



THDA HUD Housing Counseling Program Guide

Grant Programs and Initiatives

June 2021

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SECTION 1: PROGRAM DESCRIPTION

The Tennessee Housing Development Agency (THDA) HUD Housing Counseling Program supports the delivery of a wide variety of housing counseling services to homebuyers, homeowners, low- to moderate-income renters, and the homeless. The primary objective of the program is to educate families and individuals in order to help them make smart decisions regarding improving their housing situation and meeting the responsibilities of tenancy and homeownership. Participating counselors also help borrowers avoid inflated appraisals, unreasonably high interest rates, unaffordable repayment terms and other conditions that can result in a loss of equity, increased debt, default, and possible foreclosure. Participating counselors who are certified in this area may also provide reverse mortgage counseling to elderly homeowners who seek to convert equity in their homes to pay for home improvements, medical costs, living expenses, or other expenses. Additionally, housing counselors may also distribute and be a resource for information concerning Fair Housing and Fair Lending. The Housing Counseling Program is instrumental to achievement of HUD's mission. The Program's far-reaching effects support numerous departmental programs, including THDA and Federal Housing Administration (FHA) single family housing programs.

HUD was given the primary authority to provide housing counseling services. This declaration of authority is found in subsection 106(a) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x).

Section 106 of the Housing and Urban Development Act of 1968 authorizes HUD to provide, make grants to, or contract with public or private agencies to provide a broad range of housing counseling services to homeowners and tenants to assist them in improving their housing conditions and in meeting the responsibilities of tenancy or homeownership.

THDA is an intermediary agency for the program.

The regulations contained in 24 CFR Part 214 prescribe the procedures and requirements by which the Housing Counseling Program is administered. In accordance with 24 CFR Part 214.1 all agencies participating in HUD's Housing Counseling Program must comply with the requirements outlined in the Housing Counseling Program regulations 24 CFR Part 214. Additionally, participants must comply with this handbook, the HUD Housing Counseling Handbook 7610.1, and other applicable governing documents, including mortgagee letters, and if applicable, grant agreements and OMB regulations governing federal grant recipients.

1.1. OPEN RECORDS ACT

THDA is subject to the Tennessee Open Records Act. THDA will endeavor to protect any financial information of the applicant which is exempt from disclosure by law.

SECTION 2: APPLYING TO BE A HUD APPROVED AGENCY

As an Intermediary of HUD, THDA is able to grant HUD approved Housing Counseling Agency status to qualified agencies. In order to be considered for becoming a participating HUD-approved housing counseling agency, an agency must submit an application to THDA.

Applying to be a participating HUD-approved housing counseling agency does not guarantee funding.

All applications must be submitted during the designated application period by email to:

- Yvonne Hall, HBEI Payments & Reporting Coordinator, yhall@thda.org

The application will be reviewed within 30 days of receipt. THDA may arrange a conference before a final determination notification is issued to review requirements of the program. THDA will contact the point of contact listed in the agency's application if a correctable deficiency exists in the application. Within fifteen (15) calendar days of the written notice, the agency may submit a revised application. The applicant will be notified whether the application is approved or denied.

NOTE: THDA may, at its discretion, request clarification or additional information from an agency for use in determining the agency's eligibility for the Housing Counseling Program. If an application package does not meet all Program requirements, an agency may re-apply for the program thirty (30) days from the date of the notification.

Program Parameters

Approved agencies must comply with the HUD Housing Counseling Handbook 7610.10 REV 5, the 9902 reporting requirement, and the scope of housing counseling and group education services listed below.

2.1. INDIVIDUAL HOUSING COUNSELING

Individual counseling activity regarding one or more of the following topics:

- Pre-Purchase/Home Buying
- Resolving or Preventing Mortgage Delinquency or Default
- Home Maintenance and Financial Management for Homeowners (Non-Delinquency Post-Purchase)
- Rental Topics
- Homeless Assistance
- Reverse Mortgage

At a minimum, a housing counselor must perform and document each of the following activities:

- A. Required Data.** All required fields are listed on the [HUD Exchange](#): (See also [Required CMS Data for HUD Agencies](#))
- B. File Number.** A file number for the unique counseling interaction.
- C. Financial Analysis.** Evidence of analysis of client's unique financial and credit circumstances.

- D. Activity Log.** A recording of the date, time, duration, and description of each interaction or activity performed on behalf of, and by, the client.
- E. Action Plan.** For all counseling, except for reverse mortgage counseling, the client file must include an action plan. The housing counselor prepares an individual housing counseling action plan. The plan clearly identifies the client need or problem and outlines what the agency and the client will do in order to meet the client's housing goal(s). A copy of the action plan must be given to the client and maintained in the client's file.
- F. Follow-up.** A record of all follow-up communication with the client must be documented. This documentation should also include an account of all written and verbal attempts made to contact clients in order to conduct follow-up sessions.
- G. Pertinent Documents.** Copies (electronic or paper) of pertinent records or correspondence received from the client or created on their behalf.
- H. Disclosure.** A copy of the disclosure statement provided to each client or a notation of the date that the disclosure statement was provided. The wording of the disclosure statement must be relevant to client.
- I. Termination.** The housing counseling agency must document in the client's file when housing counseling services are terminated. The housing counselor must notate the client's file with the date and cause/explanation of termination. Client files must not remain open indefinitely.
- J. Results.** Documentation of the results of counseling.
- K. Funding Source.** Document the funding source or sources, and amounts to which the counseling activity is attributed.
- L. Fees.** If applicable, the amount paid through client fees and a copy of the receipt provided to the client. Additionally, document the amount and source of fees paid by other parties, for example lenders. The counseling file of each client charged fees must include documentation demonstrating that the cost did not create a financial hardship.
- M. HUD Grant Activity.** An indication, if applicable, of the activity and amount that was partially or fully funded by a HUD housing counseling grant or sub-grant.
- N. Discussion of Alternatives.** A list of any service providers, product vendors, products, features, services or properties about which information was discussed with the client.
- O. Client Authorization.** Documentation indicating client authorization to order a credit report and/or to share information, for example with HUD or third parties, if applicable.
- P. Miscellaneous.** Other information obtained during the intake and subsequent housing counseling sessions not mentioned above.
- Q. Reverse Mortgage Counseling.** Additional documentation required for reverse mortgage client files:
 - 1. List of people other than the borrower(s) that attended the reverse mortgage counseling session and a description of their relationship to the client(s)
 - 2. Signed and dated HECM Counseling Certificate, if applicable
 - 3. Power of Attorney or other documents relating to legal competency, if applicable

4. Total Annual Loan Cost Analysis
5. Amortization schedules for reverse mortgage loan options
6. Notation of any brochures or handouts on the reverse mortgage lending process/ procedures/ timelines, reverse mortgage lenders, and/or alternatives to a reverse mortgage provided to client
7. All HECM clients who contact a HUD approved agency must be served. Documentation demonstrating both the counseling content and information covered or the details of the transfer must be included in the file. In cases where the agency does not offer the unique services requested by the client, is unable to effectively communicate with the client, does not have sufficient resources, or if the client is outside the geographic jurisdiction of the agency, the agency must refer the client to another participating agency, preferably an agency in the client's area. If there is not a participating agency available, the agency must make a reasonable effort to refer the client to another agency that can help them meet their needs.

2.2. GROUP EDUCATION/CLASSES

Group education or classes regarding one or more of the following topics:

- Pre-Purchase/Home Buying
- Resolving or Preventing Mortgage Delinquency or Default
- Home Maintenance and Financial Management for Homeowners (Non- Delinquency Post-Purchase)
- Rental Topics
- Homeless Assistance
- Reverse Mortgage

At a minimum, a housing counselor must perform and document each of the following activities:

- A. File Number.** A file number for the education/ workshop session.
- B. Required Data.** All required fields are listed on the [HUD Exchange](#): ([See also Required CMS Data for HUD Agencies](#))
- C. HUD Grant.** An indication of the activity, and amount that was partially or fully funded by a HUD housing counseling grant or sub-grant, when applicable.
- D. Course Description.** Course title, course outline or established curriculum, and instructional goals
- E. Instructors.** Name of each housing counselor, instructor or presenter participating in the session.
- F. Course Logistics.** Date, place, and duration of each session.
- G. Participant Information.** List of participating households and the race, ethnicity, and income data for each household.
- H. Disclosure.** The disclosure statement provided to each household that is relevant to the subject of the session.
- I. Fees.** If applicable, the amount paid through client fees and a copy of the receipt provided

to the client. Applicants that provide education regarding any of these topics must also offer individual counseling that complements the education.

2.3. FAIR HOUSING

For both individual counseling and group education, as appropriate, educate the client with respect to fair housing, fair lending, and accessibility rights (e.g., how to file a Fair Housing Act complaint, legal and illegal inquiries related to disability, reasonable accommodations, placement in the most integrated setting appropriate to the person's needs, additional protections available under state and local laws, etc.). Pursuant to 24 CFR § 214.503, all participating agencies must comply with HUD's general nondiscrimination and equal opportunity requirements at 24 CFR § 5.105.

2.4. LEAD-BASED PAINT

Applicants that provide education or counseling regarding Pre-Purchase/Home Buying, Locating, Securing, or Maintaining Residence in Rental Housing are encouraged to teach counselors how to inform clients about their rights and responsibilities under the HUD Lead-Based Paint Disclosure Rule (24 CFR part 35, subpart A) when the homes in which clients may be seeking might be built before 1978. If the rental or purchase is HUD-assisted, requirements of 24 CFR part 35, subparts B, K and R might apply.

See the lead-safe information and guidance at:

<https://www.hudexchange.info/programs/lead-based-paint/>

2.5. MARKETING AND OUTREACH INITIATIVES

This includes providing general information and materials about housing opportunities and issues, conducting informational campaigns, advocating with lenders for non-traditional lending standards and raising awareness about critical housing topics, such as fair housing rights and remedies, lending discrimination, predatory lending, mortgage fraud, lead safety, other fair lending issues, or energy efficiency options to reduce homeowner energy costs. For example, grant funds may be utilized to purchase and disseminate materials related to scam alerts and fair housing rights.

NOTE: Marketing and outreach initiatives should follow affirmative marketing principles and be directed at those populations least likely to seek counseling services or the information marketed, including those of racial, religious, or national origin groups not normally served by the sponsoring agency, as well as persons with disabilities and persons with Limited English Proficiency (LEP). To do so, it may be necessary to broaden the target areas or provide translation and interpretive services in languages other than English in order to reach a greater variety of racial and ethnic minorities. It may also require providing outreach and services in alternative formats for persons with disabilities (e.g., Braille, large type, sign language interpreters, audio, assistive listening devices, etc.).

2.6. TRAINING

This includes training, testing and certification on housing counseling topics, including, but not limited to, preparation of counselors to satisfy HUD housing counseling training, testing and certification requirements.

2.7. QUALITY ASSURANCE

This includes ensuring compliance with program rules and regulations, internal and external quality assurance, program evaluation and improvement, implementing improved management, and supervision and oversight of the housing counseling program. Steps for quality assurance should be identifiable within your Quality Control Plan.

2.8. 9902 DATA ENTRY

Refer to [HUD Housing Counseling Handbook 7610.1 Rev 5](#) for additional guidance.

Agencies are required to submit the [9902](#) via the HUD Housing Counseling System (HCS) in accordance with the HUD reporting schedule and due dates following the end of each quarter. Data should be entered by the designated federal fiscal year.

2.9. NONDISCRIMINATION REQUIREMENTS

Sub-Grantee shall comply with these requirements for nondiscrimination based on race, color, religion, sex, national origin, age, familial status, and disability. The SF- 4248, Assurances for Non-Construction Programs, is hereby incorporated into this Agreement

Sub-Grantee shall comply with nondiscrimination requirements enumerated in certification six in the SF- 4248, Assurances for Non-Construction Programs and executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency and implementing Federal Register Notice 72 FR 27 32, Final Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons; and Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity (77 FR 5562).

Where Sub-Grantee makes an allocation of funds to a primarily religious organization, or a wholly secular organization established by a primarily religious organization, to provide, manage, or operate a housing counseling program, Grantee and its Sub-grantees must undertake their responsibilities in accordance with the following principles:

1. Sub-Grantees shall not discriminate on behalf of or against any segment of the population in the provision of services or in outreach, including those of other religious affiliations.
2. Sub-Grantees shall not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the programs or services funded under this Grant. If an organization conducts such activities, these activities must be offered separately, in time or location, from the activities funded under this Grant Agreement. Participation must be voluntary for the Clients receiving services covered, either completely or in part, by HUD funds.

SECTION 3: APPLICATION PROCESS

As an Intermediary of the HUD Office of Housing Counseling Program, THDA grants funds to HUD local and participating housing counseling agencies in order to support the delivery of a wide variety of housing counseling services to homebuyers, homeowners, low- to moderate-income renters and the homeless.

Agencies may apply as an Affiliate or Sub-Grantee. Awards are based on agency capacity, previous performance, and the availability of THDA funding. This is a competitive grant. Agencies cannot apply for funding as a Local Housing Counseling agency (LHCA) or with more than one intermediary.

3.1 APPLICATION REQUIREMENTS

Agencies seeking funding through THDA under the HUD Housing Counseling Program should apply during designated application and funding period.

Applications submitted beyond the end date stated will not be accepted.

3.2 ATTACHMENTS

The following must be attached to the application:

1. Charter and Bylaws
2. Code of Conduct
3. Copy of Client Management System Contract
4. Copy of Most Recent Financial Audit
5. Evidence of Leveraged Funds
6. Indirect Cost Rate Documentation (if applicable)
7. Facility Information and Photos
8. HUD 9902
9. Quality Control Plan
10. Projected Budget
11. Succession Plan
12. Verification of 501C3 Status
13. Work Plan
14. Referral Process to be included in the Work Plan
15. Organizational Chart

3.3 PROPOSED BUDGET

- A.** Items over \$5,000 per unit should be listed under equipment. A description of these items must be submitted with the application.
- B.** Travel should be for the transportation, lodging, subsistence, and related items of employees in travel status needed to carry out official business of the program.

- C. The scope and timeframe of the budget must be submitted with the application as these items must have prior approval. See Attachment A in the Grant Contract for Housing Counseling for a detailed list of budget items.
- D. Costs must be in accordance with Subpart E-Cost Principles of 2 CFR 200 and the terms and conditions of the federal award.

3.4 ALLOWABLE ACTIVITIES

Sub-grantees will be reimbursed only for the applicable activities outlined in this section. THDA and HUD reserves the right to reject funding requested for any costs that are outside the scope of housing counseling and group education services listed below.

- A. To be reimbursed for one-on-one counseling, the Sub-Grantee and Branches must perform and document housing counseling activities in accordance with HUD Handbook 7610.1 REV-5, Counseling Services, and Chapters 3-5. To be reimbursed for group education, Grantees and Branches must provide formal classes (in person and remote) with established curriculum and instructional goals covering one or more of the eligible topics in 24 CFR § 214.3.
- B. To be eligible for reimbursement as direct costs, costs must be incurred pursuant to one or more of the following activities: (1) housing counseling and group education; (2) oversight, compliance, and quality control; (3) supervision of housing counseling staff; (4) housing counselor training and certification; and (5) marketing and outreach of the housing counseling program to potential clients.
- C. Sub-Grantee must submit a projected budget listing all proposed expenses under the Grant and a budget narrative, if necessary. The budget may include salaries, fringe and other employment benefits, travel, training, marketing, outreach and indirect costs, as applicable to the Grantee. All expenses must be itemized, and all Grant Funds must be accounted for in this projected budget. This projected budget must demonstrate the actual cost of service provision.
- D. To be reimbursed, costs must be determined by HUD to be allowable, allocable, and reasonable in accordance with the:
 - 1. Provisions of this Agreement and conditions listed in the grant application and;
 - 2. Section IV.F. of the Housing Counseling NOFA and;
 - 3. Applicable Federal cost principles as outlined in 2 CFR § 200. Grantee must obtain prior written approval for certain costs as outlined in 2 CFR § 200.407. If these regulations are revised or clarified during the period of performance of this agreement the most recent revision or clarification shall apply.

3.5 APPROVAL

Funds will be awarded based on an assessment of the agency's application, other leveraging funds, and the amount of funding granted to THDA by HUD.

Selected agencies will receive a notification regarding approval and award amount. Upon receiving the grant contract, agencies must return a signed copy to THDA with signature by an authorized representative.

Awards are not issued by THDA until THDA receives an award from HUD, which can take up to 120 days from the end date of the HUD NOFA.

Participating staff from approved agency must also attend all sub-grantee meetings facilitated by THDA.

3.6 DENIAL

Agencies that are not approved will receive notification from THDA explaining the denial of funds under this grant program.

3.7 AWARD REDUCTION

THDA reserves the right to retract any unused funds previously awarded to the Sub-Grantee for any reason at the end of the performance period. THDA will notify agencies of the award reduction and provide an addendum to their sub-grantee agreement.

THDA may choose to disburse unused funds via a supplemental Housing Counseling Grant Funds option with eligibility being extended to Sub-Grantees that achieved 100% goal achievement during their period of performance. Agencies that receive awards will be allowed to request reimbursement for allowable expenses incurred in excess of payment by THDA or a leveraged funding source during the original period of performance.

3.8 AWARD INCREASE

In instances where HUD may award THDA with additional grant funds, agencies may also be eligible to receive funds. This increase would be determined by THDA and based on the total award amount. THDA will communicate with each agency to confirm acceptance of the funds and identify the exact amount each agency will receive. THDA will request an updated budget and client projections to reflect the new funds and services. Sub-Grantees not in compliance with the program guidelines and experiencing challenges with spending existing funds will not be eligible for any additional funds.

SECTION 4: REPORTING AND RECORDS

4.1. REPORTING

A. 9902 DATA ENTRY

Agencies are required to submit the 9902 via the HUD Housing Counseling System (HCS) by the 5th day of the month following the end of each quarter. Data should be entered by the designated federal fiscal year.

B. GRANT ACTIVITY REPORTS

Grant Activity Reports should be submitted to THDA within 45 days of the last day of the performance period unless otherwise specified. The following items must be:

1. Grantee's name, address, and Grant number: As they appear on the Grant document.
2. Start and end dates: For the designated performance report period.
3. Hourly rate: Identify each counselor or other employee whose time/activity is being billed to the Grant, the individual's title, and the hourly billing rate used to calculate reimbursement from HUD of a Parent Organization for that individual's time/activity; or, in the event of fixed-price reimbursement, document actual expenses. Explain the method used for calculating hourly rates, e.g. whether benefits are included in the rate.
4. Staff hours: Indicate for each relevant counselor and other employee the total number of hours being billed to the Grant cumulatively and for the quarter. For each employee whose time will be reimbursed from the Grant, multiply the relevant hours by the relevant hourly rate (see #3) and indicate the cumulative total and total for the quarter.
5. Fixed-Price Reimbursement: Grantee must document actual expenses, which must be reasonable and cannot exceed actual costs.
6. Itemized Accounting of Actual Costs: Submit an itemized accounting of actual costs for each quarter, and the Grant period to date. The accounting must include the following as applicable: salaries, fringe and other benefits, training, marketing, outreach, and indirect costs. The itemized accounting of actual expenses may be submitted on form HUD-424 CB, or in a format of the Grantee's choosing. Any deviation between the itemized accounting and the budget submitted Grant execution must be approved by the HUD POC.
7. Required Certification: In accordance with 2 CFR § 200.415 (a), include a certification, signed by an individual who is authorized to execute the certification on behalf of the Grantee, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729 - 3730 and 3801 - 3812)."

8. Form HUD-9902: Grantees must update the HUD- 9902 electronically through HCS so that the appropriate "HUD Housing Counseling Grant Activity" column reflects activity funded through this agreement. HCS will list the relevant columns for each reporting agency. Grant activity must be reported in the appropriate column, according to the specific Grant under which the activity occurred. Grant activity should be transmitted through a client management system (CMS) directly into HCS. If necessary, grant activity may be submitted manually by entering the data on the applicable HUD-9902 in HCS. If HCS does not contain separate columns for multiple grants at any point during the Period of Performance, Grantees must report all activity attributed to HUD Housing Counseling Grants in the "All Counseling and Education Activities" column. The Grantee must update the HUD-9902 report in HCS with the applicable "HUD Housing Counseling Grant Activity" column data once it is available for entry. HUD will not consider retroactive updates to the "HUD Housing Counseling Grant Activity" data as late. For assistance with Form HUD-9902 reporting, the Housing Counseling 9902 Toolkit is available on the HUD Exchange.
9. HECM Default Counseling Activities (if applicable) : Submit a report indicating the total number of default counselors providing default counseling for reverse mortgage (HECM) borrowers during each quarterly reporting period, as well as in the final report. The final report must also include details regarding the number of hours of training in reverse mortgages for each counselor and the number of Clients for which HECM default counseling was provided by each counselor.
10. Oversight Activity: Applicant must document the housing counseling oversight and quality control activities conducted during the period of performance to be included in the final report. The report must contain the results of the reviews performed during the period of performance.

C. FINAL REPORTING

A final report is due forty-five (45) calendar days after the Grantee has completed all Grant activities funded under the Grant. See 2 CFR § 200.328(b) (1). Grantees must also report items listed in the section above. Grantee must submit a narrative report of not more than five (5) single-spaced letter- sized pages using a font size of no smaller than twelve (12) or larger than fourteen (14). In the narrative report, Applicant must briefly summarize the outcomes of the activities that Grantee proposed in the Grant Application to address impediments to fair housing choice. Additionally, Grantee should also include in this narrative report items such as problems encountered by the Grantee, items for which the Grantee needs additional guidance, unusual Client needs or problems for which the Grantee provided counseling, recommendations to HUD, and developments having a significant impact on the award supported activities, such as delays or adverse conditions which materially impair the ability to meet the objectives of the awards. The final report shall also describe any action taken or contemplated, and any assistance needed to resolve the situation as well as a summary of oversight. The Grantee must also submit with the final report a certification, signed by an individual who is authorized to execute the certification on behalf of the Grantee, which states that all applicable closeout activities required in 2 CFR § 200.343 have been completed.

4.2. RECORDS

A. CLIENT MANAGEMENT SYSTEM (CMS)

All participating agencies are required to use a CMS that interfaces with HUD's databases for the collection and reporting of agency and client-level data.

Agencies must maintain current and accurate data on the race, ethnicity, and income of their counseling clients and education participants so that HUD can comply with Section 808(e) (6) of the Fair Housing Act.

Agencies must ensure that their CMS protects the confidentiality of each client's personal and financial information, both electronic and paper, including credit reports, whether the information is received from the client or from another source.

The agency must ensure that neither they nor their CMS vendor discloses the information in the client's individual case file to anyone except for authorized agency personnel, THDA and HUD. Agencies must also ensure that their selected CMS maintains the confidentiality of this information as well. The only exception to this requirement is when the counseling recipient expressly grants permission, for example in the case of, through a CMS, the automatic creation of a loan application and submission to a lender.

THDA does not monitor, negotiate, or engage with CMS vendors on behalf of housing counseling agencies.

B. CREDIT REPORTING

Counselors must secure a client's authorization prior to ordering a credit report, regardless of whether the information is received from the Client or from another source, or is collected electronically or on paper. In accordance with HUD Handbook 7610.1 REV-5, Chapter 5-6, Grantee and Sub-grantees must ensure that neither they nor their CMS vendor discloses the information in the individual's Client Counseling File to anyone except for authorized agency personnel and HUD. Any disclosure of Client information requires the express written permission of the counseling recipient whose information is to be shared.

NOTE: Agency should review their disclosure statements and agency agreement concerning their access to share credit reports. Visit <https://www.fico.com/en/products/fico-score-open-access> for more information.

C. CLIENT FILE

The agency must maintain a separate confidential file documenting each unique, distinct provision of counseling services provided to a client, as described in §214.300 and Chapter 3 of the HUD Handbook 7610.1.

Client files attributed to the housing counseling grant must be retained for five (5) years from the date the final grant invoice is paid.

D. DOCUMENTATION OF EXPENSES

In addition, Sub-grantees must maintain a list of all Client Counseling File numbers and group education file numbers attributed to the Grant in alpha or numeric order. This list must indicate the activity attributed to the relevant quarter, the cumulative total for the entire Grant year and the relevant counseling or education type. Itemize for each Client and/or group education session on the list, the relevant counselor and/or other employee that provided service, the duration of service provided in hours and minutes and the total amount of funds charged to the HUD Grant. The Client Counseling File list must also identify the Branch or main office that served the Client.

E. FINANCIAL RECORDS

Participating agencies must maintain and make available to THDA and/or HUD upon request evidence that leveraged funds cited in the grant application were actually provided to the agency, and/or evidence that the total housing counseling budget reported by the agency was accurate and used for housing counseling purposes.

F. SUBCONTRACTORS

Grantees must deliver the housing counseling services set forth in the Applicant's Housing Counseling Work Plan. It is not permissible to contract out housing counseling services, except as specified in 24 CFR § 214.103(i). The general prohibition does not apply to web-based education services and/or the sub-grant, transfer, or subcontract for the purchase of supplies, material, equipment, or general support services. If this exception to the general prohibition applies, Grantee shall comply with the applicable procurement standards in HUD regulations at 2 CFR Part 200 and all other requirements. Subcontractors of agencies may be required to maintain additional records identified in the applicable grant agreement.

G. NONCOMPLIANCE WITH RECORDS MANAGEMENT

Failure to comply with any of the recordkeeping and reporting requirements could result in consequences which may include, but are not limited to, a delay in payment of claims under a HUD housing counseling grant; the sub-grantee's forfeiture of all remaining funds in the grant account; the sub-grantee's future housing counseling grant applications being adversely rated because of this failure; placement in inactive status or termination of the agency's participating status and deletion from the list of HUD-approved and participating agencies.

SECTION 5: CLAIMS

5.1 REIMBURSEMENT

Funding is on a reimbursement basis, and issued quarterly. Costs should be in accordance with Subpart E-Cost Principles of 2 CFR 200 and the terms and conditions of the federal award.

Sub-grantees can only request reimbursement for funds in proportion to goal achievement. For example, a sub-grantee meeting 50% of its goals can request reimbursement for up to 50% of its award.

Proof of payment must be submitted with the claim for each expense in which reimbursement is requested.

Amount requested per line item cannot exceed the currently approved budget. Claims are due by the 5th day of the month following the end of the quarter.

Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

1. Invoice/Reference Number (assigned by the Grantee)
2. Invoice Date
3. Invoice Period (to which the reimbursement request is applicable)
4. Grant Contract Number (assigned by the State)
5. Grantor: Tennessee Housing Development Agency, Single Family Loan Operations
6. Grantor Number (assigned by the Grantee to the above-referenced Grantor)
7. Grantee Name
8. Grantee Tennessee Edison Registration ID Number Referenced in Preamble of this Grant Contract
9. Grantee Remittance Address
10. Grantee Contact for Invoice Questions (name, phone, or fax)
11. Itemization of Reimbursement Requested for the Invoice Period— it must detail, at minimum, all of the following:
 - a) The amount requested by Grant Budget line-item (including any travel expenditure reimbursement requested and for which documentation and receipts, as required by "State Comprehensive Travel Regulations," are attached to the invoice)
 - b) The amount reimbursed by Grant Budget line-item to date
 - c) The total amount reimbursed under the Grant Contract to date
 - d) The total amount requested (all line-items) for the Invoice Period

The Grantee understands and agrees to all of the following:

1. An invoice under this Grant Contract shall include only reimbursement requests for actual, reasonable, and necessary expenditures required in the delivery of service described by this Grant Contract and shall be subject to the Grant Budget and any other provision of this Grant Contract relating to allowable reimbursements.
2. An invoice under this Grant Contract shall not include any reimbursement request for future expenditures.
3. An invoice under this Grant Contract shall initiate the timeframe for reimbursement only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.
4. Grantee must maintain source of documentation of direct costs, such as invoices, receipts, cancelled checks, documentation of personnel expenses, and indirect cost rate agreements to support all draw requests. Documentation for indirect expenses should be submitted on an itemized ledger. Agency is responsible for maintaining all additional supporting documentation, if needed. In addition, Grantee must maintain a list of all Client Counseling File numbers and group education file numbers attributed to the Grant in alpha or numeric order. This list must indicate the activity attributed to the relevant education type. Itemize for each Client and/or group education session on the list, the relevant counselor and/or other employee that provided service, the duration of service provided in hours and minutes and the total amount of funds charged to the HUD Grant. The Client Counseling File list must also identify the Branch or main office that served the Client.
5. Grantees must also document the methodology used for charging costs to the HUD Grant, such as salaries, employee benefits, travel, training, marketing, outreach, and other expenses that are not classified as indirect costs.
6. All standards for financial management and payment procedures apply based on 2 CFR 200, Subpart D.
7. All Grantees must be able to demonstrate and document the actual cost of service provision. The amount billed to the Grant cannot exceed the actual cost of providing the service. Where Grant Funds are utilized for counseling services, individual Client Counseling Files and group education files must support the duration of service billed to the Grant.
8. Grantee shall maintain and operate financial management systems that meet or exceed the federal requirements for funds control and accountability as established by the applicable regulations in 2 CFR 200, Subpart D.

5.2 CLAIMS SCHEDULE

Claims should be submitted via one email per quarter as follows:

- April 5 for the previous three months (January 1 through March 31)
- July 5 for the previous three months (April 1 through June 30)
- October 5 for the previous three months (July 1 through September 30)
- January 5 for the previous three months (October 1 through December 31)

5.3 PERSONNEL REPORTING

Personnel Reports submitted with Claims must designate the type and number of hours for the housing counseling services provided. The report must include the employee and supervisor name and signature.

Agencies that use electronic signatures on Personal Activity Reports (PAR) must include a statement signed by a program manager or executive director when a claim is submitted. The statement must convey that the agency uses electronic signatures on timesheets and/or PARs (example: *Agency Name uses electronic Signatures on Timesheets / PARs during the FY16 HUD Grant Program, Performance Period, 10/1/2015- 3/31/2017.*). This statement can be included on the first PAR entry, but should be attached to each claim.

If an employee is unable to sign a timesheet or PAR due to extended leave or termination, a statement must be included from the agency's human resources department documenting the dates of leave or termination.

Personnel reports listing all hours worked, including non-HUD Housing Counseling related activity, and designating HUD activities, must be maintained on site by the agency for all personnel paid with HUD Housing Counseling funds. Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed and meet the standards required in 2 CFR Part 200.430(i). The records must support the distribution of employee's salaries and wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. PARS must be submitted with each quarterly report and are subject to a financial audit.

5.4 TRAVEL AND EXPENSES

Charges to the awards may include reasonable amounts for activities contributing and directly related to work under the agreement. Contributing activities may include, but are not limited to, delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, securing project- specific data, participating in appropriate seminars, and attending meetings and conferences.

Travel such as transportation, lodging, and subsistence of employees in travel status needed to carry out official business of the program will be reimbursed based on the allowable federal per diem, lodging, and mileage rate at the time.

5.5 PERIOD OF PERFORMANCE

Claim submissions will only be allowed for services provided during the designated performance period unless an extension has been granted.

SECTION 6: CONTRACT CHANGES

6.1 9902

Changes to a previously submitted 9902 in HUD's Housing Counseling System (HCS) are only allowed for modification to billing. If an agency wants to change its COMP Funded column on a previously submitted 9902, it must submit a Contract Amendment via email. THDA and HUD must approve all changes to previously submitted 9902s.

6.2 WORK PLAN

If an agency wants to change its Work Plan after award approval from THDA, it must submit a new Work Plan sixty (60) days prior to the desired date of service start date. The new Work Plan, with any revisions highlighted, should be attached to the request. The agency will then receive instructions to change the desired Work Plan or approval. THDA and HUD must approve all changes to Work Plans prior to implementation.

6.3 BUDGET

If an agency wants to change the amount budgeted for any given line item, the agency must submit a Contract Amendment Request via email. THDA and HUD must approve all changes to contract budgets. As a result, agencies are encouraged to estimate its budgets carefully.

SECTION 7: REVIEWS

7.1 ADMINISTRATIVE REVIEWS

THDA will monitor all sub-grantee agencies and the following is applicable to those receiving funds.

Under the Office of Management and Budget (OMB) Omni Circular 2 CFR Part §200.331 - Requirements For Pass-Through Entities, all intermediaries are required to evaluate each sub-recipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate sub-recipient monitoring. Factors used to determine sub-recipient monitoring may include, but are not limited to, the sub-recipient's prior experience with the same or similar sub-awards; the results of previous audits including whether or not the sub-recipient received a Single Audit in accordance with Subpart F - Audit Requirements, and whether the sub-recipient has new personnel or new or substantially changed systems.

Depending upon the sub-grantee's assessment of risk, the following monitoring strategies may be used by THDA to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- Administrative Desk Review of the sub-recipient's program operations
- Administrative On-site Review of the sub-recipient's program operations
- Referral to HUD Office of Housing Counseling for a HUD Financial & Administrative Review

Using the findings of the administrative review, THDA may determine whether to continue participation unconditionally, conditionally, temporarily change status to inactive, or terminate approval of participation of the agency. Additionally, the findings of an administrative review may serve as a basis for determining future grant funding for the Housing Counseling Program.

Sub-recipients will be notified prior to reviews.

THDA reserves the right to review homeownership education classes without prior notice to assess compliance.

7.2 PERFORMANCE REVIEWS

Agencies will receive a performance review from THDA in partnership with HUD near the end of their HUD Housing Counseling Agency certification period. This performance review will determine the agency's ability to continue as a HUD Housing Counseling provider.

Using the findings of the performance review, HUD may determine whether to continue participation unconditionally, conditionally, temporarily change status to inactive, or terminate approval of participation of the agency.

7.3 ORGANIZATIONAL CHANGES

Applicant must report changes to the agency or affiliate address and phone number; key staff changes; mergers and acquisitions to THDA's Payments and Reporting Coordinator within fifteen (15) days of the change.

SECTION 8: RESOURCES AND FORMS

Please also utilize the following resources as a reference guide when executing HUD's Housing Counseling Program:

1. [HUD's Housing Counseling Handbook](#)
2. [Required CMS Data for HUD Agencies](#)
3. Applicable Grant Year Comprehensive Housing Counseling NOFA
4. [HUD Form HUD-424 CB](#)
5. [HUD Form SF 425](#)
6. [HUD Form 9902](#)
7. [Personnel Activity Report \(PAR\)](#)
8. [HUD Exchange](#)
9. [Scam Awareness, Identification, and Reporting](#)
10. Approved Client Management Systems:
<https://files.hudexchange.info/resources/documents/HUD-Certified-CMS-Products-for-HUD-HCA-Use.pdf>