

HOMEBUYER EDUCATION AND COUNSELING PROGRAM AND STANDARDS GUIDE

REVISION 4

January 12, 2017

<u>Remove and discard:</u>	<u>Replace with enclosed:</u>
Page 5 (August 2014).....	Page 5 (Revised 01/10/17)
Page 6 (August 2014).....	Page 6 (Revised 01/10/17)
Page 7 (Revised 08/01/15)	Page 7 (Revised 01/10/17)
Page 9 (Revised 08/01/15)	Page 9 (Revised 01/10/17)
Page 10 (Revised 03/04/15)	Page 10 (Revised 01/10/17)
Page 11 (Revised 03/04/15)	Page 11 (Revised 01/10/17)
Page 13 (August 2014).....	Page 13 (Revised 01/10/17)
Page 14 (Revised 08/01/15)	Page 14 (Revised 01/10/17)
Page 15 (Revised 08/01/15)	Page 15 (Revised 01/10/17)
Page 16 (August 2014).....	Page 16 (Revised 01/10/17)
Page 18 (Revised 08/01/15)	Page 18 (Revised 01/10/17)
Page 19 (Revised 08/01/15)	Page 19 (Revised 01/10/17)
Page 20 (Revised 08/01/15)	Page 20 (Revised 01/10/17)
Page 22 (August 2014).....	Page 22 (Revised 01/10/17)
Page 23 (August 2014).....	Page 23 (Revised 01/10/17)
Page 24 (August 2014).....	Page 24 (Revised 01/10/17)
Page 25 (August 2014).....	Page 25 (Revised 01/10/17)
Page 27 (Revised 08/01/15)	Page 27 (Revised 01/10/17)
Page 28 (Revised 08/01/15)	Page 28 (Revised 01/10/17)
Page 29 (Revised 08/01/15)	Page 29 (Revised 01/10/17)
Page 31 (Revised 08/01/15)	Page 31 (Revised 01/10/17)
Page 37 (August 2014).....	Page 37 (Revised 01/10/17)
Page 39 (Revised 08/01/15)	Page 39 (Revised 01/10/17)
Page 41 (Revised 08/01/15)	Page 41 (Revised 01/10/17)

EFFECT OF CHANGE

This Revision includes the following:

- New format and time requirements for in-person classes
- New allowable customer fee
- Additional language regarding Conflict of Interest
- Additional language regarding payments during suspension/termination
- Clarification regarding the type of agencies eligible to apply and participate in the Program
- Clarification regarding the timeframe an agency has to adopt the National Industry Standards
- Clarification regarding counselor/educator certification requirements
- Clarification regarding steering
- Clarification regarding file forms
- Clarification regarding Certificate of Completion (i.e. security)
- Clarification regarding customer data sharing in HCO and CounselorMax

SECTION 2: HOMEBUYER EDUCATION INITIATIVE PROGRAM PROVIDERS

2.1 ELIGIBILITY AND APPLICATION REQUIREMENTS

A. Eligible Homebuyer Education Initiative Provider

To be eligible, provider must meet the following requirements:

1. Must be one of the following:
 - a. Non-profit entity organized and existing under the laws of the State of Tennessee with federal 501(c)3 or 501(c)4 designation, not an arm of or connected to a for-profit business, including licensed lending and real estate professionals or credit repair agencies, and having at least one staff member that is NCHEC (NeighborWorks® Center for Homeownership Education and Counseling) Certified in Pre-Purchase Education; or
 - b. A UT Extension agency office, Tennessee Development District Office, Human Resource Agency, Public Housing Authority, or Tennessee state, county or local government office and having at least one staff member that is NCHEC (NeighborWorks® Center for Homeownership Education and Counseling) Certified in Pre-Purchase Education.
2. Have sufficient experience, as determined by THDA in its sole discretion, in homeownership education and counseling;
3. Be in good standing with all THDA, HUD, Federal, and local government programs.
4. Be in good standing under the laws of Tennessee and have a current Certificate of Existence from the Office of the Tennessee Secretary of State.
5. Have sufficient financial capacity and resources, as determined by THDA in its sole discretion. The application reviewer may request agency financial statements and/or audit reviews.
6. Have a clearly and properly identified office, not in a residence, with space available for the provision of housing counseling services. There must be permanent signage identifying the housing counseling office. The agency's office should provide privacy for in-person counseling and confidentiality of client records. Education and counseling space should be convenient, accessible to the community by public transportation whenever possible and offer private meeting space.
7. The office should operate during normal business hours and offer extended hours when necessary. However, an exception to this requirement is allowed for certain branch offices that only have the resources to operate on a part-time basis but can demonstrate that their services are critical to the community in which they are located.
8. Provide accessibility features or make alternate accommodations for persons with disabilities, in accordance with section 504 of the Rehabilitation Act of 1973 (29 U.S.C.94), 24 CFR parts 8 and 9, and the Americans with Disabilities Act (42 U.S.C. 12101 et seq.)

B. Applying to Become an Approved HBEI Provider

1. A local homeownership education and counseling agency may be approved by THDA to participate in the HBEI program upon meeting the requirements enumerated in this HBE Program and Standards Guide and upon completing and submitting all of the required documentation for the THDA HBEI Program Application found in Section 13, to include but not limited to an executed HBEI Program Agreement. This process will occur on an as needs basis and/or when THDA has open enrollment.
2. All materials submitted to THDA by an HBEI Provider must be satisfactory to THDA, in its sole discretion. THDA reserves the right to request additional information prior to determining whether any materials submitted are satisfactory and whether an organization qualifies to become or remain a HBEI Provider. Organizations that THDA determines, in its sole discretion, to be qualified and eligible, initially and on a continuing basis, are referred to as “Homebuyer Education Initiative Providers” or “HBEI Providers”.

2.2 HBEI STANDARDS, TRAINING, CERTIFICATION & CONTINUING EDUCATION

A. Adoption of National Industry Standards

HBEI Providers adopt the National Industry Standards for Homeownership Education and Counseling as soon as possible after becoming approved by THDA, and no later than one year from approval. (See <http://www.homeownershipstandards.com/Home/Home.aspx> .)

B. Importance of Training and Certification

THDA HBEI Providers must know the homeownership process and demonstrate an understanding of adult learning principles. Training and certification is designed to do the following:

1. Ensure HBEI Providers have attained a level of knowledge that qualifies them to perform the services required;
2. Encourage excellence in the homeownership profession and develop criteria for assessing the level of excellence; and
3. Promote the professional growth of certified individuals by encouraging a system of continued professional education.

THDA’s NeighborWorks® America place-based pre-purchase certification trainings are offered annually. Priority will be given to existing agencies and targeted counties. Alternatively, HBEI Providers may attend NeighborWorks® Institutes offered quarterly throughout the nation. (See <http://www.nw.org/network/index.asp>)

C. Training for Pre-purchase Education

HBEI Providers delivering homebuyer education are required to complete and pass the exam for the NeighborWorks® America's HO229 Homebuyer Education Methods: Training the Trainer course before the Provider applies to become a member of the HBEI Network. Final test score should be submitted to THDA staff upon completion and/or with application packet.

D. Continuing Education

THDA supports continued learning and professional growth of HBEI Providers to promote high quality services for participants. THDA offers continuing education opportunities through annual meetings, NeighborWorks® place-based trainings, and NeighborWorks® online courses. In addition, THDA encourages HBEI Providers to participate in seminars, courses, conferences, etc. through relevant and trusted entities. If Providers are certified by entities other than NeighborWorks® America, they may choose to meet the continuing education requirements for those certifications, although THDA does not require it. Providers must meet the following requirements in order to maintain their Neighborworks® certification.

1. HBEI Providers meet certification and continuing education requirements established by NeighborWorks® Center for Homeownership Education and Counseling (NCHCEC). HBEI Providers complete a minimum of 10 hours of continuing education annually, or 30 hours within a 3 year period, in subjects relative to the core content and delivery of homeownership education.
2. HBEI Providers have to submit proof of completion to THDA. Providers are responsible for maintaining a record of completed Continuing Education Hours (CEHs) for educators and counselors for three years. THDA will request documentation during the renewal process or as needed. HBEI Providers providing multiple services, including foreclosure counseling, homebuyer education, or homebuyer counseling do not have to complete more than 10 hours of CEHs annually, but must complete training relevant to all areas of expertise.
3. In order to maintain NCHCEC certification, counselors/educators are required to complete 30 hours of continuing education over the period the certification is valid (three years from the date of issuance). At least 15 of these hours must be completed through NCHCEC. In the event that this requirement is not met, the certification expires and becomes invalid. In this instance, the counselor/educator must re-take the certifying course and accompanying exam should they wish to re-apply for certification. If the counselor/educator is the only provider for the agency, THDA will suspend agency until requirement is fulfilled.
4. Additional information about NCHCEC Certifications can be found here: http://nw.org/network/training/homeownership/NCHCEC_Certification.asp and certification renewal here: <http://nw.org/network/training/homeownership/continuingeducationunits.asp>.

2.3 ADMINISTERING AN HBEI PROGRAM

A. Code of Ethics and Conduct

1. A Code of Ethics and Conduct for Homeownership Professionals has been developed by the Advisory Council for the National Industry Standards for Homeownership Education

5. HBEI Providers of homebuyer education and counseling may not be associated with the decision to approve or deny in-house mortgage loans, grant programs or the sale of property to participants that receive their homeownership education and counseling services. Agency must implement internal processes to include arm length duties for staff.

C. Customer Feedback

Before receiving their certificates, participants completing homebuyer education classes, workshops, clubs, and counseling sessions complete a satisfaction survey (See **Section 13**).

1. Clients are to be given customer satisfaction surveys to complete at the conclusion of their training.
2. A copy of the Customer Survey should be placed in the customer's file or class file.

D. Data Privacy

HBEI Providers adhere to federal regulations and statutory laws pertaining to the release of private data about individuals to outside parties. Before releasing private client data, HBEI Providers must secure written authorization from the client. The authorization must include the parameters of information to be shared and may not be a blanket waiver. Clients are not required to share private data with counselors or third parties. Provision of service must not be contingent on clients' providing their consent to share data. See Privacy Policy and Housing Counseling Agreement in **Section 13**.

E. Fair Housing

HBEI Providers must affirmatively further fair housing by making special efforts to reach and accommodate populations that are typically underserved. HBEI Providers comply with the provisions of the Americans with Disabilities Act (ADA) and observe all laws pertaining to fair housing in the administration of homebuyer services. Providers ensure the accessibility of their services for people with disabilities and offer reasonable accommodation when necessary. In cases where reasonable accommodations are requested, all actions taken to facilitate service delivery should be documented.

F. Fees

HBEI Providers may charge up to \$99 to customers already in the process of obtaining a THDA loan and a reasonable fee to other participants for face-to-face homebuyer education. Providers also may establish a sliding fee scale, based on income. Any customer paying more than \$99 for a loan that is not initially THDA and then changes to a THDA loan must be refunded the amount over \$99 by the Provider.

HBEI Providers who elect to charge fees must have a written fee policy that is made available to participants. Third party fees that present a conflict of interest are prohibited. This includes direct payment from a lender or real estate agent on behalf of the participant.

Fees are based on the actual cost of delivering services. HBEI Providers should consider what other Providers in their area charge.

1. THDA homebuyer education class fees: A reasonable maximum fee for a THDA loan customer for a 6 hour homebuyer education class or a minimum four hour one-on-one service is \$99 per person, not to exceed \$99 per household.
2. Fees must be reasonable and customary.

G. Marketing

Reaching participants early is key to providing effective services. Early participation increases the likelihood of success in homeownership. Raising awareness about the availability of homebuyer education and counseling is a critical component of programming. To assist with marketing efforts, THDA has outreach materials and support services available for Providers' use.

1. Providers are responsible for marketing their homebuyer services. Providers should develop, maintain, and utilize a marketing plan that employs a variety of outreach methods for reaching participants early.
2. Providers should have an affirmative marketing process to communicate that homebuyer services are administered in a non-discriminatory manner. This may include equal housing opportunity messages, logos or slogans on written materials, and tailoring marketing messages to populations less likely to participate in services.
3. Providers may contact THDA for suggestions and resources in their area.

H. Preferred Language

Providers should accommodate language needs of participants and refer homeowners to advisors within their organization, or to another Provider that offers language specific services whenever possible.

1. Providers should not turn away a homebuyer due to language barriers.
2. If language specific services are not available, translators should be made available to homeowners requesting the service.
3. Providers should get at least two bids, selecting the most reasonable rate considering availability. If Providers are unable to obtain at least two bids or the cost of translation exceeds \$100 per hour and service exceeds four hours, THDA staff should be contacted for prior approval.

I. Program Expansion

To ensure the best use of limited resources and to maximize coverage across the State while avoiding duplication of services, if expansion is considered, THDA requires prior approval/notification before Providers expand their THDA service area. The following are considered minimal approval criteria and requirements for expansion:

1. Successful administration of homebuyer services for a minimum of one year
2. Demonstrated need and the ability of the Provider to deliver expanded services to the geographic area and/or population
3. A plan for offering expanded services that demonstrates staff and financial capacity
4. A proposed timeline
5. Collaboration with current Providers serving the proposed geographic area and/or target population (if applicable)

Before program expansion, Providers must submit a written request to THDA HBEI staff. The request will be reviewed and noted in the Provider's file, unless the Provider has had a less

than satisfactory performance during their most recent THDA HBEI Program Review. In the case of an unsatisfactory performance review, THDA reserves the right to refuse to list or promote the Provider's activities in the proposed expansion area.

J. Program Compliance Review

The HBEI Program Review process is designed to examine Providers strengths and areas that may need improvement and ensure compliance with the HBE Program and Standards Guide. The program review includes observation of homebuyer education, interview with Provider Agency staff, file and reports review and customer feedback. The following are considered during the Program Compliance Review:

1. THDA conducts the program review at least once every year for each provider. New Providers are reviewed within the first 9 months of offering services. Providers are notified no later than 30 business days before a program review. For Providers who have completed the program review, an abbreviated review is conducted within 12 months of hiring new staff or if deemed necessary by THDA to ensure compliance. During the site visit, THDA staff will follow up on agency issues, discuss status of the homebuyer education program, conduct a file review of at least two files (one in-person and one online if applicable), and answer any questions.
2. Organizations who are approved by THDA to act as HBEI Providers hereunder shall submit acceptable documentation annually or when necessary, as determined by THDA in its sole discretion, to remain an HBEI Provider.
3. Third party, unidentified monitor will observe classes and provide report findings to THDA.

K. Record Keeping

Customer files should be maintained by Providers. A household or group file should be maintained for homebuyer education and household files are maintained for homebuyer counseling. Files should be maintained in a secure location and kept for a minimum of 3 years following the end of the program year in which the file was closed.

At the time of disposal, paper files should be shredded and electronic files permanently deleted. A Checklist should be used to ensure files are consistently maintained and meet reporting standards and quality assurance. See sample Counseling Documentation Checklist for group files and one-on-one files in **Section 13**.

1. Homebuyer Education Customers

Homebuyer education should be provided to two or more participant households in a class or workshop format. At a minimum, participant files for homebuyer education should include: 1) Class/Workshop Registration; 2) Class/Workshop Satisfaction Survey;

THDA staff will talk with the Provider about continuation of services and any changes in programming required as a result of the staff change.

N. Steering

Providers or volunteers must not limit the choices of any participant by directing them to products or any one person or entity to the exclusion of other products the participant may be eligible for or interested in. THDA recommends providers offer a list or resource table, to include contact information for three or more housing industry options. When partnering with housing professionals, it is imperative that the provider use best judgement with donated company SWAG or promotional products (pens, calculators, note pads, etc.).

O. Suspension/Termination

To ensure quality services and the professionalism of the network, failure to comply with HBEI Program requirements and standards may result in Provider suspension and/or termination.

1. Providers will be contacted by telephone or email regarding concerns that may lead to suspension and/or termination. If the matter is a clear violation of an HBEI Program requirement or standard, as determined by THDA, the Provider will receive written notification with an effective suspension date. Once suspended, the Provider may not offer homebuyer services under the auspices of the network, utilize materials provided by THDA, or market themselves as a THDA HBEI Homeownership Education or Counseling Provider. The suspension will remain in effect for a time determined by THDA. Failure to resolve the matter in a timely manner, as determined by THDA, will result in termination.
2. Termination of a Provider must be approved by THDA HBEI staff, Sr. Director of Single Family Programs, and the Executive Director of THDA. Notice of termination is sent via written notification with an effective date. Providers are entitled to appeal the termination to the Executive Director, in writing, within 30 days of the effective termination date. THDA HBEI Staff reserves the right to recommend immediate termination to the Executive Director for egregious acts committed by Providers. All written notification will be sent by mail to the most current mailing address on record.
3. THDA will not fund any payments for services or provide any training materials for an organization whose status as an HBEI Provider is not current, to include payment of service at the date THDA was made aware of the compliance issue.

PART II: HBEI PROGRAM DELIVERY STANDARDS

SECTION 3: BASIC HBEI HOMEBUYER SERVICES

The HBEI program model is designed to meet the needs of participants by understanding what steps, if any, have been taken towards homeownership, determining mortgage readiness and customizing services based on the needs of the participant. HBEI educators and counselors should have a working knowledge of and be able to share information with their customers about THDA mortgage loans, HUD Programs, and Rural Development mortgage loans, as well as other special affordable loan products available in their area. Trainers can access www.thda.org, www.HUD.gov, and www.rurdev.usda.gov/TN for more information.

3.1 FORMAT AND TIME REQUIREMENTS

Homebuyer education is provided to two or more participant households in a class or workshop format while homebuyer counseling is provided to one customer household at a time. Each person on the loan is required to attend a homebuyer education class. THDA HBEI approved providers serve THDA loan customers through a variety of formats, including the following:

- Minimum of six hours of classroom/workshop education
- Four hours of classroom/workshop education, paired with one hour of individual counseling, per household
- A minimum of four hours of face-to-face, one-on-one homebuyer counseling
- A minimum of one hour of individual counseling coupled with THDA's approved eHomeAmerica an approved online homeownership education course

3.21 SCREENING

The process of screening helps participants understand what services are available and best fits their needs. HBEI agencies should use customer intake forms to collect required client information and to track the services provided for the client. THDA gathers this information to meet federal requirements. Information from the forms will help counseling agencies prepare pay requests and activity reports, and also will be useful if the client needs additional services. The staff person performing screening and/or intake must be trained in requirement of the Privacy Act. This staff may obtain basic information to determine if the agency can assist a potential client, schedule an appointment with a housing counselor or refer the potential client to other resources.

1. Screening should be completed for all participants interested in homebuyer services and can be done by the client or facilitated by the homeownership advisor or support staff. Screening may take place in person, by telephone or email, or through website applications.
2. For Providers who offer online registration, the webpage must include information on homebuyer counseling and the benefit of those in the initial stage first meeting with a homeownership advisor.
3. Providers must contact participants who register online by phone or email to complete screening.

4. For the purposes of screening, participants are identified as one of the following:
- Initial Stage: The client has not been preapproved for a mortgage loan or submitted a purchase agreement.
 - In Process: The client has been preapproved for a mortgage loan, submitted a purchase agreement, or has a closing scheduled.

3.3 INTAKE

During intake, contact and demographic information should be collected for each household. Applicable forms and authorizations are reviewed with participants. Intake should be completed immediately following the screening or at the first homebuyer counseling session or homebuyer education session. Each person on the loan is required to attend a homebuyer education class. Customer files must include the intake application, authorizations, copy of identification with name and photo, and other applicable forms.

A. Client Numbers and Forms

Standardized intake forms should be used for each household. Intake can be facilitated by the homeownership advisor or support staff and may be done in person, by telephone or email, or through a website application. See samples of Client Intake Forms in **Section 13**.

All clients must be assigned a six digit client number. At a minimum, customers should be asked to sign an agreement to participate, a Conflict of Disclosure form and a Combined Privacy Act Notice form. A copy of the form(s) should be given to the customer and the original(s) should be placed in the customer's file.

B. One-on-One and Online Client File

A client file must be maintained on each client household that is receiving housing counseling. The intake form should be kept in the client's file as well as copies of identification with name and photo, budget sheets, and any client communication, applicable authorizations and forms, and other pertinent information.

C. Group Education File

Providers must maintain a separate confidential file for each course provided. The file may be electronic or a combination of electronic and paper. The file must include the items identified below. An individual file does not need to be established for each education attendee. However, if a client has an existing individual file and attends a group workshop the client's participation in the workshop session must be documented in his/her individual file.

1. File Number - A file number for the education/ workshop session
2. Data - All required fields are listed in **Section 7**.

3. Course Description - Course title, course outline or established curriculum; and instructional goals
4. Instructors - Name of each housing counselor, instructor or presenter participating in the session.
5. Course Logistics - Date, place and duration of each session.
6. Participant Information - List of participating households and the race, ethnicity, and income data for each household
7. Disclosure - The disclosure statement provided to each household that is relevant to the subject of the session.
8. Fees - If applicable, the amount paid through client fees and a copy of the receipt provided to the client.

3.4 REFERRALS

Homeownership education and counseling providers will provide services within their skill sets, and refer participant for additional services when necessary.

- Providers should be aware of local resources and agencies to refer participants.
- Prior to referring participants, Providers should ensure competent and timely services are offered. Following a referral, homeownership advisors should contact the participant within 10 business days to determine the outcome.
- If asked by customers to provide referrals for for-profit housing professionals, such as lenders, real estate agents, home inspectors, builders, multilevel companies, etc., HBEI Providers should always provide a list or a resource table to include a minimum of three names. “Steering” customers is prohibited and, if documented, will be cause for permanent removal from THDA’s approved list.

HBEI Providers must submit auxiliary materials to THDA for approval before distributing said materials in classes attended by THDA loan customers, unless approved or required by HUD or the agency's intermediary.

Under no circumstances should HBEI Providers allow sales or multi-level marketing presentations to be included within the class or workshop time-frame or in connection or conjunction with a THDA approved homebuyer education class or workshop, to include but not limited to share class participants contact information for any sales solicitation. Agencies or individual educators or counselors participating in such activities will be immediately and permanently terminated from THDA's homeownership education and counseling programs.

4.6 APPROVED FORMATS

THDA approved homebuyer education is delivered in one of the following formats:

A. Homebuyer Class or Workshop

While the content and curriculum requirements are the same, "fast track" classes or workshops are offered in a shorter time frame, targeting participants who are closer to mortgage readiness.

B. Homebuyer Club

Homebuyer clubs, which include several sessions allowing in-depth instruction, may be more beneficial for participants who have greater barriers to homeownership.

C. Online Homebuyer Education

Online homebuyer education through eHomeAmerica is available to all customers in conjunction with a minimum of one hour of telephone or face-to-face homeownership counseling by an approved HBEI online Provider agency.

A customer may access the Homebuyer Education Course via THDA's website or by contacting the approved Provider agency directly.

4.7 APPROVED DELIVERY TIME

Pre-purchase classes and counseling provided by HBEI-approved agencies must be led by educators and/or counselors that have received pre-purchase certification from NeighborWorks® America. Upon completion of homeownership education, clients should be able to demonstrate an understanding of the following: preparing for homeownership; budgeting and credit management; financing a home; selecting a home; maintaining a home and finances; and avoiding delinquency and foreclosure.

The time allocated for comprehensive, effective delivery of pre-purchase curriculum to achieve a desired expected outcome and cover content adequately should be a minimum of six hours of education. In some circumstances (e.g., when a customer is provided homeownership education and counseling in a one-on-one setting) hours may vary, **but in no case would less than 4 hours be sufficient.**

A. Homebuyer class or workshop

The homebuyer education class or workshop format is a minimum of six hours and is offered in one-day or multi- days. If at least one hour of counseling is provided to each participant in conjunction with the workshop, the class session may be four hours.

B. Homebuyer Club

The homebuyer club format is a minimum of 12 hours, offered over a minimum of six sessions, delivered over several months.

C. One-on-one Homebuyer Education/Counseling

Individual or one-on-one homebuyer education/counseling must be a minimum of four hours with the required NeighborWorks® America RTAD curriculum being completely covered and individual budget counseling incorporated. (See Section 6 for topics to be included in a one-on-one counseling session.)

D. Online Education

Individual or one-on-one education/counseling sessions must be a minimum of one hour. The following required topics must be covered:

- Review of modular quizzes to ensure customer's understanding of topic covered.
- Assist customer with creating personal budget.
- Loan disclosure forms.
- Customer questions.

NOTE: Agencies that breach the minimum requirements for class and/or individual counseling will be removed from THDA's approved HBEI provider list.

4.8 VOLUNTEERS

Providers are allowed, but not required to utilize volunteers in the delivery of homebuyer education. All volunteers must be identified, screened, and trained by Providers. HBEI Providers must be present throughout the class to monitor volunteer presentations and ensure that the core curriculum is delivered thoroughly and objectively. Providers should give regular feedback to volunteers.

Periodically Providers use different volunteers to ensure variety in delivery style and perspective and to engage more industry professionals in homebuyer education.

Volunteers may not distribute marketing or educational materials with company logos or contact information, including business cards and brochures. Business cards may be made available at a general resource table. It is imperative the Provider use best judgement with donated company SWAG or promotional products (pens, calculators, note pads, etc.).

Volunteers are not required to complete certification; however they must adhere to and sign the Code of Ethics and Conduct found in Section 13. Providers are encouraged to create a Volunteer Agreement to incorporate agency procedures, proprietary policies, and client confidentiality, and require all volunteers to adhere to and sign such agreements. See sample Volunteer Agreement in **Section 13**.

4.9 REGISTRATION

Providers should have a formal registration process for all participants. To reduce barriers, participants can register by phone or if available, online.

Participants should receive a response by phone or email no more than two (2) business days after initial contact with the Provider. Providers should close registration when full or no sooner than five (5) business days before the start of homebuyer education.

Provider voicemail should inform participants they offer homebuyer education and may include registration instructions.

Participants should be scheduled for homebuyer education based on their need and the availability of services. If a Provider's schedule does not allow participants to complete education in time for a closing, the Provider should refer participants to another Provider.

4.10 ATTENDANCE

Each household member listed on the loan is required to attend a homebuyer education class, and are required to attend the entire workshop or homebuyer club. Participants who miss more than 10 percent are required to make up the missed portion to receive a certificate of completion. Attendance requirements cannot be shared between members of a household.

Providers may establish a policy to address how participants can make up missed portions of homebuyer education. Providers may implement a policy to address when participants arrive late or return late from breaks.

4.11 CERTIFICATES OF COMPLETION

Certificates are issued by the HBEI Provider to the participant upon completion of the course. Certificates should only be issued to participants who adhere to the attendance policy, and after the customer has completed the customer evaluation survey (See Section 13).

For THDA's financial accounting purposes, Provider must give customer the certificate specific to the type of course completed.

HBEI Providers must use the certificate of completion template supplied by THDA and include THDA's logo, Customer name, Provider Agency name, HBEI Trainer ID Number, completion date and Counselor/Educator signature. When applicable, Providers shall make certificates available in English and Spanish. In order to reduce fraudulent activity, it is strongly recommended that the Provider initial or sign their name beside their typed name. When emailing the certificate, the Provider must first save the template as a pdf formatted document.

- THDA HBEI Certificates of Completion are effective for 12 months.
- Participants are not required to pass an exam to receive the certificate of completion.
- Once issued, certificates may not be invalidated by Providers for nonpayment.

PART III: HBEI PROGRAM PROCEDURES

SECTION 5: HBEI PROVIDER APPLICATION PROCESS

5.1 APPLICATION OVERVIEW

THDA utilizes a network of non-profit providers to deliver homeownership education and counseling services in Tennessee. These providers include community-based 501C3 agencies, UT County Extension agents, Development District housing specialists, regional human resource agencies and public housing authority staff.

HBEI approved agencies are required to have at least one staff member who has successfully completed the NeighborWorks® America HO229 “Homebuyer Education Methods: Training the Trainer” five-day course. HBEI agencies are expected to adopt and follow National Industry Standards for Homeownership Education and Counseling no later than one year from the date of approval. Complete information about the Standards can be found at www.homeownershipstandards.com.

HBEI approved agencies must submit a completed HBEI application packet, a signed HBEI Program Agreement, and a signed Code of Ethics (See Section 13) before they can be approved and placed on THDA’s Homebuyer Education Trainer List at www.thda.org.

The homeownership education and counseling model that THDA uses relies on a non-profit perspective for preparing trainers and counselors to work 6 months or longer with individuals, preparing them for homeownership and also being available after purchase in case of delinquency and/or default. Due to the potential for conflict-of-interest, THDA does not accept applications from non-profit agencies that are “spin-offs” or have been formed by individuals or businesses directly involved with for-profit lending, real estate sales, construction of new homes, renovation of existing homes, or for-profit consumer credit counseling agencies.

A. Applicant Steps

All agencies must have at least one staff member that has obtained the NeighborWorks® America HO 229 Pre-purchase certification. Agencies wishing to participate as an approved THDA HBEI training affiliate must submit the following items:

- 1) Completed HBEI Program Application Packet (See Section 13)
- 2) Copy 501C3 certification including charter and by-laws
- 3) List of all board members with occupation, terms and contact information.
- 4) Copy of current Certificate of Existence from the Tennessee Secretary of State's Office
- 5) Copy of organization's most recent financial audit, should be completed within the past year.
- 6) Resume or bio for each trainer
- 7) Copy of each trainer's NeighborWorks® training certificate and final test score
- 8) Copy of homebuyer education proposal. The proposal should be a full overview of how the agency plans to administer the programs. Information to include, but not limited to:
 - Marketing plan
 - How will they draw customers
 - Will they provide group HBE and/or one on one
 - What is their fee range
 - Where will they hold classes
 - Do they plan to use volunteers
- 9) Signed HBEI Program Agreement (See Section 13)
- 10) Signed Code of Ethics and Conduct (See Section 13)
- 11) Completed Wire Routing Form (See Section 13)

B. Applicant Reporting Requirement

Non-profit agencies requesting to participate in the HBEI program must also sign up to report customer data to THDA using a client management system such as Fannie Mae's Home Counselor Online or CounselorMax®. (See **Section 7** for HCO Set-Up Instructions.)

- 1) 1. HCO Step (See Section 7)
 - a. Register on HCO
 - b. Sharing Access with THDA
 - c. Sharing Customer Cases with THDA

After signing up with HCO, the applying agency must request to share access with THDA in the HCO system. The applicant agency notifies HBEI staff that the access sharing request has been submitted in the HCO system. If all of the other application requirements have been met, HBEI staff will confirm the applicant's sharing request in HCO.

C. THDA Approval Follow-up Steps

Upon agency approval, THDA will take the following steps:

- 1) Assign agency a new Trainer ID #
- 2) Add agency's name to THDA web list
- 3) Create account in HBEI online calendar and send calendar instructions to newly approved agency.
- 4) Send approval letter, the agency Certificate of Completion (to be provided to customer upon completion of service), and any other current resources.
- 5) Place start up orders for RTAD materials and THDA Home Maintenance Guides
- 6) Set up file for new agency

SECTION 6: HBEI PROVIDER SERVICE DELIVERY

6.1 BASIC SIX HOUR GROUP EDUCATION DELIVERY

When pre-purchase education and counseling are completed, clients should be issued a Certificate of Completion for homebuyer education. HBEI agencies must cover the curriculum in the RTAD training manuals during their pre-purchase education sessions. THDA provides the manuals and additional maintenance guides at no cost to HBEI agencies for distribution to each of their pre-purchase customers.

6.2 INDIVIDUAL ONE-ON-ONE COUNSELING

If the pre-purchase class customers receive less than six hours of group education, including online education customers, they must also have at least one hour of individual housing counseling before receiving their Certificate of Completion. Following are the minimum topics to be covered for THDA loan customers during the individual one-hour pre-purchase housing counseling session:

A. Analysis of the Customer's Unique Financial Situation

This includes but is not limited to the following:

1. A review of the customer's income, expenses, spending habits, home values and use of credit. For example: if the customer has car payments and credit card debt, encourage them to eliminate those payments and not take out any new credit for the first year of homeownership.
2. The establishment of a household budget that the customer can afford.
3. The importance of establishing savings for an emergency fund and for preventive maintenance.

B. Foreclosure Prevention (may be covered during group session)

C. Predatory Lending

Watching for warning signs such as "refinance offers, etc.", (may be covered during group session)

D. Unique Features of THDA Mortgages, including the following:

1. Residence Requirement: The Applicant(s) must occupy the Property as their permanent, principal residence within 60 days after the THDA loan is closed. The Applicant(s) must use the Property as their permanent, principal residence for the life of the THDA loan.
2. Three year prior ownership: Applicant(s) who have had an ownership interest in their principal residence within the three years (a full 36 calendar months) prior to the date of application are not eligible for a THDA loan. When an applicant is married, both spouses must meet the three year, first-time homebuyer requirement. The three year requirement does not apply if the Property to be acquired with the THDA loan is located

6.3 ONLINE HBE SERVICE DELIVERY

THDA allows the use of the eHomeAmerica online product for borrowers who prefer an online course.

Only approved HBEI Providers can serve THDA's loan customers' online education needs.

A. Criteria for Online Education

Although the preferred form of homeownership education is in person, THDA will allow the use of the online product to accommodate customers who prefer an online course.

THDA does not have any criteria that would limit a borrower from receiving education online.

B. Customer Process for Online Education

The online customer will complete the following process:

1. The customer must register for the eHomeAmerica course through THDA's website and pay the required fee for using the online product.
2. The customer is required to complete an intake application and provide requested documentation including copy of identification with name and photo.
3. The eHomeAmerica online course will take several hours to complete. The course has test questions at the end of each section. The customer will be able to go in and out of the course and, if needed, take the course over several days.
4. Upon completion of the course, the online customer will be required to participate in a one hour counseling session with the HBEI agency selected during the online registration process. The one hour counseling session provides follow-up counseling on the test questions and additional counseling regarding the customer's budget and their responsibilities as a THDA homeowner.

C. HBEI Agency Process for THDA Online Customers:

1. Initial Screening Interview should be conducted by agency. During the initial contact with the online customer, the HBEI agency should perform the following:
 - a. Provide the customer with a brief overview about their agency and explain that they will be available to assist the customer in the future.
 - b. Collect any necessary information not gathered through the eHomeAmerica intake system in order to complete all required data fields in HCO and CounselorMax®. (Refer to **Section 7.1.D**).

- c. Ask the customer to sign an agreement to participate, disclosure and permission to release information forms. A copy of the form(s) should be emailed to the customer and the returned signed copies should be placed in the customer's file.
 - d. Will explain to the customer all the steps involved in using the online course, including the following:
 - How to access the eHomeAmerica course, if applicable
 - Intake steps
 - Required course fee
 - Inform the customer that they can communicate with the counselor if they have questions as they go through the course.
 - Within 1 business day following completion of the course, customer will be contacted by a counselor to schedule the required counseling session. This session is not required to be conducted in the same day as completion of the online course; however, must take place within 7 business days.
 - Make sure the customer understands that they must complete the follow-up telephone counseling session with the counselor *before* receiving the Certificate of Completion.
 - e. During their follow-up counseling session, the counselor should cover topics as detailed in **Section 4.7.D and Section 6.2.**
2. Follow-up counseling session should include the session outline topics discussed in **Section 6.2.**

SECTION 7: CUSTOMER REPORTING

7.1 REPORTING & SHARING CUSTOMER DATA WITH THDA

THDA requires all HBEI agencies to share homeownership education and counseling customer data for each borrower in the household with THDA by using Fannie Mae's Home Counselor Online (HCO) system or CounselorMax®. All required participant information must be entered and shared in HCO or emailed to THDA via CounselorMax® by the first day of each month or payment will not be made for the non-reported loan.

Agencies must complete four basic steps in order to provide THDA with required customer data:

1. Register, as an administrator, on Fannie Mae's Home Counselor Online System.
2. Set up shared access with THDA.
3. Set up shared cases with THDA.*
4. Enter required customer data. (Minimum information fields listed under Section D below.)

A. HCO Registration Process

The revised Home Counselor Online registration process includes interactive documents, which are now available on efanniemae.com. Electronic documents may be accessed at: <https://www.efanniemae.com/sf/technology/accountmanage/counselingreg.jsp>

HCO users upload documents from efanniemae.com, type in the required information, print, sign, and submit for processing. When registering as HCO users, HBEI UT trainers should enter their "organization" or "agency" name as follows: UT Extension – Montgomery County (or Bradley or Knox etc.).

After agency gets HCO User ID and password, agency should set up shared access and case sharing with THDA.

B. Sharing Access

- After logging into Home Counselor Online at: https://hco.efanniemae.com/hco/index.jsp?da_forward=login
- Place your mouse cursor over the word Administration, it's located in the top menu, and then move your mouse cursor to Set Up after the drop down menu appears.
- When the next menu appears place your mouse cursor over Agency Relationships and then left click once.
- Left Click the Establish New Relationship button.
- In the Agency Name textbox type "Tennessee Housing Development Agency". (everything inside the double quotes)
- In the Agency State select "Tennessee".
- In the Agency City textbox type "Nashville". Left Click the Search button.
- In the Agency Search Results, place a dot in the radio button to the left of Tennessee Housing Development Agency and left click the Next button

E. CounselorMax

THDA requires all HUD agencies who utilize CounselorMax® as their customer reporting system to submit monthly year-to-date reports. The reports must be submitted on or before the first day of each month, not to exceed the third day of the month. (Refer to **Section 7.1.D** for required customer data fields.)

Select the correct type of training. **Homebuyer Education: Pre-Purchase** is currently the default choice, but you may select any of the others, as appropriate. You are now done with the first data entry screen.

- 12) Next is the **Description** tab. This is the text field into which you should enter information about the specific training event. In this field include the street address where the training is to take place, the trainer's name and contact phone number. What you put here will be displayed to prospective students when they view the details of that specific class.
- 13) When posting classes, please make sure all of the following items are addressed. To provide the additional information, click on the description tab.
 - a) Location of class with address
 - b) Phone number and email address for contact
 - c) Cost of class (note: all THDA homebuyers must be reimbursed for any cost over \$25)
 - d) Method to register for class: note that all customers should pre-register.
 - e) Description and additional important information about the class (i.e.: Is lunch provided? Is childcare provided?)
- 14) If one class is not the full six hours, provide details on the number of classes the homebuyer will need to attend. Also note whether any one-on-one time is included in the service.
- 15) Please remember to put only the city name in the **Title** box. The title is what appears on the calendar page. We use city for each homebuyer to be able to pick a class in the area.

SECTION 11: PAYMENT FOR HBEI SERVICES FOR THDA CUSTOMERS

A. In Person Education

A payment of \$250 will be made to approved HBEI agencies from THDA after they have provided face-to-face homebuyer education for customers that obtain THDA loans.

The payment is made on a monthly basis **after** the loan has been closed by the lender *and then purchased* by THDA. Lenders should send purchase requests to THDA 3 to 5 days after closing. If a HBEI serviced loan is purchased (funded) during one month, then the HBEI payment will be made to the agency during the following month. However, if a loan is closed at the end of one month and the lender sends the purchase request early the next month the HBEI payment will not arrive until two months after the closing.

No later than the 15th of each month, HBEI staff will generate a report that shows the names of the funded loan customers for the previous month. That report also shows the name of the agency that provided the service for the customers. THDA staff sends a notice to each agency that had funded loan customers the month before. THDA requires each agency to review their report, check their files, and confirm that each customer on the report actually was served by their agency. Each agency must mark a confirmation space on the report and return to THDA via fax or email. THDA will not issue payment unless the homeownership education agency has confirmed their HBE service, has reported the funded loan customer in HCO or CounselorMax®, and is in good standing with the HBEI Program.

The payment will be processed via ACH to the agency's account on the last business day of the month by THDA. See Section 13 for a copy of the wire transfer form HBEI agencies use to provide their banking information to THDA.

NOTE: THDA recommends its approved HBEI agencies not charge more than \$99 to THDA loan customers (single or couple) for the required six hour pre-purchase class.

B. Online Education

HBEI approved Providers who provide online homebuyer education and counseling for customers that obtain THDA loans will receive a payment from THDA for \$150.

In addition, eHomeAmerica will pay the Provider \$74 for every online customer. This payment is submitted monthly. (Note: \$74 payment is based on the customer's fee of \$99. If a Provider chooses to offer a discounted coupon to the customer, the Provider will receive the difference of the customer's fee and eHomeAmerica's administrative fee.)

PART IV: OTHER INFORMATION

SECTION 13: HBEI FORMS AND INSTRUCTIONS

THDA forms referenced in this Guide are listed below. THDA forms may not be altered and may not be distributed to any entity who is not an HBEI Provider or to any other unauthorized individual or entity. These forms are to be considered part of this Guide. Sample forms may be altered to include Provider Agency Name.

HBEI Program Agreement – *Must be signed by each counselor/educator, to be submitted with the agency's original application and when requested by THDA staff.*

HBEI Program Application – *Required for review.*

Code of Ethics and Conduct – *Required by National Industry Standards. For more information please refer to www.homeownershipstandards.com*

Conflict of Interest and Disclosure Agreement – *Required in customer files for HUD approved agencies as well as agencies that offer additional housing resources.*

Privacy Policy – *Required in all customer files (signed and dated), customer should receive a copy.*

Housing Counseling Agreement - *Required in all customer files (signed and dated).*

ACH Form – *Required with the W-9 and submitted with application.*

W-9 – *Required with the ACH form, and submitted with application.*

Homebuyer Education Materials Order form – *Required when placing a material order, submit to THDA Team.*

THDA HBEI Contact Form - *Complete and submit to HBEI team when agency experiences a personnel change.*

Verification of Identification – *Required in customer file to verify ID has been reviewed.*

Sample: Customer Survey (2 Samples)

Sample: Counseling Documentation Checklist

Sample: Client Intake Forms (3 Samples)

Sample: Volunteer Agreement