



HUD Housing Counseling Program for Credit Unions

Policies and Procedures Manual

Module 1: Program Requirements

March 2009



MODULE 1 - PROGRAM REQUIREMENTS

A. Eligible Activities

The Housing Counseling program is authorized under section 106 of the Housing and Urban Development Act of 1968. Funds can only be used for services eligible under the Act, which are defined in HUD's NOFA and described in the Housing Counseling Program Handbook. HUD further defines eligible activities in its grant agreement with the National Federation of Community Development Credit Unions (the Federation). Since the HUD/Federation grant agreement is part of the Federation's sub agreement, the eligible activities requirements are also passed onto sub-grantees.

Participants who receive counseling under the grant and whom the sub-grantee counts toward the number of clients served must be counseled in a private space, one-on-one. Homebuyer workshops, homebuyer education courses, financial literacy workshops, and courses are only counted toward workshop goals. Only workshop participants who receive one-on-one counseling are counted toward clients served goals.

The following activities are listed in the agreements and eligible under the program.

- 1) Pre-occupancy counseling
- 2) Homebuyer Education Program (Participants must complete 8 to 12 course hours)
- 3) Post-purchase, mortgage default and rent delinquency counseling (including predatory lending)
- 4) Post-purchase/post-occupancy counseling (including debt management)
- 5) Home Equity Conversion Mortgage (HECM) counseling
- 6) Home improvement and rehabilitation counseling
- 7) Displacement and relocation counseling
- 8) Marketing and outreach initiatives

Also, please see HUD's Housing Counseling Program Handbook No. 7610.1 (Rev-4) for a complete description of eligible activities (Module 2 – HUD Compliance) and Article IV – Statement of Work in the sample grant agreement (Module 3 – Contract Requirements.)

B. Reporting

As the HUD grantee, the Federation must capture and report specific demographic data to the agency. In its application to HUD requesting the funds, the Federation proposes to meet specific goals and to reach a specified number of low-to-moderate income clients. HUD awards the grant to the Federation based on the goals its set forth in the application. In addition, the government considers the application a contractually binding document so the Federation is contractually required to collect data on the clients served as well as to count the number who receive services from sub-grantees. The data collection and reporting requirements are passed onto the Federation sub-grantees through the sub agreement.



Under the HUD grant, sub-grantees must collect:

- **Output data** – the number of one-to-one clients counseled by type of counseling received
- **Demographic data** – the race, ethnicity, and income (as a percent of the area median income) of one-to-one clients counseled
- **Performance data** – the outcome or resolution of the services provided

HUD Form 9902 – At the end of the project, the data is reported to HUD on Form 9902. Typically, HUD requires all information for Form 9902 to be entered into their Housing Counseling System (HCS) by the end of the calendar year. HCS is a secured, web-based data collection program.

HUD Form 9902 requires sub-grantees to track clients served with HUD funds and non-HUD funds. Data collected for all clients served with HUD and non-HUD funds is captured on the 9902 in the “All Counseling Activities” column. Data for clients served with HUD funds is separately captured on the 9902 in the “HUD Activities” column.

HUD collects data on clients served with non-HUD funds and considers those activities as “leverage.” Such activities assures HUD local housing counseling agencies are not dependent on the HUD Housing Counseling grant and would conduct housing counseling activities even without the HUD grant.

Home Counselor Online (HCO), TM Fannie Mae’s electronic client management tool, produces the 9902 report. It collects the data on each client and automatically tallies it for the report. In order for the sub-grantees to collect data on all of its non-HUD funded activities, it must enter into Home Counselor OnlineTM (HCO) information on all clients

On a quarterly basis, NCUF requires sub-grantees to enter their 9902 data into HCS. The data must be entered by the 15th of the month after the end of the quarter. Sub-grantees must also submit to the Federation a brief narrative describing accomplishments and problems encountered during the quarter along with the number of staff hours spent on the counseling activities.

Please see “Reporting Forms” in this module for a copy of HUD Form 9902, the Schedule for Reports, the Quarterly Narrative Form, and the Final Report Form.

Client ID Number Mandatory - In addition, to data captured in the 9902, HUD requires that all clients have a unique identification (ID) number. Sub-grantees can use any ID numbering system. They are encouraged to use a number, however, that includes the fiscal year to which the grant is linked. For example, a FY03 grant will have an ID number that begins with “03” followed by the client’s unique ID number. Such a numbering system allows the sub-grantee to quickly identify the year in which the client was counseled with a HUD grant. HCO allows users to insert ID numbers or to allow the system to automatically generate them. (Please see HUD HCP Handbook 7610.1 Rev-4 Chg-1 Issued October 27, 1997, Chapter 4 (Module 2 – HUD Compliance) and the Grant Agreement (Module 3 – Contract Requirements) for details.

Quarterly and Final Reports – The Federation is required to submit reports to HUD quarterly. In order to meet the deadline, the Federation requires sub-grantees to submit quarterly performance reports and financial reimbursement requests by the 20th day after the quarter ends. If



the 20th falls on a Saturday, the report is due the day before; on a Sunday, the day after. The following table shows the dates reports are due.

HUD Sub-grantee Reports Due To NCUF	
Period Covered	Report Due Date
Quarter 1: October 1 – December 31	January 15
Quarter 2: January 1 – March 31	April 15
Quarter 3: April 1 – June 30	July 15
Quarter 4: July 1 – September 30	October 31

C. *Recordkeeping*

As outlined in Chapter 4 of the HUD HCP Handbook, counseling organizations are required to maintain specific information in their client and workshops files. In particular, the client file should include:

- An intake form that identifies the “housing problem,” i.e. the type of services needed;
- Whether this intake occurred in person or over the phone;
- Client contact information;
- The counselor’s name
- An 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.

There are similar specific requirements for “group” files and workshop files. Please see the Handbook for those requirements.

It is important that files be maintained consistently (such as through use of a standard file checklist), and “tell a story” easily to an outside party who may come to review them.

Keep points to remember:

- During a HUD on-site monitoring review, staff will randomly select files and review them to assure that files are being maintained in accordance with HUD Housing Counseling Handbook requirements.
- All client files must be maintained in locked file cabinets. There is personal identifying information in many of these files, including financial information, and sub-grantees must maintain files in a manner that protects client privacy.
- 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, files should be shredded since they likely contain personal identifying and financial information.



Home Counselor Online™ will obtain the necessary information for each client and will secure the data electronically. Any hard copy files, however, must be protected and maintained as required in the HUD Housing Counseling Handbook.

Please see HUD Housing Counseling Handbook 7610.1 Rev-4 Chg-1 Issued October 27, 1997, Chapter 4 for all other recordkeeping requirements and checklists (Module 2 – HUD Compliance).

D. Code of Conduct Policy

HUD requires grantees receiving housing counseling funds to have a written Code of Conduct policy. The policy should prohibit any real and apparent conflicts of interest arising among officers, employees, or agents regarding procurement. Such a policy must also prohibit the solicitation and acceptance of gifts or gratuities by officers, employees and agents for their personal benefit. In addition, it must outline the administrative and disciplinary actions available to remedy violations of such standards. Special guidance should be given to employees who are providing education and counseling who may also hold a brokers or realtors license. (The Federation's Code of Conduct Policy, which can be used as a sample policy is included as at the end of this module.)

E. Conflict of Interest

HUD requires local housing counseling agencies to represent clients without a conflict of interest. A conflict exists when the sub-grantee has an interest in any matter relating to the client, an interest that might compromise the sub-grantee's ability to full represent the client's best interests.

Examples of conflict of interest are:

- Sub-grantee gives the client a mortgage without allowing the client an opportunity to explore the market for a mortgage that may be more suitable to the client's needs.
- Sub-grantee owns or rents a property it then sells to the client.
- Sub-grantee accepts a fee for participating in the sale of a property to the client.
- Sub-grantee holds or services the client's mortgage.
- Accept a fee from a lender or realtor for referring prospective homebuyers.

In cases where a potential conflict of interest exists, HUD requires organizations to:

- Have a separate staff and budget for each function. Therefore, the person who provides counseling can not also be the person who markets homes for sale or makes the mortgage.
- Provide a written disclosure to clients revealing the potential conflict and indicating that the client is under no obligation to take a mortgage from the sub-grantee.
- Have the client sign the disclosure form, acknowledging that he/she has been informed of the conflict of interest.



The disclosure form should clarify to clients that they will receive objective advice and that they are free to select a realtor, lender, mortgage product, and property of their own choosing. The form should also state that no information would be shared with an in-house or outside loan officer without the written consent of the client. (Conversely, the form should clarify that information will be shared unless the client requests such information NOT be shared.)

In the case, where a sub-grantee offers a first mortgage product, there should be a functional separation between staff. Therefore, a staff member providing counseling or education services should not be the same staff member who processes or approves loans.

(Please see the sample Disclosure Form at the end of this module. Also, please see HUD Housing Counseling Program Handbook 7610.1 Rev-4 Chg-1 Issued October 27, 1997, Chapter 5. (Module 2 – HUD Compliance)

F. Fair Housing

As described in Module 3 - Contractual Requirements, there are numerous federal nondiscrimination rules and regulations that apply to organizations receiving federal funding. It is important to recognize fair housing responsibilities go beyond just guaranteeing not to discriminate in the program. Sub-grantees also have the responsibility to **affirmatively** further fair housing, making special efforts to reach and accommodate populations that are typically underserved by the market like minority households and people with disabilities.

Sub-grantees must work to eliminate traditional barriers to affordable housing and homeownership. For example, sub-grantees can offer services in multiple languages and facilitate access to homebuyer assistance programs. The Federation's sub-grantees are encouraged to include a question regarding the need for special accommodation as part the standard intake form 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, HUD will confirm that sub-grantees use office space accessible to people with disabilities. They will also want to see that the sub-grantee is accessible to the community by public transportation, that it offers private meeting spaces, and if workshops are offered, that the sub-grantee arranges or has available, convenient and accessible training space. HUD may also want evidence that the sub-grantee does not discriminate in marketing its services.

(Please see Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Fair Housing Act)



Module 1 Appendices include:

1. HUD Form 9902
2. Disclosure Form Template
3. Sample Code of Conduct Policy
4. Sample Conflict of Interest Disclosure Form
5. Sample Counselor Code of Conduct Policy
6. Sample Dual Agency Disclosure Form
7. Sample Fee Policy
8. Sub-grantee Quarterly Performance Report Form to NCUF – Narrative
9. Sub-grantee Final Report Form to NCUF - Narrative
10. NCUF Quarterly Report Form to HUD
11. NCUF Final Report Form to HUD