



Homeownership Education Counseling and Training Fund Manual

March 21, 2019

Table of Contents

Introduction	1
Mission Statement.....	1
Background	1
Homeownership Education Counseling and Training (HECAT) Fund.....	1
Chapter 1 – Grantee Requirements/Warranties	2
1.01 Manual	2
1.02 Grant Contract	2
1.03 Evidence of Misconduct Referred to Attorney General.....	2
1.04 Unauthorized Compensation	2
1.05 Termination of Grantee Participation.....	3
1.06 Representations and Warranties	3
1.07 Conflicts of Interest.....	3
1.08 Fraud Disclosure.....	4
1.09 Suspension	4
1.10 Fair Housing.....	4
Chapter 2 – Grantee and Grant Requirements.....	5
2.01 Grantee and Staff Standards.....	5
2.02 HECAT Eligible Households	5
2.03 HECAT Eligible Activities.....	5
2.04 Grant Funds Tracking	5
2.05 Eligible Use of Grant Funds	6
2.06 Ineligible Use of Grant Funds	6
2.07 Data Privacy, Authorization and Disposal.....	6
2.08 File Documentation and Maintenance	6
2.09 Records Retention.....	6
2.10 Monitoring	7
2.11 Additional Requirements	7
Chapter 3 – Disbursement and Reporting.....	8
3.01 Disbursement Schedule	8
3.02 Financial Reports.....	8

3.03 Narrative and Client Data Reporting..... 8

Appendix A: Definitions9

Appendix B: Attachments.....10

Introduction

Mission Statement

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.

Background

The Minnesota Housing Finance Agency (Minnesota Housing) was created in 1971 by the Minnesota Legislature. We believe housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.

Homeownership Education Counseling and Training (HECAT) Fund

Minnesota Housing and its Funding Partners (Family Housing Fund, Greater Minnesota Housing Fund, and Minnesota Home Ownership Center) offer funding through an Application for Funds to support a statewide partnership delivery model for the continuum of services needed to promote successful and sustainable homeownership. The Homeownership Education, Counseling and Training (HECAT) Fund awards organizations that demonstrate strong experience, leveraging ability and targeting efforts to help meet the HECAT goals of:

- Providing financial support for the continuum of homeownership education and counseling services.
- Supporting cooperative relationships and partnerships that provide clients access to a full range of homeownership education and counseling activities.

This Manual sets forth the terms and conditions under which Minnesota Housing will award Grant Funds to Grantees.

Chapter 1 – Grantee Requirements/Warranties

A Grantee will comply with all of the terms, conditions, provisions, covenants, requirements and/or warranties contained in the Grant Contract, the Application for Funds, the Standards Guide, the Act, any rules promulgated pursuant to the Act and all amendments.

1.01 Manual

This Manual, including subsequent changes and additions, is a supplement to the Grant Contract, the Act and all amendments executed between the Grantee and Minnesota Housing. Minnesota Housing reserves the right to:

- Alter or waive any of the requirements;
- Impose other and additional requirements; and
- Rescind or amend any or all materials effective as of the date of issue unless otherwise stated.

Minnesota Housing grants exceptions, alterations or revisions at its sole discretion. Grantees may request, in writing to Minnesota Housing, exceptions, alterations or revisions to this Manual.

In the event there is a conflict between this Manual and the Application for Funds, Grantees must comply with the Manual. In the event the Grant Contract or this Manual conflicts with the Standards Guide, the Grantee must comply with the Grant Contract or this Manual.

1.02 Grant Contract

If a Grantee submits its Application for Funds to Minnesota Housing and is selected to receive Grant Funds through the HECAT Programs, Minnesota Housing and the Grantee will execute a Grant Contract outlining the legal relationship and responsibilities between the Grantee and Minnesota Housing.

1.03 Evidence of Misconduct Referred to Attorney General

Minnesota Housing will refer any evidence of fraud, misrepresentation or other misconduct in connection with the operation of HECAT to the Minnesota Attorney General's office for appropriate legal action.

Minnesota Housing may exercise all remedies available to it, both legal and equitable, to recover funds from the Grantee. This includes Grant Funds, together with all applicable administrative costs and other fees or commissions received by the Grantee in connection with the Grant Funds and for all attorney fees, legal expenses, court costs or other expenses incurred by Minnesota Housing in connection with the Grant Funds or recovery of such funds.

1.04 Unauthorized Compensation

The Grantee may receive fees approved in this Manual. However, the Grantee may not receive or demand from any other party to the transaction:

- Kickbacks
- Commissions
- Other compensation not in the Standards Guide

1.05 Termination of Grantee Participation

Minnesota Housing may terminate the participation of any Grantee under HECAT at any time and may preclude Grantee's future eligibility for reasons included, but not limited to, nonconformance with:

- This Manual;
- The Grant Contract;
- The manuals and agreements referring to other Minnesota Housing funding and programs;
- The Application for Funds;
- The Standards Guide;
- Applicable state and federal laws, rules and regulations.

Minnesota Housing may impose remedies other than termination of the Grant Contract for Grantee noncompliance.

1.06 Representations and Warranties

The Grantee agrees to comply with all applicable federal, state, and local laws, ordinances, regulations and orders.

1.07 Conflicts of Interest

The Grantee must avoid and immediately disclose to Minnesota Housing any and all actual, perceived or potential conflicts of interest. The Grantee must also maintain a conflict of interest policy.

A conflict of interest, actual, potential or perceived, occurs when a person has actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A potential or perceived conflict of interest exists even if no unethical, improper or illegal act results from it.

An individual conflict of interest is any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a friend, relative, acquaintance or business or organization with which they are involved.

Organizational conflicts of interest occur when:

- A Grantee is unable or potentially unable to render impartial assistance or advice to Minnesota Housing due to competing duties or loyalties.
- A Grantee's objectivity in carrying out the award is or might be otherwise impaired due to competing duties or loyalties.
- A Grantee has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors.

Once notified or otherwise made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further Grant Funds. Determinations could include:

- Revising the Grantee's responsibilities to mitigate the conflict.
- Allowing the Grantee to create firewalls that mitigate the conflict.
- Asking the Grantee to submit an organizational conflict of interest mitigation plan.

- Terminating the Grantee’s participation.

1.08 Fraud Disclosure

The Grantee must report all known or suspected instances of fraud in connection with the making or receipt of Grant Funds to Minnesota Housing’s Chief Risk Officer as soon as evidence of fraud is discovered by the Grantee. Fraud is an intentional deception made for personal gain or to damage another.

1.09 Suspension

By entering into any Grant Contract with Minnesota Housing, accepting any award of funds from Minnesota Housing, or otherwise conducting any business with Minnesota Housing, the Grantee represents that the Grantee, or any principal of the Grantee, has not been suspended from doing business with Minnesota Housing pursuant to the Minnesota Housing Finance Agency Board of Directors Participant Suspension Policy. A principal is defined as:

- an officer, director, owner, partner, principal investigator, or other person within an organization or entity doing business with Minnesota Housing with management or supervisory responsibilities; or
- a consultant or other person, who:
 - is in a position to handle Minnesota Housing funds;
 - is in a position to influence or control the use of those funds; or
 - occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to be performed under contract with Minnesota Housing.

The Grantee must review [Minnesota Housing’s suspensions webpage](#) for a list of all suspended individuals and organizations.

1.10 Fair Housing

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation. Minnesota Housing’s fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance.

Chapter 2 – Grantee and Grant Requirements

2.01 Grantee and Staff Standards

The Grantee must certify that:

- It is either a nonprofit organization as defined in Minn. Stat. 462A.03 Subd. 22 (as such may subsequently be amended, modified or replaced) or a political subdivision.
 - If a nonprofit organization:
 - It also has a current 501(c)(3) determination letter from the Internal Revenue Service;
 - It is in good standing and authorized to do business in Minnesota.
- See the Standards Guide for additional Grantee staff standards.

2.02 HECAT Eligible Households

Upon initial Client intake as described by Grantees in their Application for Funds, a Household is eligible to receive Program services if they reside in Minnesota at the time of intake. See the Standards Guide for additional requirements.

2.03 HECAT Eligible Activities

Homebuyer Services, including:

- In person group Homebuyer Education (workshops or clubs) to educate Household(s) on the home buying process and prepare the Household(s) for successful home ownership. Workshops or clubs must utilize approved curriculums.
- One-on-one (1:1) Homebuyer Services, including Financial Wellness and Homebuyer Counseling. Both types of 1:1 Homebuyer Services assess mortgage readiness, determine affordability, provide home buying information and referrals, and develop customized action plans. Financial Wellness is designed for anyone considering buying a home as a primary residence who has significant barriers to mortgage readiness. Homebuyer Counseling is designed for those who have few or no barriers to mortgage readiness.

Home Equity Conversion Mortgage Counseling, including:

- Tailored one-on-one counseling to help consumers make informed decisions regarding Home Equity Conversion Mortgage and Reverse Mortgage Programs.

Foreclosure Prevention Counseling, including:

- Providing information to homeowners regarding the foreclosure process, prevention options and referral services.
- Triage, assessment and development of action plans with homeowners, and communication with lenders/servicers regarding workout options.

2.04 Grant Funds Tracking

The Grantee must:

- Use generally accepted accounting principles in the maintenance of financial records.

- Track, keep record and report on the Grant Funds income and expenses, as well as any Client fees charged. Grant Funds must be used exclusively to fund Program-related expenses. Client fees charged should be considered income when reporting leverage. See the Standards Guide for additional resources.
- Accurately reflect all costs for operating the Program, report credit report fees as income/leverage and credit report costs as expenses when tracking Program expenditures.
- Obtain pre-approval for all out-of-state travel. Contact the Authorized Representative referenced in the Grant Contract for further guidance and approval. Grantee must obtain proof of the approval and supporting documentation for expenses paid with the Grant Funds.
- Document and retain in the Grant Contract file any verbal quotes obtained as part of the contracting and bidding requirements outlined in the Grant Contract. Verbal quote documentation may include but is not limited to notes, invoices and emails. All verbal quotes obtained must include: date the quote was received; name and contact of vendor; amount for service(s) requested; service(s) included in the quote; and date range of the service(s), if applicable.

2.05 Eligible Use of Grant Funds

For any Client receiving HECAT services, all file documentation and reporting requirements must be followed.

Grantee may use the Grant Funds to provide administrative support or program support for activities specific to the Program. Costs paid with Grant Funds can include the items listed on the Expenditure Report which is attached to the Grant Contract.

The Grant Funds and services must be provided and expended within the Program Year.

2.06 Ineligible Use of Grant Funds

Grant Funds cannot be used:

- For borrower financial incentives (i.e., down payment assistance, gift cards, loans of any kind);
- To cover all of a Grantee's indirect costs;
- As carryover into the next Program Year. All unexpended Grant Funds must be returned to Minnesota Housing.

2.07 Data Privacy, Authorization and Disposal

See the Grant Contract for requirements and the Standards Guide for additional guidance.

2.08 File Documentation and Maintenance

The Grantee must maintain files with proper documentation and the files must be made available upon request. See the Standards Guide for additional requirements.

2.09 Records Retention

The Grantee must establish and follow a records retention policy in accordance with applicable laws and must meet the minimum standards established in the Grant Contract. See the Standards Guide for additional guidance.

2.10 Monitoring

Minnesota Housing and Funding Partners reserve the right to make site visits, review Grantee's records and Client files, and conduct quality control audits. Items requested must be made available to Minnesota Housing and/or funding partners at the Grantee's office during regular business hours, or via remote submission, if so requested by Minnesota Housing or Funding Partners.

Items that may be collected include but are not limited to the following:

- The complete Client file;
- Expense documentation (e.g., any and all books, records, invoices and receipts);
- Other Program-related documents and accounting procedures and practices relevant to the Grant Contract and this Manual.

Files are reviewed for:

- Minnesota Housing and funding partner Program/funding policy compliance;
- The Standards Guide compliance;
- Fraud or misrepresentation on the part of any party involved in the transaction.

2.11 Additional Requirements

The Grantee must certify that:

- It has, or will secure at its own expense, all personnel required for the performance of the Grant Contract.
- It remains liable for accounting and full repayment of all unexpended Grant Funds to Minnesota Housing.

Chapter 3 – Disbursement and Reporting

3.01 Disbursement Schedule

Grantee will be disbursed Grant Funds according to the Disbursement Schedule, which is attached to the Grant Contract.

3.02 Financial Reports

Grantee must submit regular financial reports to the Minnesota Housing. Financial reporting will consist of both, the Grant Funds and Grantee's overall Program income(s) and expenditure(s) covering the duration of the Program Year. See the Expenditure Report for the template each Grantee is required to submit and the cost items that may be paid for by the Grant Funds. See the Grant Contract for the Reporting Schedule.

3.03 Narrative and Client Data Reporting

The Minnesota Home Ownership Center will request reports from the Grantee. More information about format and schedule will be provided by the Minnesota Home Ownership Center. See the Standards Guide for more details.

The reporting requirements in this section will survive the expiration or cancellation of the Grant Contract and remain in full force and effect until all requirements have been complied with fully. See the Standards Guide for additional resources.

Appendix A: Definitions

TERM	DEFINITION
Act	Minnesota Statutes Section 462A.209.
Application for Funds	The process by which the Single Family Division of Minnesota Housing solicits Grantee applications for the Grant funds.
Client	An Individual(s) receiving Program services.
Client Fees	Payment made by the Client to the Grantee for the program services.
Funding Partners	Co-grantors who contribute funds to a pool of HECAT Grant Funds
Grant Contract	The legal document signed by both the Grantee and Minnesota Housing, in which the Grantee will agree to perform duties and services while following the requirements set forth by Minnesota Housing.
Grant Funds	The funds that Minnesota Housing and the funding partners reserve and make available to the Grantee for eligible activities under HECAT.
Grantee	A nonprofit or a governmental entity recipient of funds awarded under HECAT and with which Minnesota Housing, in its sole discretion, enters into a Grant Contract for local administration of the Program(s).
Household	An individual or group of persons, that reside together, seeking homeownership services related to obtaining or sustaining homeownership.
HECAT	The Homeownership Education Counseling and Training Grant Funds.
Manual	This HECAT Manual.
Minnesota Housing	The Minnesota Housing Finance Agency.
Program	The eligible services under the HECAT Grant Funds.
Program Year	The timeframe which the Grant Contract is active.
Request for Proposal (RFP)	The process by which the Single Family Division of Minnesota Housing solicits Grantee Applications for Funding under HECAT.
Standards Guide	The Minnesota Home Ownership Center document which sets standards to ensure high-quality and efficient program services.

Appendix B: Attachments

[Standards Guide](#)

Expenditure Report (tentative)