| **Shopping for a home** | | |  | |  |  |  |  |  |  |  |  |
|  |  |  |  | |  |  |  |  |  |  |  |  |
|  | Legal aspects of homeownership | | | | |  |  |  |  |  |  |  |
|  | Fair housing | |  | |  |  |  |  |  |  |  |  |
|  | Real estate professionals | | | |  |  |  |  |  |  |  |  |
|  |  |  | realtor, need for & selection of | | | |  |  |  |  |  |  |
|  |  |  | attorneys | |  |  |  |  |  |  |  |  |
|  | Evaluating a potential home | | | |  |  |  |  |  |  |  |  |
|  |  |  | preparation (priorities) | | | |  |  |  |  |  |  |
|  |  |  | off and on-site evaluation | | | |  |  |  |  |  |  |
|  |  |  | home inspection | | |  |  |  |  |  |  |  |
|  |  |  | price evaluation | | |  |  |  |  |  |  |  |
|  | Safe and healthy home | | | |  |  |  |  |  |  |  |  |
|  |  |  | home inspection | | |  |  |  |  |  |  |  |
|  |  |  | radon | |  |  |  |  |  |  |  |  |
|  |  |  | lead | |  |  |  |  |  |  |  |  |
|  |  |  | asbestos | |  |  |  |  |  |  |  |  |
|  |  |  | water supply, sewer | | |  |  |  |  |  |  |  |
|  |  |  | energy efficiency | | |  |  |  |  |  |  |  |

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| **Curriculum Content** | | | | | | | | | **Orientation** | **Intake &**  **Assessment** | **Group**  **Workshop** | **Individual**  **Counseling** | **Handouts** |
|  | Making a purchase offer | | | | |  |  |  |  |  |  |  |  |
|  |  | |  | | drawing up purchase offer | | |  |  |  |  |  |  |
|  |  | |  | | negotiating purchase offer | | |  |  |  |  |  |  |
|  |  | |  | |  |  |  |  |  |  |  |  |  |
| **Loan application process** | | | | |  |  |  |  |  |  |  |  |  |
|  |  |  | | |  |  |  |  |  |  |  |  |  |
|  | Applying for a loan | | | |  |  |  |  |  |  |  |  |  |
|  | Approval process | | | |  |  |  |  |  |  |  |  |  |
|  |  |  | | | underwriting | |  |  |  |  |  |  |  |
|  |  |  | | | credit check | |  |  |  |  |  |  |  |
|  |  |  | | | appraisal |  |  |  |  |  |  |  |  |
|  |  |  | | | verifications | |  |  |  |  |  |  |  |
|  |  |  | | | commitment letter | |  |  |  |  |  |  |  |
|  | Loan rejection | | | |  |  |  |  |  |  |  |  |  |
|  |  |  | | | reasons |  |  |  |  |  |  |  |  |
|  |  |  | | |  |  |  |  |  |  |  |  |  |
| **Closing process** | |  | | |  |  |  |  |  |  |  |  |  |
|  |  |  | | |  |  |  |  |  |  |  |  |  |
|  | Closing ceremony | | | |  |  |  |  |  |  |  |  |  |
|  |  |  | | | participants | |  |  |  |  |  |  |  |
|  |  |  | | | typical closing scenario | | |  |  |  |  |  |  |
|  | Preparing for closing | | | |  |  |  |  |  |  |  |  |  |
|  |  |  | | | title |  |  |  |  |  |  |  |  |
|  |  |  | | | insurance |  |  |  |  |  |  |  |  |
|  |  |  | | | final walk-through | |  |  |  |  |  |  |  |
|  | Closing documents | | | |  |  |  |  |  |  |  |  |  |
|  | Closing costs and settlement | | | | |  |  |  |  |  |  |  |  |
|  |  |  | |  | |  |  |  |  |  |  |  |  |

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| **Curriculum Content** | | | | | | | **Orientation** | **Intake &**  **Assessment** | **Group**  **Workshop** | **Individual**  **Counseling** | **Handouts** |
| **Life as a homeowner** | | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | Financial planning | |  |  |  |  |  |  |  |  |  |
|  |  |  | new expenses | |  |  |  |  |  |  |  |
|  |  |  | developing a savings plan | | |  |  |  |  |  |  |
|  |  |  | escrow accounts | |  |  |  |  |  |  |  |
|  |  |  | loan servicing | |  |  |  |  |  |  |  |
|  |  |  | refinancing | |  |  |  |  |  |  |  |
|  |  |  | mortgage insurance | |  |  |  |  |  |  |  |
|  |  |  | record keeping | |  |  |  |  |  |  |  |
|  |  |  | home equity | |  |  |  |  |  |  |  |
|  | Taxes |  |  |  |  |  |  |  |  |  |  |
|  |  |  | income taxes | |  |  |  |  |  |  |  |
|  |  |  | property taxes | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Getting to know and taking care of the home** | | | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | "Owner’s manual" | |  |  |  |  |  |  |  |  |  |
|  |  |  | locating important controls | | |  |  |  |  |  |  |
|  |  |  | maintenance and inspection schedule | | | |  |  |  |  |  |
|  |  |  | responding to household emergencies | | | |  |  |  |  |  |
|  |  |  | do-it-yourself repairs | |  |  |  |  |  |  |  |
|  |  |  | hiring a contractor/tradesperson | | |  |  |  |  |  |  |
|  | Energy conservation | |  |  |  |  |  |  |  |  |  |
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| **Curriculum Content** | | | | | | | **Orientation** | **Intake &**  **Assessment** | **Group**  **Workshop** | **Individual**  **Counseling** | **Handouts** |
| **Preventing foreclosure** | | |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | Surviving a financial crisis | | |  |  |  |  |  |  |  |  |
|  |  |  | prioritizing debts | |  |  |  |  |  |  |  |
|  | Communicating with servicer | | |  |  |  |  |  |  |  |  |
|  | Managing financial crisis | | |  |  |  |  |  |  |  |  |
|  |  |  | establishing a crisis budget | | |  |  |  |  |  |  |
|  |  |  | credit and foreclosure prevention counseling | | | |  |  |  |  |  |
|  | Options available for homeowners in default | | | |  |  |  |  |  |  |  |
|  |  |  | negotiating a workout | |  |  |  |  |  |  |  |
|  |  |  | debt repayment plans | | |  |  |  |  |  |  |
|  |  |  | loss mitigation tools | |  |  |  |  |  |  |  |
|  |  |  | deed-in-lieu | |  |  |  |  |  |  |  |
|  |  |  | refinancing | |  |  |  |  |  |  |  |
|  |  |  | bankruptcy | |  |  |  |  |  |  |  |
|  | Foreclosure process | |  |  |  |  |  |  |  |  |  |

**AGENCY NAME**

**PRIVACY POLICY AND PRACTICES**

We at Agency Name value your trust and are committed to the responsible management, use and protection of personal information. This notice describes our policy regarding the collection and disclosure of personal information.

Personal information, as used in this notice, means information that identifies an individual personally and is not otherwise publicly available information. It includes personal financial information such as credit history, income, employment history, financial assets, bank account information and financial debts. It also includes your social security number and other information that you have provided us on any applications or forms that you have completed.

Information We Collect

We collect personal information to support our lending operations, financial fitness counseling and to aid you in shopping for and obtaining a home mortgage from a conventional lender. We collect your personal information from the following sources:

* Information that we receive from you on applications or other forms,
* Information about your transactions with us, our affiliates or others,
* Information we receive from a consumer reporting agency, and
* Information that we receive from personal and employment references.

Information We Disclose

We may disclose the following kinds of personal information about you:

* Information we receive from you on applications or other forms, such as your name, address, social security number, employer, occupation, assets, debts and income;
* Information about your transactions with us, our affiliates or others, such as your account balance, payment history and parties to your transactions; and
* Information we receive from a consumer reporting agency, such as your credit bureau reports, your credit history and your creditworthiness.

To Whom Do We Disclose

We may disclose your personal information to the following types of unaffiliated third parties:

* Financial service providers, such as companies engaged in providing home mortgage or home equity loans,
* Others, such as nonprofit organizations involved in community development, but only for program review, auditing, research and oversight purposes.

We may also disclose personal information about you to third parties as permitted by law.

*If you desire to restrict disclosure of personal information, please complete the* ***Privacy Choices Form*** *on the back of this brochure.*

Confidentiality and Security

We restrict access to your personal information to staff who need to know that information to provide products and services to you. This may include underwriting and servicing of loans, making loan decisions, aiding you in obtaining loans from others, and financial counseling. We maintain physical and electronic security procedures to safeguard the confidentiality and integrity of personal information in our possession and to guard against unauthorized access.

We use locked files, user authentication and detection software to protect your information. Our safeguards comply with federal regulations to guard your personal information.

Directing Us Not to Make Disclosures to Unaffiliated Third Parties

If you prefer that we not disclose personal information about you to unaffiliated third parties, you may opt out of those disclosures, that is, you may direct us not to make those disclosures (other than disclosures permitted by law).

If you wish to opt out of disclosures to unaffiliated third parties other than nonprofit organizations involved in community development, you may check Box 1 on the attached Privacy Choices Form.

If you wish to opt out of disclosures to nonprofit organizations involved in community development that are used only for program review, auditing, research and oversight purposes, you may check Box 2 on the attached Privacy Choices Form.

Please allow approximately 30 days from our receipt of your Privacy Choices Form for it to become effective. Your privacy instructions and any previous privacy instructions will remain in effect until you request a change.

**PRIVACY CHOICES FORM**

If you want to opt out, that is direct us not to make disclosures about your personal information (other than disclosures permitted by law) as described in this notice, check the box or boxes below to indicate your privacy choices. Then send this form to the address listed below.

**⬜ Box 1**

Limit disclosure of personal information about me to unaffiliated third parties other than nonprofit organizations involved in community development.

**⬜ Box 2**

Limit disclosure of personal information about me to nonprofit organizations involved in community development that are used only for program review, auditing, research and oversight purposes.

If you have checked any of the boxes above,

Please complete the required information below and mail this form in a stamped envelope to:

**Agency Name**

**Address**

**City, State Zip**

We need the following information to process your privacy request:

**Name:**

**Address:**

**City:**

**State: Zip:**

**Telephone #:**

Please allow approximately 30 days from our receipt of your Privacy Choices Form for it to become effective. Your privacy instructions and any previous privacy instructions will remain in effect until you request a change.