



# **Homebuyer Education and Counseling Program and Standards Guide**

FEBRUARY 2019

Latest Revision: 8/22/2019

**THDA'S Mission:**

*Leading Tennessee Home by creating safe, sound, affordable housing opportunities.*

# Table of Contents

## PART I: INTRODUCTION

<b>SECTION 1: THDA</b>	<b><u>Page</u></b>
1.1 The Guide.....	1
1.2 Hours of Operation and Holiday Schedule .....	1
1.3 Single Family Programs Division Staff Directory .....	2
1.4 HBEI Basic Program Description.....	4
Role of HBEI Providers .....	4
Role of THDA.....	4

## SECTION 2: HOMEBUYER EDUCATION INITIATIVE PROGRAM PROVIDERS

2.1 Eligibility and Application Requirements .....	5
Eligible Homebuyer Education Initiative Provider.....	5
Applying to Become an Approved HBEI Provider .....	6
2.2 HBEI Standards, Training, Certification & Continuing Education .....	6
Adoption of National Industry Standards .....	6
Importance of Training and Certification .....	6
Training Requirements.....	7
Continuing Education .....	7
2.3 Administering an HBEI Program.....	8
Code of Ethics and Conduct .....	8
Conflict of Interest .....	8
Customer Feedback.....	9
Data Privacy.....	9
Fair Housing.....	10
Fees .....	10
Marketing .....	10
Preferred Language.....	11
Program Expansion.....	11
Program Compliance Review .....	11
Record Keeping .....	12
Reporting.....	13
Staff Changes .....	13
Steering .....	13
Suspension/Termination .....	14

**PART II: HBEI PROGRAM DELIVERY STANDARDS**

**SECTION 3: BASIC HBEI HOMEBUYER SERVICES** **Page**

3.1 Format and Time Requirements.....15

3.2 Screening.....15

3.3 Intake.....16

    Client Numbers and Forms .....16

    One-on-One Client File.....16

    Group Education File.....16

3.4 Referrals .....17

**SECTION 4: HOMEBUYER EDUCATION SERVICE DELIVERY**

4.1 Customer Service Status .....18

4.2 Marketing for Early Participation .....18

4.3 Class Size .....18

4.4 THDA Website Class Calendar .....18

4.5 Approved Curriculum .....18

4.6 Approved Formats .....19

    Homebuyer Class or Workshop .....19

    Homebuyer Club.....19

    Online Homebuyer Education.....19

4.7 Approved Delivery Time .....19

    Homebuyer Class or Workshop .....20

    Homebuyer Club.....20

    One-on-one Homebuyer Education .....20

    Online Education .....20

4.8 Volunteers .....20

4.9 Registration .....21

4.10 Attendance .....21

	<u>Page</u>
4.11 Certificates of Completion.....	21
4.12 Class Scheduling.....	22
4.13 Class Cancellation.....	22

### **PART III: HBEI PROGRAM PROCEDURES**

#### **SECTION 5: HBEI PROVIDER APPLICATION PROCESS**

5.1 Application Overview.....	24
Applicant Steps.....	24
Applicant Reporting Requirement.....	25
THDA Approval Follow-up Steps.....	26

#### **SECTION 6: HBEI PROVIDER SERVICE DELIVERY**

6.1 Basic Six Hour Group Education Delivery.....	27
6.2 Individual One-on-One Counseling.....	27
Analysis of the Customer’s Unique Financial Situation.....	27
Foreclosure Prevention.....	27
Predatory Lending.....	27
Unique Features of THDA Mortgages.....	27
6.3 Online HBE Service Directory.....	29
Criteria for Online Education.....	29
Customer Process for Online Education.....	29
HBEI Agency Process for THDA Online Customers.....	30

#### **SECTION 7: CUSTOMER REPORTING**

7.1 Reporting & Sharing Customer Data with THDA.....	31
--	----

	<u>Page</u>
<b>SECTION 8: REQUESTING APPROVED CUSTOMER TRAINING MATERIALS.....</b>	<b>32</b>
 <b>SECTION 9: PUBLICIZING HBEI AGENCY CLASSES</b>	
9.1 County Website List .....	33
9.2 THDA HBEI Calendar.....	33
9.3 THDA HBEI Calendar Instructions.....	33
 <b>SECTION 10: COMMUNICATION WITH THDA .....</b>	 <b>37</b>
 <b>SECTION 11: PAYMENT FOR HBEI SERVICES FOR THDA CUSTOMERS .....</b>	 <b>38</b>
 <b>SECTION 12: THDA HBEI COMPLIANCE REVIEW .....</b>	 <b>39</b>
 <b>PART IV: OTHER INFORMATION</b>	
 <b>SECTION 13: HBEI FORMS AND INSTRUCTIONS.....</b>	 <b>40</b>

## **PART I: INTRODUCTION**

### **SECTION 1: THDA**

#### **1.1 THE GUIDE**

The Homebuyer Education Initiative Program (“HBEI Program”) is implemented and funded by the Tennessee Housing Development Agency (“THDA”). The THDA Division of Single Family Programs administers the HBEI Program. This Homebuyer Education and Counseling Program and Standards Guide (“HBE Program and Standards Guide”), HBEI Program Agreement, together with all subsequent revisions, modifications or updates provided by THDA, contains information about the HBEI Program and the homebuyer education and counseling standards, policies and program procedures followed by Provider Agencies in the Tennessee Housing Development Agency’s Homebuyer Education Initiative Network upon becoming approved Homebuyer Education Initiative Providers (“Providers”). The primary purpose of these standards and program procedures is to ensure that consumers and other stakeholders receive effective, high-quality, professional services from HBEI Providers. Adherence to these standards is part of periodic program reviews conducted by the Tennessee Housing Development Agency. These standards and program procedures do not prescribe every aspect of programming delivery. Providers may customize their services within the parameters of the standards and procedures to meet their communities and consumers’ needs.

THDA may revise, modify or update this HBE Program and Standards Guide from time to time and will notify HBEI Providers of such changes. THDA may provide notice of changes by posting such changes to its web site at [www.THDA.org](http://www.THDA.org). This guide was developed with recommendations and input from the Tennessee Housing Development Agency staff, THDA Housing Education Advisory Board, and HBEI Providers. Standards were informed by the following:

- The National Industry Standards for Homeownership Education and Counseling (see [www.homeownershipstandards.com](http://www.homeownershipstandards.com)).
- The policies for administering HUD Housing Counseling programs
- And, the Minnesota Homeownership Center’s Homebuyer Education & Counseling Standards Guide

#### **1.2 HOURS OF OPERATION AND HOLIDAY SCHEDULE**

The Single Family Programs Division hours of operation are 7:30 a.m. until 4:30 p.m. Central Time, Monday through Friday. The Single Family Programs Division will be closed on official State holidays which are as follows:

New Year’s Day  
Martin Luther King Day  
Presidents’ Day  
Good Friday  
Memorial Day

Independence Day  
Labor Day  
Columbus Day\*  
Veteran's Day  
Thanksgiving Day  
Christmas Day\*\*

\* This holiday may be exchanged for a holiday on the Friday after Thanksgiving.

\*\*Other holidays around Christmas may be announced later.

### **1.3 SINGLE FAMILY PROGRAMS DIVISION STAFF DIRECTORY**

The Single Family Programs Division of THDA has day-to-day operational Administration of the HBEI Program. All correspondence should be directed to:

Single Family Programs Division/HBEI  
Tennessee Housing Development Agency  
Andrew Jackson Building, Third Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

General Information ..... 615-815-2100  
Toll-Free Voice Mail..... 1-800-228-8432  
Fax (24 hours a day, 7 days a week) ..... 615-564-2799

**Single Family Programs Staff**

<b>Single Family Programs Staff</b>	<b>Telephone</b>	<b>Email Address</b>
Lindsay Hall, Chief Operating Officer-SF Programs	615-815-2080	lhall@thda.org
Rhonda Ronnow, Director of Loan Operations	615-815-2111	rronnow@thda.org
Jayna Johnson, Homebuyer Education Manager	615-815-2019	jjohnson@thda.org
Mandy Garman, HBEI Intake & Training Coordinator	615-815-2161	mgarman@thda.org
Jillian Ford, Homebuyer Education Payments & Reporting Specialist	615-815-2229	jford@thda.org
Kendra Love, HUD Housing Counseling Coordinator-West	615-815-2138	klove@thda.org
Montrice Brown-Miller, HUD Housing Counseling Coordinator-Middle	615-815-2137	Mbrown-miller@thda.org
Russell Catron, HUD Housing Counseling Coordinator-East	615-815-2137	rcatron@thda.org
Rhonda Ellis, Mortgage Specialist, Processing	615-815-2103	rellis@thda.org
Susan Pinkney, Mortgage Specialist, Processing	615-815-2108	spinkney@thda.org
Pam Norris, Underwriter	615-815-2087	pnorris@thda.org
Tammy Walker, Underwriter	615-815-2091	twalker@thda.org
Lynne Walls, Underwriter	615-815-2089	lwalls@thda.org
Stephen Chinique, Underwriter	615-815-2107	schinique@thda.org
Denisha Bumpers, Underwriter	615-815-2092	dbumpers@thda.org
Chuck Pickering, Funding Manager	615-815-2086	cpickering@thda.org
Caroline Rhodes, Mortgage Specialist, Closing	615-815-2098	crhodes@thda.org
Shannon Ward, Mortgage Specialist, Closing	615-815-2084	sward@thda.org
Kelly Murph, Mortgage Specialist, Closing	615-815-2099	kmurph@thda.org
Katina Brewer, Mortgage Loan Specialist, Closing	615-815-2083	kbrewer@thda.org
Tracy Falk, Mortgage Loan Specialist, Closing	615-815-2096	tfalk@thda.org
Langston Glass, Program Development Coordinator	615-815-2102	lglass@thda.org
Nancy Herndon, Assistant to Director of Loan Operations	615-815-2101	nherndon@thda.org

**Volunteer Mortgage Loan Servicing**

<b>Volunteer Mortgage Loan Servicing</b>	<b>Telephone</b>	<b>Email Address</b>
Customer Service	844-865-7378	custserv@vol servicing.com

**Single Family Special Programs**

<b>Single Family Special Programs</b>	<b>Telephone</b>	<b>Email Address</b>
Cynthia Peraza, Director	615-815-2112	cperaza@thda.org



## **1.4 HBEI BASIC PROGRAM DESCRIPTION**

### **A. Role of HBEI Providers**

Agencies in THDA's HBEI Network are dedicated to providing affordable, high-quality, effective homeownership education and counseling services to Tennessee consumers. HBEI Providers are committed to the following:

- Adhering to the HBEI Program Agreement (See **Section 13**), standards and policies that are based on national best practices but reflect Tennessee's homebuyer education and counseling environment
- Reporting programming outcomes to THDA
- Participating in periodic program reviews
- Collaborating with network partners to promote and advance the professionalism of the Network and the homeownership education and counseling industry

HBEI Providers adhere to standards in this HBE Program and Standards Guide which comply with and in some instances exceed the National Industry Standards for Homeownership Education and Counseling [www.homeownershipstandards.com](http://www.homeownershipstandards.com). THDA recognizes the importance of promoting professionalism and quality assurance in homebuyer education and counseling at the national level while supporting the standards that reflect the local counseling industry. Where THDA standards exceed the National Industry Standards, as addressed in the Guide, THDA standards take precedence.

### **B. Role of THDA**

THDA supports HBEI Providers by offering technical assistance, capacity building support, training, consumer training materials, marketing and outreach support, and coordinated networking. THDA HBEI staff is available to provide guidance on program delivery, program management, and a range of best practices. THDA conducts public education and outreach and is responsible for research and analysis of program delivery, outcomes and trends. THDA also serves as a funder to Providers.

THDA provides approved HBEI Providers with consumer training materials and payment for their homebuyer education and counseling services for THDA's loan customers. THDA also provides NeighborWorks® America place-based certification training events and an annual meeting featuring continuing education and networking opportunities for Tennessee's HBEI Providers.

THDA participates in a variety of partnerships with industry stakeholders in an effort to further the mission of the network. In addition, THDA raises funds through other private and public entities and uses these funds to support training for the Providers. HBEI Providers also secure their own funding through grants, government contracts and donations.

## **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 certified staff member, either as a HUD Certified Housing Counselor or through NCHEC (NeighborWorks® Center for Homeownership Education and Counseling); 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 certified staff member, either as a HUD Certified Housing Counselor or through NCHEC (NeighborWorks® Center for Homeownership Education and Counseling).
2. Have sufficient experience, as determined by THDA in its sole discretion, in homeownership education and counseling; and have working knowledge about the current mortgage industry.
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> .) NIS Adoption must remain current throughout the duration of partnership with THDA.

### **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.neighborworks.org/Training-Services> ). THDA also accepts HUD certifications, upon the completion and passing score of HUD’s Housing Counseling Certification exam.

### **C. Training Requirements**

HBEI Providers delivering homebuyer education are required to complete and pass either the HUD Housing Counseling Certification exam or 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. Providers must obtain 30 hours over a three-year period.

If Providers are certified by entities other than NeighborWorks® America, such as HUD, they must meet the continuing education requirements for those certifications. In such cases, THDA will accept continuing education hours from any training organization, seminar, or conference specific to the housing counseling industry. **All** providers must submit an annual transcript to THDA, no later than January 15, to show record of continuing education hours received the previous year.

Providers with NCHEC certification 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 (NCHEC). HBEI Providers complete a minimum of 10 hours of continuing education annually, or 30 hours within a three-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 NCHEC 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 NCHEC. 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 NCHEC Certifications can be found here: <http://www.neighborworks.org/Training-Services/Resources-for-Counselors-Educators/NCHEC-Certification> .

NOTE: Although THDA does not currently require approved providers be HUD approved, many are. Those providers are required to have each participating counselor complete the HUD certification exam as stated above. If/when THDA chooses to become a HUD Intermediary, all providers under that funding will be required to ensure staff receives/passes the certification exam. Additional information about HUD guidelines can be found at: <https://www.hudexchange.info/>.

## **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 and Counseling. Adhering to this code of ethics is critical to demonstrating ethical conduct within the housing counseling profession. A copy of the Code of Ethics and Conduct for Homeownership Professionals is located in Section 13.
2. HBEI Provider homeownership educators and counselors sign and adopt the written National Industry Code of Ethics and Conduct for Homeownership Professionals upon the HBEI Provider Agency becoming a member of the HBEI Network.

### **B. Conflict of Interest**

1. THDA requires HBEI Providers to serve participants without conflict of interest. A conflict of interest exists when the Provider has an interest that has the potential to compromise the Provider's ability to fully represent the best interests of the participant. In order for the participant to make a fully informed decision they must be made aware of any real or potential conflict of interest that could be created on the part of the Provider or Provider's staff. The following are examples of relevant conflicts of interest:
  - Provider or Provider's staff owns or purchases property that the client may choose to purchase
  - Provider or Provider's staff accepts a fee for participating in any way in the sale of a property for the client.
  - Provider or Provider's staff holds or services the first mortgage on a client's property.
  - Provider or Provider's staff makes available an in-house mortgage product or real estate services.
  - Provider or Provider's staff holding an active license in the real estate or lending profession.
  - Provider or Provider's staff is also employed with a THDA approved lending partner.
2. When a conflict of interest exists or may exist, HBEI Providers give a written disclosure to participants revealing the conflict and stating that participants are under no obligation to receive additional services from the Provider. Both parties sign the disclosure. Providers

offer information on alternative services and programs. The signed disclosure is maintained in the client file. A sample Conflict of Interest and Disclosure Agreement is included in Section 13. THDA also requires any counselor who may have an active mortgage lending license or real estate license to disclose this on their annual certification; and if also employed by a THDA approved lending partner, must not serve in both the educator and lending role.

3. Providers may use an alternative disclosure, subject to THDA's approval. Such disclosure language should clarify that:
  - The participant household is seeking homebuyer education and/or counseling services and is not applying for a loan or real estate representation.
  - The participant household will be offered objective advice about loan products for which the household may be eligible.
  - The participant household is free to select lenders, lending products and real estate services of their own choosing.
  - No information will be shared with an in-house or outside loan officer without the written consent of the participant household.
4. HBEI Providers may not accept a fee from a lender, real estate agent, developer, home inspector, appraiser, or insurance company, or any other homeownership industry representative for referring participants. Providers also must not act as an agent/contractor for other existing agencies.
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. THDA also requires any counselor who may have an active mortgage lending license or real estate license to disclose this on their annual certification; and if also employed by a THDA approved lending partner, must not serve in both the educator and lending role.

### **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.

### **NOTE: Course Reimbursement to Customers**

Recipients of housing education services are eligible to be reimbursed for their out of pocket expense(s). Counselor may make customer aware that their mortgage professional can record their out-of-pocket expenses on their closing documents.

\*Payments in the form of credit cards are not eligible for reimbursement.

## **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 90 days of offering services. 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) Intake Form; 3) Class/Workshop Satisfaction Survey; 4) Copy of Identification or Verification Form; 5) THDA HBEI Combined Privacy Act Notice; 6) Completion Certificate and; 7) if applicable, Conflict of Interest Disclosure

### **2. Homebuyer Counseling Customers: Face-to-Face Counseling and Online Customers**

*Homebuyer counseling is provided to one customer household at a time.* At a minimum, participant files for homebuyer counseling include: 1) Intake Form; 2) Copy of Identification or Verification Form; 3) Certification of Completion; 4) Satisfaction Survey; 5) THDA HBEI Combined Privacy Act Notice and, if applicable; 6) Credit Release form; 7) Release of Information; 8) Conflict of Interest Disclosure; 9) Case notes; and 10) Action plan.

## **L. Reporting**

Providers are required to collect and share client and program data with THDA on a monthly basis. Centralized reporting and evaluation is a professional hallmark of participating in the HBEI Network and meet Best Practice Standards included in the National industry Standards. The ability to comprehensively report program outcomes is critical to demonstrating program effectiveness, securing resources, and ensuring ongoing program enhancements. HBEI Network Annual reports showing production totals and other program information will be available to HBEI Providers that are in good standing. It is important to note, although THDA cannot guarantee if/when national guidelines may change, based on best practices noted in the National Industry Standards, customer reports can be as simple as a spreadsheet.

1. For detailed reporting instructions, see Section 7 of the HBEI Guide or contact HBEI staff.
2. Providers are responsible for timely and accurate reporting. Providers are required to use the THDA custom spreadsheet to report participant and program data to THDA. All required participant information must be entered and submitted to THDA no later than the fifth of each month or payment will not be made for the non-reported loan. All HUD approved agencies and agencies who either provide counseling for or receive HUD funds, must also use an approved Client management system. Provider should contact the system administrator to determine how to generate the reports to match required fields in an Excel format.
3. Providers must obtain a signature from at least one member of every household to share private information with THDA. See Section 13 for THDA HBEI Combined Privacy Act Notice.
4. Provider must capture and submit all data using the list of required data fields provided by THDA on the custom spreadsheet. Please see Section 13 HBEI Program Forms.

## **M. Staff Changes**

To ensure continuity of services and to facilitate communication with other network members, lender partners, and THDA, Provider Agencies are required to inform THDA HBEI staff of attrition or new hires. Contact THDA HBEI staff about homeownership education and/or counseling providers leaving the organization or new hires within 5 business days.

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, Chief Operating Officer of Single Family, 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.
4. Cause of termination will determine if THDA will allow reinstatement if later requested. Provider will not be eligible for review of reinstatement until after 3 years of initial termination. During the reinstatement review process, the provider must submit a full application and complete a thorough one-on-one meeting with THDA to ensure compliance is understood. If approved, the provider will be placed on a six (6) month probation to determine success.

## **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](http://www.thda.org), [www.HUD.gov](http://www.HUD.gov), and [www.rd.usda.gov/tn](http://www.rd.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 pre-purchase-only 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

#### **3.2 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, or ID verification form, 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.

## **SECTION 4: HOMEBUYER EDUCATION SERVICE DELIVERY**

Homebuyer education is delivered in a group setting and is designed for anyone considering or in the process of buying a home as a primary residence. Education is not limited to first-time home buyers. Ideally participants attend homebuyer education before signing a purchase agreement. However services are beneficial to participants regardless of their status in the home buying process.

### **4.1 CUSTOMER SERVICE STATUS**

Participants shall not be refused service regardless of their status in the home buying process.

### **4.2 MARKETING FOR EARLY PARTICIPATION**

Providers shall market their services within their communities to encourage participants to attend homebuyer education prior to signing a purchase agreement.

### **4.3 CLASS SIZE**

No maximum limits have been set for number of attendees; however, Providers should consider the capacity of the space and the impact on learning when registering participants.

### **4.4 THDA WEBSITE CLASS CALENDAR**

At least a month before the event, HBEI Providers should utilize THDA's website calendar to post their homebuyer education classes, in addition to notifying their community industry partners and publicizing the classes with local media (See Section 9 for calendar instructions). Classes are reviewed and approved 6 months out.

### **4.5 APPROVED CURRICULUM**

Pre-purchase workshops and classes held by HBEI approved agencies and marketed as homebuyer education will utilize the NeighborWorks® America "Realizing the American Dream" (RTAD) curriculum provided at no cost by THDA. The curriculum is available in English, Spanish, Mandarin Chinese and Vietnamese.

When Providers need consumer training materials and are current on their customer reporting, HBEI Providers may order RTAD materials through THDA HBEI online system at <http://resources.thda.org/> (See Section 8).

Providers should thoroughly utilize the RTAD. Each customer household is given a copy of the manual for class use and to take home to keep as a personal resource after the class.

Providers may incorporate supplemental materials and activities into homebuyer education and make materials available to participants as long as the topics covered are listed on the approved curriculum outline.

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 pre-purchase 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; including any trouble areas where the customer receives a score of 80% or lower.
- 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 complete a homebuyer education class, and are required to attend the entire workshop or homebuyer club. If completed online, all members must complete the course and the required one hour follow up session. 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.

#### Out of date Certificates:

If a **non-online customer** with an HBEI Certificate of Completion applies for a THDA mortgage loan more than 12 months following their education/counseling session, they must retake the course, either in person or online.

If an **online customer** with an HBEI Certificate of Completion applies for a THDA mortgage more than 12 months following their education/counseling session, they must retake the course by logging back into their eHome America account and completing another follow-up session to discuss their new/current budget and receive a new certificate of completion.

### **4.12 CLASS SCHEDULING**

Providers should establish an annual homebuyer education schedule that is responsive to the demand in/around their community and maximizes the number of participants. Homebuyer education workshops or classes should be offered to the public, a minimum of once a quarter.

Schedules must be submitted to THDA for approval and include dates, times, city location, registration contact name, email address, phone number and fee. Classes and workshops are published on THDA's HBEI website calendar. The first half of the calendar year is submitted to THDA on or before October 31, and the second half of the calendar on or before April 30. Additions or changes also are submitted to THDA for approval for posting on the website calendar.

### **4.13 CLASS CANCELLATION**

A workshop or class may not be cancelled once participants have signed up. The following exceptions apply:

- a. Inclement weather or a natural disaster. For inclement weather, the workshop or class must be rescheduled within one week, if possible.

- b. At registration deadline (no sooner than 5 days prior to the start date) only one household is registered for a workshop, and canceling does not impact their closing date.
- c. HBEI Provider staff is ill. In case of staff illness on the scheduled class date, Provider Agency should contact all registrants and refer to other area Providers or re-schedule class at earliest opportunity.
- d. Providers may contact THDA HBEI Team or their regional THDA HUD Counseling Coordinator as an alternative to canceling the class. This option allows the class to remain scheduled, facilitated by a certified counselor, and all/any THDA fees still be paid to the agency.

## **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](http://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](http://www.thda.org).

Prior to approval, THDA will conduct an onsite visit and the certified counselor/educator must observe at least one (1) THDA approved agency’s pre-purchase class.

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 complete and 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, if applicable.
- 6) Copy of each trainer's NeighborWorks® training certificate or HUD Certification Certificate and final test score for each trainer.
- 7) 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
- 8) Signed HBEI Program Agreement (See Section 13)
- 9) Signed Code of Ethics and Conduct (See Section 13)
- 10) Completed ACH and W-9 Forms (See Section 13)
- 11) Observe at least one pre-purchase class facilitated by an existing THDA HBEI network agency.
- 12) THDA onsite visit

## **B. Applicant Reporting Requirement**

Non-profit agencies requesting to participate in the HBEI program must agree to report customer data to THDA via THDA's custom spreadsheet. Usage of a client management system (approved by HUD's Office of Housing Counseling) is encouraged, and required for HUD approved agencies. (See Section 7 for Reporting Instructions.)

### **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(s), (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 internal 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 within a Targeted Area or under certain circumstances if the applicant is a veteran or under certain circumstances, if the Qualified Adjustable Rate Mortgage Loan is being refinanced by THDA into a fixed rate mortgage. Customers should contact a THDA lender to learn about exceptions to this rule.
  - **Veteran Exemption:** Veterans and their spouses do not have to meet the three year requirement (i.e. be a first-time homebuyer) under certain circumstances to be eligible for THDA's mortgage programs. The definition of "veteran" is found at 38 U.S.C. and, generally, includes anyone (a) who has served in the military and has been released under conditions other than dishonorable or (b) who has re-enlisted, but could have been discharged or released under conditions other than dishonorable. A current, active member of the military in their first tour of duty is not eligible for this exemption.
3. **Security:** All THDA loans must be secured by a first lien on the Property. In addition, THDA may offer special programs from time to time that allow THDA second mortgages in conjunction with THDA first mortgages.
4. **Loan Payment Terms:** THDA first mortgage loans must be fully amortized, with level payments, and must be for a term of 30 years in **all** cases. Under no circumstance may the loan term exceed the economic life of the Property provided in the appraisal report.
5. **Prepayment Penalty:** Prepayment penalties are not permitted on THDA loans.
6. **Recapture Provision:** Congress determined the benefit of the reduced interest rate should be repaid if people sell their home within nine years of the date they bought their home with a THDA mortgage loan. This repayment, if any, is in the form of a tax, called the recapture tax.

Whether a THDA borrower has to pay any recapture tax depends on facts and circumstances at the time the THDA borrower sells the house purchased with the THDA mortgage loan. The maximum recapture tax a THDA borrower may have to pay depends on:

- a. Length of time since the original THDA loan closing;
- b. The THDA borrower's current family size and income;
- c. Whether gain is realized on the sale of the house, and
- d. Whether the house is transferred to a spouse or former spouse as a result of a divorce or whether the house is transferred due to the THDA borrower's death.

A THDA borrower will never have to pay any recapture tax if they sell their house more than nine years after they originally closed on their THDA mortgage loan. THDA sends borrowers a two-page recapture form with information specific to their mortgage loan within ninety days following closing.

THDA borrowers should be referred to a qualified tax preparer for more information about how recapture tax may specifically affect them. Additional information is available at [www.thda.org](http://www.thda.org).

### **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 does 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 reporting data fields on THDA's custom spreadsheet (Refer to **Section 7.1**).
  - 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 one 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.E**.
2. Follow-up counseling session should include the session outline topics discussed in **Section 4.7.E**.

## **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 THDA's custom spreadsheet. All required participant information must be entered via THDA's custom spreadsheet and submitted to THDA no later than the fifth of each month or payment will not be made for the non-reported loan. Usage of a client management system (approved by HUD's Office of Housing Counseling) is encouraged.

Please refer to Section 13 for the THDA custom spreadsheet, which includes the required HBEI Customer Data Collection Fields for each borrower in the Household, that must be submitted.

Providers using a client management system should contact the administrator to determine how to generate your reports to match required fields in an Excel format.

## **SECTION 8: REQUESTING APPROVED CUSTOMER TRAINING MATERIALS**

THDA provides HBEI agencies that are current on their customer reporting with NeighborWorks® “Realizing the American Dream” pre-purchase student version manuals and THDA-produced Home Maintenance Guides. HBEI agencies should submit Materials Order Form to HBEI staff electronically, through the HBEI online system at <http://resources.thda.org/>, before running out of materials. Approved agencies are limited to a set number of manuals per month unless they can demonstrate a need for an additional number of manuals. RTAD manuals are available in English, Spanish, Mandarin Chinese, and Vietnamese. THDA places material orders weekly.

## **SECTION 9: PUBLICIZING HBEI AGENCY CLASSES**

### **9.1 COUNTY WEBSITE LIST**

THDA-approved HBEI agencies are listed by county at [www.thda.org](http://www.thda.org). HBEI agencies should also use THDA's website calendar to publicize their class schedules. The HBEI list and the calendar can be found under the "Homeownership" link at THDA's website. Customers needing to access the homebuyer education calendar may go to [www.hbeicalendar.thda.org](http://www.hbeicalendar.thda.org). They click on the name of the desired location/town on the date needed and a screen will appear with contact info.

### **9.2 THDA HBEI CALENDAR**







When an HBEI agency is first approved, THDA sets up their HBEI Calendar system account. The Provider login name and password are provided to the agency.

The system automatically sends HBEI staff a message each time the Provider enters a new class so the agency doesn't have to send a message when it does its entries. The system notifies HBEI staff for the Provider Agency, then HBEI staff will go in as soon as possible to review and approve the request. The system will send the Provider the message after the approval is completed. If there is a question, staff will note that and the system will send an "action deferred" message telling the agency what it needs to do to correct the entry.

### **9.3 THDA HBEI CALENDAR INSTRUCTIONS**

- 1) Go to [www.hbeicalendar.thda.org](http://www.hbeicalendar.thda.org)
- 2) Displayed will be the general HBEI calendar, containing all HBE events. Click on the "More" option to bring up the login screen. Enter your assigned username and password.
- 3) Upon successful login, you will see the following:

**To get started, what do you want to do?**

 Add an event.	
 View my calendars.	
 Approve events.	
 Change my preferences.	
 Watch tutorials.	
 Logout	

---

**System Messages**

Welcome User

- 4) **Add An Event** is the option to select for adding your classes to the calendar. After this selection you will see the following screen:

**Edit Calendar Event**

General	Description	Recurrence	Exceptions
Calendar	HBEI Training Schedule	Item Style	Default
Title			
Approved	<input type="checkbox"/> Event Type	Homebuyer Education: Pre-purchase	None
Contact Name			
Contact Info			
Add. Info URL			
Starting Date	X	Start Time	X
End Date	X	End Time	X
<input type="button" value="Save"/> <input type="button" value="Return Home"/>			

- 5) **IMPORTANT:** The field marked **Title** is actually the city in which the class is to be held, (i.e. Nashville). An agency's training location city may also include the agency's acronym/ abbreviation, (i.e. Nashville-THDA). This is the identifying data that appears on the calendar, and it is used when searching for classes in specific locations.
- 6) You will note the name of your organization and your email address are automatically filled in for you. If you need to change the email address, you may do that. Leave **Privacy** set to **None**. If you have a website where prospective students can go to receive additional information, you may include it, or if not, you can simply leave that field blank.
- 7) Enter the date of the training either by typing it in or use the pop-up calendar. The ending date (which is usually the same), must also be entered. Use the drop down lists to select start times. No end time is required.
- 8) The type of training provided for this event is selected by the drop down list for **Event Type**. Although there are several available categories, the only category that should be used is: Homebuyer Education Pre-purchase.
- 9) Next is the **Description** tab. What you put here will be displayed to prospective students when they view the details of that specific class. You will include details about the class. See example below.

Wording for pre purchase class-description:

Title should read: City name-Agency abbreviation

This course is recommended for anyone interested in purchasing a home and is approved for all THDA Mortgage Loan programs. It is recommended that this course be taken at least 4 weeks prior to closing. The Realizing the American Dream curriculum is used and provided to each household, in addition to a Certificate of Completion. The following topics are covered during this class:

- Are you Ready to Buy A Home?
- Managing Your Money
- Understanding Credit
- Obtaining a Mortgage Loan
- Shopping for a Home
- Protecting Your Investment

Class will be held at 456 Main Street.

Pre-registration is required. Please contact Bill at 615-999-0000 to register before March 13.

Fee for this class is \$99.

Lunch will not be provided.

For more information, please visit our website: [www.zzzzzzzz.com](http://www.zzzzzzzz.com)



- 10) If one class is not the full required 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.
- 11) 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 10: COMMUNICATION WITH THDA**

HBEI agencies must keep THDA informed with regard to the name(s), telephone number(s), fax number(s), and email addresses of their designated education and counseling staff members. THDA's obligation to notify the HBEI agency is fulfilled when verbal instructions have been furnished to the HBEI agency's designated staff member or when reports have been placed in the mail or faxed to the attention of the HBEI agency's primary contact person. See Section 13 for THDA HBEI Approved Agency Contact Form.

## 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 been purchased* by THDA. Lenders should send purchase requests to THDA 3 to 5 days after closing. If an 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 15<sup>th</sup> 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 copies of required payment forms.

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.) \*No refunds are issued for online education.

#### NOTE: Course Reimbursement to Customers

Recipients of housing education services are eligible to be reimbursed for their out of pocket expense(s). Counselor may make customer aware that their mortgage professional can record their out-of-pocket expenses on their closing documents.

\*Payments in the form of credit cards are not eligible for reimbursement.

## **SECTION 12: THDA HBEI COMPLIANCE REVIEW**

HBEI staff members annually and periodically review customer reporting, website calendar usage, adoption of National Standards, Symposium attendance and other HBEI Program compliance indicators. Staff *may* produce a report indicating what compliance areas may be lacking and/or what corrections are necessary. Failure to meet all compliance requirements may result in removal from THDA's list of approved HBEI agencies

## 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 Certification** – *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.*

**HBEI Program Agreement** – *Must be completed and signed by the agency Executive Director or Main Contact, to be submitted with the agency's original application.*

**Code of Ethics and Conduct** – *Required by National Industry Standards. For more information please refer to [www.homeownershipstandards.com](http://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** – *Submit electronically through HBEI online system. <http://resources.thda.org/>*

**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**