

Kentucky Housing Corporation

HUD Counseling Manual for Sub-Grantees

Fiscal Year 2016

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Introduction

On June 21, 2016, HUD awarded \$42 million in housing counseling grants to local housing counseling agencies, intermediaries, state housing finance agencies and multi-state organizations across the country. Kentucky Housing Corporation received \$306,062 in HUD's comprehensive housing counseling grant funds to fund a statewide housing counseling program by partnering with sub-grantee agencies. This manual is not a substitute for HUD's housing counseling manual (7610.1 rev 5) but is a supplement to describe how to maneuver KHC's billing/reporting requirements when sub-grantee agencies perform HUD grant related services. The focus of this manual is solely KHC's housing counseling program using HUD's comprehensive housing counseling funds for fiscal year 2016. Agencies working with other KHC-funded counseling services must reference the respective manual of each funding source or KHC's website, www.kyhousing.org.

Definitions/Acronyms

Grant Performance Period: 10/01/2015-03/31/2017 unless extended with HUD approval.

Group Education: For the purposes of HUD's Housing Counseling Program, education is defined as formal classes, with established curriculum and instructional goals, provided in a group or classroom setting, or other formats approved by HUD, covering topics such as, but not limited to, (1) renter rights; (2) the home buying process; (3) how to maintain a home; (4) budgeting; (5) fair housing; (6) identifying and reporting predatory lending practices; (7) rights for persons with disabilities; (8) and the importance of good credit.

Special note: The educational topic of "Fair Housing" may include the promotion and protection of civil rights as they relate to ensuring equal opportunity housing. Such education sessions may include topics such as identifying and reporting discriminatory policies, procedures, practices, fair lending, Section 504 of the Rehabilitation act, and predatory lending.ⁱ

Individual Counseling: Counseling is described as counselor-to-client assistance that addresses unique financial circumstances and housing issues, and focuses on overcoming specific obstacles to achieving a housing goal such as repairing credit, addressing a rental dispute, purchasing a home, locating cash for down payment, raising awareness about critical housing topics such as predatory lending practices, fair lending, and fair housing requirements, finding units accessible to persons with disabilities, avoiding foreclosure, or resolving a financial crisis. Except for reverse mortgage counseling, all counseling will involve the creation of an action plan.ⁱⁱ

Housing Assistance Fund (HAF): A non-federal, non-state source, funded from KHC's earnings, a portion of which is allotted to provide housing counseling services through a network of participating agencies.

Home Counselor Online (HCO): The Fannie Mae-based client management system used by KHC and all its sub-grantees.

HUD: US Department of Housing and Urban Development, created in 1965 to create strong, sustainable, inclusive communities and quality, affordable homes for all.

Kentucky Housing Corporation (KHC): The state housing finance agency created by the 1972 General Assembly to provide affordable housing opportunities. As a self-supporting, public corporation, KHC offers lower-than-market rate home mortgages, housing production financing,

homeownership education/counseling, rental assistance, housing rehabilitation, and supportive housing programs for special needs populations.

National Mortgage Settlement (NMS): Settlement reached between forty nine state attorneys general and the nation's five largest banks in February 2012. \$1.5 million was given to the Kentucky Homeownership Protection Center to fund its NMS Counseling Program, which pays partnering agencies to complete loss mitigation and transitional housing counseling to distressed Kentucky homeowners.

Reverse Mortgage: A reverse mortgage is a mortgage that pays a homeowner loan proceeds drawn from accumulated home equity and that requires no repayment until a future time.ⁱⁱⁱ

Subgrantee (Sub): An affiliate of a HUD-approved intermediary or state housing finance agency that receives a sub-award of housing counseling funds provided under the HUD housing counseling grant.^{iv}

Unemployment Bridge Program (UBP): Funded by the U.S. Treasury's Hardest Hit Funds®, provides direct mortgage assistance to Kentuckians who have been unemployed through no fault of their own.

Indirect Cost Rate

Agencies that submitted their approved indirect cost rate established by their cognizant federal agency at time of grant application may use grant funds to cover indirect costs as specified and approved on the Indirect Cost Rate. More information on using Indirect Cost Rate can be found in OMB Circular A122.

Indirect Cost Training: <http://www.hud.gov/offices/adm/grants/training/odgmotraining.cfm>

Direct Cost Reimbursement

KHC will provide direct reimbursement of allowable costs associated with eligible activities defined in this manual. Allowable costs are costs incurred in the performance of this grant that are determined by HUD and KHC to be allowable, allocable, and reasonable in accordance to the:

1. Provisions of Agency Grant Agreement; and
2. Applicable Federal cost principles as outlined in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200. If these regulations are revised during the period of performance for this grant the most recent revision shall apply.¹

Eligible Activities^v

Agencies will be reimbursed only for the applicable activities outlined in this section. Both HUD and KHC reserve the right to reject funding requested for any costs that are outside the scope of housing counseling and group education services listed below:

Individual Housing Counseling

Individual counseling sessions regarding one or more of the topics listed in the Counseling/Education Topics section. For counseling to be eligible for reimbursement under

¹ FY 2016 Housing Counseling Grant Agreement-Parent Agencies

this grant, at a minimum, a housing counselor must perform and document each of the activities listed in page 9-10 of HUD's FY2016 Housing Counseling Notice of Funding Availability (NOFA).

Group Education/Classes

Group education or classes regarding one or more of the topics listed in Counseling/Education Topics section. Agencies that provide education regarding any of these topics must also offer individual counseling that compliments the education.

Lead-Based Paint

If clients receive education or counseling on "Pre-purchase/Homebuying" or "Locating, Securing, or Maintaining Residence in Rental Housing" and properties in which clients will be seeking may include pre-1978 housing, counselors are encouraged to provide information about their rights and responsibilities under the HUD/EPA Lead Disclosure Rule (24 CFR part 35, subpart A), and, if the rental or purchase may be HUD-assisted, the Lead Safe Housing Rule (24 CFR part 35, subparts B, K and R). See the lead-safety information and guidance at: www.hud.gov/offices/lead/training/training_curricula.cfm

Fair Housing

For both individual and group counseling, as appropriate, educate the client with respect to fair housing, fair lending, and accessibility rights (e.g. how to file a Fair Housing Act Compliant, 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.).

Affirmatively Furthering Fair Housing^{vi}

Under Section 808(e)(5) of the Fair Housing Act, HUD has a statutory duty to affirmatively further fair housing. HUD requires the same of its funding recipients. See Section III.C.3.b. of the FY 2014 General Section for additional information on this requirement. Examples of housing counseling activities that would fulfill the affirmatively furthering fair housing policy priority include, but are not limited to, the following:

- a. Providing persons with counseling, education, and/or information on discriminatory housing and mortgage lending practices and the rights and remedies available under federal, state, and local fair housing civil rights laws.
- b. Creating and maintaining a database of accessible housing opportunities in the community and marketing such housing opportunities to persons with disabilities, including those who live in segregated, institutional settings.
- c. Affirmative marketing and outreach to those populations least likely to seek the counseling or education services or information marketed, including those of racial, national origin, or religious groups not normally served by the sponsoring agency. To do so, it may be necessary to conduct marketing and outreach in a broader target area and/or languages other than English. It may also require conducting marketing and outreach in alternative formats for persons with disabilities (e.g. Braille, large print, audio, etc.).
- d. Provide mobility counseling to help persons move to housing that is not located in areas of poverty concentration or minority concentration, including helping persons identify housing opportunities, helping them connect with landlords, and assisting them with applying for such housing.

When housing counselors learn of alleged housing or mortgage lending discrimination that may violate federal, state, or local fair housing or civil rights laws, report the instance to HUD, a state

or local Fair Housing Assistance Program (FHAP) agency, or a private fair housing group, and/or provide clients with information on how to file a housing discrimination complaint of their own

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, 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 the Loan Modification Scam Alert Campaign: <http://www.loanscamalert.org/> or 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. 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.).

Training

Eligible expenses include training, testing and certification on housing counseling topics, including, but not limited to, preparation of counselors to satisfy HUD basic housing counseling training and testing requirements.

Quality Assurance

Eligible expenses include costs associated with ensuring compliance with program rules and regulations, internal and external quality assurance, program evaluation and improvement, and the cost of implementing improved management, supervision and oversight of the housing counseling program.

Computer Equipment/Systems

Eligible expenses include the cost of computer equipment/systems acquired with the objective of improving the quality of counseling and education services available.

Administrative Costs

This includes direct costs associated with administering a housing counseling program. HUD and KHC reserve the right to review and approve/reject costs.

Capacity Building

This includes costs associated with hiring additional staff to meet the demand for counseling and to effectively expend grant awards.

Scam Awareness, Identification and Reporting

Eligible expenses include education on, identification of, and reporting of potential loan modification scams, rental scams, rent to own scams, home repair scams, and similar. ²

² Notice of Funding Availability for FY2016 and 2017 Comprehensive Housing Counseling Grant Program

Counseling/Education Topics^{vii}

The information below is an excerpt from HUD manual 7610.1 Rev 5, section 3-6:

The following are examples of approved housing counseling, education, and outreach topics that participating agencies may provide to, and discuss with, clients:

Pre-Purchase/Home Buying.

This includes but is not limited to: advice regarding readiness and preparation for homeownership; Federal Housing Administration insured financing; housing selection and mobility; search assistance; fair housing, fair lending and predatory lending; budgeting and credit; loan product and feature comparison; purchase procedures and closing costs; money management (does not include debt management plan programs); selecting a real estate agent; and home inspection.

This also may include guidance on: alternative sources of mortgage credit; down payment assistance; locating housing that provides universal design and visibility; how to apply for special programs available to potential homebuyers; how to purchase a home using the Section 8 Homeownership Voucher Program; and referrals to community services and regulatory agencies.

Resolving or Preventing Mortgage Delinquency or Default.

This includes but is not limited to the consequences of default and foreclosure; loss mitigation, budgeting and credit; restructuring debt; obtaining re-certification for mortgage subsidy; and establishing reinstatement plans. It may also include helping clients affected by predatory lending; foreclosure prevention strategies; explaining the foreclosure process; providing referrals to other sources; and assisting clients with locating alternative housing.

The earlier that the housing counselor and lender establishes contact with the client, identifies the cause of default and begins to discuss reinstatement options, the more likely it is that the default will be cured and the homeowner will be able to retain ownership. Efforts to assist the client should ideally begin as soon as the loan becomes delinquent. The housing counselor should conduct follow-up housing counseling with the client on an as-needed basis until the default is corrected or the mortgage lender completes foreclosure and the client has found alternate housing.

Non-Delinquency Post-Purchase, including Improving Mortgage Terms and Home Improvement.

Home maintenance and financial management for homeowners, including, but not limited to: escrow funds; budgeting; refinancing; home equity; home improvement; utility costs; energy efficiency; and rights and responsibilities of home owners .

It may also include: loan and grant options; housing codes and housing enforcement procedures; accessibility codes and how to design features to provide accessibility for persons with disabilities; non-discriminatory lending and funding for persons who modify their dwellings to accommodate disabilities; visibility and universal design; how to specify and bid construction work; and how to enter into and manage construction contracts including actions to address the non-performance of contractors.

Locating, Securing, or Maintaining Residence in Rental Housing.

This refers to rental topics including, but not limited to: HUD rental and rent subsidy programs; other federal, state, or local rental assistance; fair housing; housing search assistance; landlord tenant laws; lease terms; rent delinquency; budgeting for rent payments; and providing assistance with locating alternate housing.

Reverse Mortgage.

A reverse mortgage is a mortgage product that pays a homeowner, loan proceeds drawn from accumulated home equity and that requires no repayment until a future time. The Federal Housing Administration's reverse mortgage product is the Home Equity Conversion Mortgage. Please see additional information on HECM in chapter 4 of HUD Handbook 7610.1 rev 5.

Note: Only counselors with HECM certification may offer Reverse Mortgage Counseling.

Homeless Assistance.

This includes, but is not limited to information regarding emergency shelter; other emergency services; and transitional housing.

HUD Restrictions

Federal Debt.

Agencies are prohibited from using any part of this grant to satisfy a delinquent federal debt.

Multiple Funding Sources.

Agencies shall be not reimbursed by HUD for time spent providing services that are directly or indirectly reimbursed from any source, including fees; only the portion of those counseling services for which the agency does not receive reimbursement from any other funding source.

NFMC.

Agencies are prohibited from using grant funds to reimburse counseling activity costs for any counseling recipient for which the grantee received National Foreclosure Mitigation Counseling (NFMC) Program reimbursement. For example, a grantee receiving reimbursement from NFMC for counseling John Doe, cannot also bill the HUD grant, for costs related to counseling John Doe that may have exceeded NFMC reimbursement.

Monthly Billing

Billing must be submitted to KHC for payment by the 10th of each month for the previous month's counseling activity. Example: August 2016 counseling activity would be submitted, in its entirety, to KHC by September 10, 2016, to be considered for payment. Billing submission must consist of the following:

- Invoice coversheet;
- Calculation of hourly rates;
- Staff Hours Worksheet;
- Client list;
- Supporting documentation;
- HCO Data/Cleared Alerts

- Agency Grant Budget
- Quarterly Report Requirements *only at quarter end
- Final Report requirements *only at final grant submission

All counseling activity from October 1, 2015 until June 30, 2016 may be submitted to KHC no later than September 30, 2016 for payment provided the grant agreement has been fully executed. All billing for the HUD grant must be submitted for payment no later than April 10, 2017 unless KHC is granted an extension from HUD. In that case, the final due date will also be extended and notice provided to agencies. **No billing shall be accepted after the end of each applicable quarter with the exception of 10/1/2015-06/30/2016 activity.**

Invoice Coversheet

Agencies must submit an invoice coversheet that fully details the total amount being invoiced for HUD counseling grant funds. Invoice should demonstrate the following data points:

- Agency name and contact information;
- Total amount billed to KHC;
- Total billed broken down by eligible activity;
- Total billed broken down by salary/fringe, and other direct cost; and
- Total billed for indirect cost rate reimbursement; and

NOTE: Totals of salary/fringe should equal total amount submitted on Staff Hours Billed form.

Calculating Hourly Rates for Billing

Agencies must demonstrate the methodology behind calculating each staff member's hourly rate to be billed toward the HUD Housing Counseling Grant. KHC will reimburse salary and benefits for staff time spent working on eligible activities. Below is an example of hourly rate calculations:

HUD FY2013 Comprehensive Housing Counseling Grant Hourly Rate Calculations

Agency Submitting for Payment:

Reporting Period:

This form should be completed in consultation with your CFO or CEO. CFO or CEO must sign off at the bottom.

Staff Name	Title	Annual Salary	Annual Benefits	Total Salary + Benefits	Hours Worked per Year	Hourly Rate for Billing
John Jones	Counseling Manager	\$60,000.00	\$12,600.00	\$72,600.00	2080	\$34.00
Bobby Baker	Counselor	\$45,000.00	\$9,450.00	\$54,450.00	2080	\$26.00
Sue Red	Counselor	\$40,000.00	\$8,400.00	\$48,400.00	2080	\$23.00
Nancy Blue	Counselor	\$30,000.00	\$6,300.00	\$36,300.00	2080	\$17.00
Joe Green	Administrative	\$25,000.00	\$5,250.00	\$30,250.00	2080	\$14.00
Part-time Peggy	Administrative	\$15,000.00	\$2,250.00	\$17,250.00	1300	\$13.00

I hereby certify that, to the best of my knowledge, the information contained herein and on the accompanying report is correct, that all services were provided in accordance with the Agency Agreement and were not reimbursed by any other funding sources, and that payment is due and has not been previously requested.

Agency CFO or CEO Date

Signature of Preparer Date

Agencies may be asked to provide payroll documentation to support the figures provided.

Added in fy2014: Agency must submit this form each month, updated as applicable.

Staff Hours Billed Worksheet

Agencies must submit each month the Staff and Hourly Rates for HUD Grant Worksheet. All eligible activity will be noted on this worksheet and signed by agency authority. **The total amount listed on this worksheet must match the total amount listed on the invoice coversheet under Salary/Fringe break down.**

Added in FY2014: This form has been expanded to include every month and to add formulas throughout to make it more user friendly. The preparer will work on the form by month. For each staff member billing that month, the preparer will list the eligible activities billed. **Note: KHC asks preparer to list "Counseling" as a single activity per staff, "Education" as a single activity per staff, vs. listing every counseling and education topic as a separate activity. Activities should match activities listed on coversheet.**

For hourly rate, preparer simply lists the hourly rate per staff according to the calculation on Hourly Rate Calculation Form.

The form should automatically calculate quarterly and year-to-date totals.

If preparer needs to add additional staff, preparer should be able to copy/paste a staff section to the bottom of the form and preserve the formulas. If needed, contact KHC staff to help.

See Example below:

Agency Name:	ABC Counseling				
Address:	1231 Louisville Road				
	Frankfort, KY 40601				
Grant Number:	HC14-0441-002				
Reporting Period:	10/01/2013-03/31/2015				
Staff Name and Type of Counseling	Oct '13	Nov '13	Dec '13	1Q Total	Jan
Mork from Ork					0
1. Counseling	20	35			55
2. Education	10		10		20
3. Training	4	12			16
4. Administration	15	20	20		55
Total Hours	49	67	30		146
Hourly Rate	\$30.00	\$30.00	\$30.00		
Total Billed	\$1,470.00	\$2,010.00	\$900.00		\$4,380.00
Patch Adams					0
1. Counseling	10	40	10		60
2. Education	20	10	40		70
3. Training	4				4
Total Hours	34	50	50		134
Hourly Rate	\$25.00	\$25.00	\$25.00		
Total Billed	\$850.00	\$1,250.00	\$1,250.00		\$3,350.00
Mrs. Ephagenia Doubtfire					0
1. Counseling	40	10	15		65
2. Education	10	20	20		50
3. Training	6	2	2		10
Total Hours	56	32	37		125
Hourly Rate	\$20.00	\$20.00	\$20.00		
Total Billed	\$1,120.00	\$640.00	\$740.00		\$2,500.00
Genie from Aladdin					0
1. Counseling	10	10	10		30

Client List

Client list must include the following information:

- Individual client/group education file numbers;
- Activity attributed to the relevant month;
- # of attendees/households (as will report on HUD Form 9902);
- Name of counselor and/or other employee providing services;
- Total amount of funds charged to grant; and
- Identify branch or main office where client served, if applicable.
- NEW 2015: KHC altered its client list to contain 9902 data.

Agency Name:		ABC Counseling							
Period Covered:		October 1, 2014 - March 31, 2016							
Prepared By:									
Billing Month/Year	Client/Group ID	Counseling or Education	Counselor	Race of Households	Income Levels	Rural Area Status	LEP Status		
Jul-15	12315	Counseling	Jaime Williamson	Black or African American	50-79%	Lives in Rural Area	Not Limited English Proficient		
Jul-15	23456	Counseling	Jaime Williamson	White	30-49%	Does not live in Rural area	Not Limited English Proficient		

Note: Agency is asked to subtotal each month's billing on the form. In Excel, click the AutoSum button (Σ) then highlight the fields to total. Please shade those fields or make sure they stand out to KHC staff during review.

Supporting Documentation for Other Eligible Activities

Agencies must document staff time spent performing all eligible activities associated with the HUD grant. Timesheet reporting must be detailed and accurate in order to document time spent performing activities eligible for reimbursement under this HUD grant. Additional documentation is required for eligible activities and is detailed below.

Individual Counseling:

A detailed client list will be submitted each month and a client file must be maintained by the agency and available upon request to KHC and/or HUD or its contractors.

Group Education:

For each education session provided, agency must submit the course agenda with instructor(s)' names, location, date, time of class, HCO class roster, sign-in sheet, and course evaluations. Each class must be listed in the HUD Client List. Agency must maintain a group education file detailing each class. Information must be made available upon request to KHC and/or HUD or its contractors.

Lead-Based Paint:

Agency should include this topic in class agenda for education and case notes for counseling.

Fair Housing:

Staff who attend or present at Fair Housing seminars should provide fliers, completion certificates, copies of marketing materials for the event, etc.

Marketing and Outreach Initiative:

Provide copies of any materials distributed as well as a list of persons/entities marketed to (i.e. lenders, real estate agents, potential clients, builders, etc).

Training:

Completion certificates, class fliers and/or advertising materials that show the sponsors, topics, and the dates/times of each class attended. To qualify for reimbursement under this HUD grant, trainings must be on topics applicable to HUD-related activities and must be conducted by a HUD-recognized trainer.

Quality Assurance:

Copy of engagement and final letters that identifies the purpose of the audit review, as well as the entity conducting it and the dates.

Computer Equipment/Systems:

Copies of receipts/invoices to support costs. If systems will be used by programs other than counseling, agency must account for the percentage and pro-rate the portion to be paid from HUD grant.

Example: Agency purchases laptops for staff to use for housing counseling, Weatherization, and HOME programs in equal measure. For that reason, only one-third of the total cost can be charged back to the HUD grant.

Administrative Costs:

Agency management should account for time spent through Personnel Activity Reports. Agency should provide a brief explanation of time billed including the amount of time and description of activity.

Capacity Building:

Detailed explanation of the work performed to build agency capacity by hiring additional staff. Any additional documentation would include candidate resumes, copies of job announcements, etc.

Scam Awareness, Identification and Reporting:

Detailed explanation of work performed to educate, identify, and/or reporting potential scams related to housing. Copies of any communications and/or reports regarding this eligible activity must be provided.

Complete Client Level Data in HCO

HUD required data points must be completed in HCO before payments will be processed. Please see KHC's HUD Client Level Data Requirements form for the list of data fields broken

down by HCO-specific screens. Agency must share access with KHC at the time of billing submission. KHC provides a Client Level Data Checklist. See Appendix.

Copy of Cleared HUD Alerts in HCO for Billing Period

HUD Alerts in HCO must be cleared for each billing period before payments will be made. The reason is cases with outstanding alerts are not pulled into 9902 figures and therefore, agencies do not get credit for the counseling units they've billed for. No exceptions to this requirement will be made.

Agency Grant Budget

Agencies must complete Grant Budget reflecting HUD Dollars allocation each billing period. This information should match up with agency's invoice coversheet total. Agencies should complete each column that applies. Other grant programs should be listed under "Other;" HHF Budget would be Column 6 "Other Federal Share;" Program Income would be costs taken out of fees charged to clients or lenders.

Grant Application Detailed Budget		**Based on HUD Form 424-CB but altered for KHC's needs								
		Functional Categories								
Name of Project/Activity:		Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
AGENCY NAME/BILLING PERIOD		HUD Share	Applicant Match	Other HUD Funds	Other Fed Share	State Share	Local/Tribal Share	Other	Program Income	Total
5	a. Personnel (Direct Labor)	\$	\$	\$	\$	\$	\$	\$	\$	0.00
6	b. Fringe Benefits									0.00
7	c. Travel									0.00
8	d. Equipment (only items > \$5,000 depreciated value)									0.00
9	e. Supplies (only items w/depreciated Value < \$5,000)									0.00
10	f. Credit Reports									0.00
11	g. Training									0.00
12	h. Marketing/Outreach									0.00
13	i. Other Direct Costs (explain on separate page)									0.00
14	i. Subtotal of Direct Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15	j. Indirect Costs (% Approved Indirect Cost Rate)	#VALUE!								
16	Grand Total	#VALUE!								
17										
18										
19										

New in FY16: HUD asked Grantees (and by extension, sub-grantees) to submit a proposed budget as part of accepting the Grant Award. No changes can be made to the budgets without prior, written consent by HUD. If Sub-grantees wish to make changes to their submitted proposed budgets, they must submit the written request to KHC. KHC will then request the approval from HUD.

KHC's Billing Review

During billing review, KHC staff review every item submitted, and then cross checks totals throughout. For example, the invoice coversheet total should match the budget; the salary/fringe breakdown should match Staff Hours Billed; counseling hours logged in HCO should match counseling hours on Client List and Staff Hours Billed; number of clients served

on Client List should match HUD column in the 9902; and Personnel Activity Reports should match Staff Hours Billed. A full list of KHC's check points can be viewed on KHC's Web site, www.kyhousing.org, under KHC Housing Counseling Staff Billing Review Workbook.

Quarterly Reporting to HUD

Agencies will submit all quarterly reporting directly to KHC who will compile and submit to HUD by the required deadline.

Required documentation to submit quarterly includes:

1. HUD form 9902; and
2. Personnel Activity Reports ("PAR").

Agency deadlines to submit to KHC are as follows:

Counseling Activity Period

October 1, 2015-June 30, 2016
 July 1, 2016-September 30, 2016
 October 1, 2016-December 31, 2016
 January 1, 2017-March 31, 2017

Billing/Report Due by

September 30, 2016
 October 10, 2016
 January 10, 2017
 April 10, 2017 **FINAL REPORT

HUD Form 9902

Agencies must submit HUD's Housing Counseling Agency Activity Report (HUD Form 9902) to KHC as part of quarterly reporting. All counseling activities related to the HUD Housing Counseling Grant is noted in the far right column of the report. All counseling and education activities, regardless of funding source, are noted in a designated column as well. Full instructions are provided by HUD on pages 4-9 of the form.

Housing Counseling Agency Activity Report U.S. Department of Housing and Urban Development Office of Housing Counseling Federal Housing Commissioner		OMB Approval No: 2502-0261 Exp. 04/30/2016	
Read the instructions and Public Reporting Statement on the back of this form.			
1. Counseling Agency Name		2. Reporting Period and Budget	
Agency Name		From: _____	
Agency ID:		To: _____	
Agency Type:		Date Submitted: _____	
Address:		Total Annual Housing Counseling Program Budget, All Sources:	
Parent Agency Name (if applicable)		\$ _____	
Agency ID:			
Agency Type:			
	All Counseling and Education Activities	Counseling and Education Activities Attributed to HUD Housing Counseling Grant Funds - Actual, to date.	Counseling and Education Activities Attributed to HUD Housing Counseling Grant Funds - Annual Projection
3. Ethnicity of Households			
a.	Hispanic		
b.	Not Hispanic		
c.	Chose not to respond		
Section 3 Total:			

All Counseling and Education Activities Column

Agencies will enter all housing counseling and education data for the reporting period, regardless of funding source. ^{viii} Below is some guidance for some of KHC's other funding sources:

UBP

Individual counseling would be noted under Section 9-f: *Resolving or Preventing Mortgage Delinquency*. Group Education would be noted under Section 8-h, *Completed resolving or preventing mortgage delinquency workshop*.

NMS

Individual counseling would be noted under Section 9-f: *Resolving or Preventing Mortgage Delinquency*. Group Education would be noted under Section 8-h, *Completed resolving or preventing mortgage delinquency workshop*.

NMS Transitional Counseling could be noted under Section 9-b: *Rental Topics* or Section 7-a: *Homeless Assistance*. Group Education could be counted as section 8-e: *Completed rental workshop*, 8-d: *Completed homelessness prevention workshop*, or 8-i: *Completed Other workshop*.

HAF

Households who completed counseling and education under KHC's HAF Counseling Program will be noted in Sections 8 and 9 according to the type of counseling offered, which mirrors HUD program offerings. However, HAF activities would only be noted in the All Counseling and Education Activities Column

What should equal what on a 9902?

If agencies have their HUD grant entered in HCO and if agencies diligently clear HCO HUD Alerts each month, then the 9902 report should print correctly, giving agency full credit for all counseling work.

Agencies should look over the 9902 and confirm the following fields match:

1. The HUD column should NEVER be greater than the All Counseling Activities Column.
2. Sections 3, 4, 5, 6, and 7 should each total the same amount.
3. Sections 8 PLUS section 9 should total the same figure as sections 3, 4, 5, 6, and 7.
4. Section 10 data totals are independent. Households can be counted multiple times, or not at all, based on the impact and scope of the counseling services provided.

Example demonstrated below: Agency counseled 150 clients in a particular quarter, 50 of which were billed toward agency's HUD grant.

Section 3:

3. Ethnicity of Households			
a.	Hispanic	100	15
b.	Not Hispanic	50	35
c.	Chose not to respond		
Section 3 Total:		150	50

Section 4:

4. Race of Clients			
Single Race			
a.	American Indian/Alaskan Native		
b.	Asian		
c.	Black or African American	50	10
d.	Native Hawaiian or Other Pacific Islander		
e.	White	75	10
Multi-Race			
f.	American Indian or Alaska Native <i>and</i> White		
g.	Asian <i>and</i> White	15	10
h.	Black or African American <i>and</i> White	10	20
i.	American Indian or Alaska Native <i>and</i> Black or African American		
j.	Other multiple race		
k.	Chose not to respond		
Section 4 Total:		150	50

Section 5:

5. Income Levels			
a.	< 50% of Area Median Income (AMI)	100	
b.	50 - 79% of AMI	50	
c.	80 - 100% of AMI		50
d.	> 100% AMI		
e.	Chose not to respond		

Section 5 is incorrect. No figure would be listed in the HUD column without at least that same figure being in the "All Counseling Activities" Column.

Section 6:

6. Rural Area Status			
a.	Household lives in a rural area	50	15
b.	Household does not live in a rural area	100	35
c.	Chose not to respond		
Section 6 Total:		150	50

Section 7:

7. Limited English Proficiency Status			
a.	Household is Limited English Proficient	75	25
b.	Household is not Limited English Proficient	75	25
c.	Chose not to respond		

Section 8: Remember Section 8 PLUS Section 9 totals must equal the numbers in Section 3, 4, 5, 6 & 7.

8. Households Receiving Group Education, by Purpose			
a.	Completed financial literacy workshop, including home affordability, budgeting and understanding use of credit	10	5
b.	Completed predatory lending, loan scam or other fraud prevention workshop		
c.	Completed fair housing workshop		
d.	Completed homelessness prevention workshop		
e.	Completed rental workshop	50	5
f.	Completed pre-purchase homebuyer education workshop	50	5
g.	Completed non-delinquency post-purchase workshop, including home maintenance and/or financial management for homeowners		
h.	Completed resolving or preventing mortgage delinquency workshop		
i.	Completed other workshop		
Section 8 Total:		110	15

Section 9:

9. Households Receiving One-on-One Counseling, by Purpose			
a.	Homeless Assistance		
b.	Rental Topics	20	15
c.	Prepurchase/Homebuying	20	20
d.	Home Maintenance and Financial Management for Homeowners (Non-Delinquency Post-Purchase)		
e.	Reverse Mortgage		
f.	Resolving or Preventing Mortgage Delinquency or Default		
Section 9 Total:			
Households Served Sections 8 and 9 Total:		40	35

Section 10: Households CAN have more than 1 outcome, based on impact.

10. Impact and Scope of One-on-One Counseling Services			
a.	Households that received one-on-one counseling that also received group education services.	40	35
b.	Households that received information on fair housing, fair lending and/or accessibility rights.	50	5
c.	Households for whom counselor developed a sustainable household budget through the provision of financial management and/or budget services.	150	50
d.	Households that improved their financial capacity (e.g. increased discretionary income, decreased debt load, increased savings, increased credit score) after receiving Housing Counseling Services.	25	10
e.	Households that gained access to resources to help them improve their housing situation (e.g. down payment assistance, rental assistance, utility assistance, etc.) after receiving Housing Counseling Services.	5	2
f.	Households that gained access to non-housing resources (e.g. social service programs, legal services, public benefits such as Social Security or Medicaid, etc) after receiving Housing Counseling Services.		
g.	Homeless or potentially homeless households that obtained temporary or permanent housing after receiving Housing Counseling Services.		
h.	Households that received rental counseling and avoided eviction after receiving Housing Counseling Services.	3	
i.	Households that received rental counseling and improved living conditions after receiving Housing Counseling Services.	2	
j.	Households that received prepurchase/homebuying counseling and purchased housing after receiving Housing Counseling Services.	5	2
k.	Households that received reverse mortgage counseling and obtained a Home Equity Conversion Mortgage (HECM) after receiving Housing Counseling Services.		
l.	Households that received non-delinquency post-purchase counseling that were able to improve home conditions or home affordability after receiving Housing Counseling Services.		

Personnel Activity Reports

Agencies must account for staff time billed to HUD grant through Personnel Activity Reports (PARs). Each agency's PAR will be unique to that agency but HUD hours billed must be accounted for. PARs must be an after-the-fact reporting of staff hours.

Allocation and Documentation of Staff Time

Employee: Jane Johnson
 Department: Homeownership Department
 Pay Period: 7/2/2012 to 7/14/2012 ← Coincides with pay period

Program/Activity	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total
US Dept of HHSO		3.75	6.50		7.50	3.75		18.00
Other Federal 1		1.25			0.50			10.50
Other Federal 2		2.50				1.75		9.50
Administrative		0.50					1.00	1.50
Other 1								-
Other 2		2.00						2.00
Travel (Specify)								-
Vacation Leave							7.00	7.00
Sick Leave			7.00					7.00
Sick Leave							3.00	3.00
Total		8.00	8.50	7.00	8.00	7.50	-	78.50

Employee's Signature: Jane Johnson Date: 7/14/2012
 Supervisor's Signature: Jeff Smith Date: 7/16/2012
 Total Employee Activity: 78.50

Example:

Final Grant Report/Final Billing Submission

Agency must submit the following documentation for its final billing submission for HUD grant funds:

1. Monthly Billing Requirements (see pages 7-12 for full description)
2. Quarterly Report Requirements (see pages 12-16 for full description)
3. Final Report (KHC provided template to match HUD requirements)

Agency's Name

Counseling activity for entire grant period	Agency Response (# and names)
Were established goals met? Why or why not?	
Were any new strategies and/or adjustments be made to improve performance in the future in order to better meet projected outputs and outcomes? Please describe:	
What activities did agency pursue to Affirmatively Further Fair Housing per HUD requirements?	
Please describe agency's internal oversight controls used to ensure compliance with KHC and HUD requirements:	
What problems did the agency encounter during this grant performance period that negatively impacted outcomes:	
In what area(s) does the agency request additional guidance from KHC staff?	
Any unusual client needs or problems for which the agency provided counseling?	
Any recommendations to KHC [or HUD] to improve future funding rounds?	
Tell us your story	Agency Response
At least 1 client success story from this grant performance period, must have the following details: <ul style="list-style-type: none"> • Name • HCO Case Number • How they heard of your services? • Counseling Needs 	

Monitoring Compliance with Grant Agreement

Each year, KHC's counseling team will conduct on-site monitoring visits to each sub-grantee network. The following is a non-exhaustive list of items to be reviewed pertaining to HUD's Housing Counseling Grant:

- A. Training attendance of staff;
- B. Quality and timeliness of billing submission;
- C. # of clients served by the agency's counseling/education team;
- D. Variety of counseling/education provided;
- E. Quality of customer service provided to clients;
- F. Counseling File Sample—see below for more information; and
- G. Education File Sample—see below for more information.

Counseling File^{ix}

Note: the information below is taken directly from the Notice of Funding Availability for the Department's Fiscal Years 2016 and 2017 Comprehensive Housing Counseling Grant Program.

The housing counseling agency must maintain a separate confidential file documenting each unique, distinct provision of counseling services provided to a client. For counseling to be eligible for reimbursement under this NOFA, at a minimum, a housing counselor must perform and document each of the following activities:

Budget/Financial Analysis

A review of the client's income, expenses, spending habits, and use of credit in order to evaluate their unique financial situation relative to their housing needs.

Housing Analysis

A review of the client's housing needs, current housing quality, and housing affordability relative to their financial capability.

Action Plan

Except for reverse mortgage counseling, the housing counselor and client must establish an action plan that outlines actions the housing counseling agency and client will do in order to meet the client's housing goals and, when appropriate, addresses the client's housing problems).

Discuss Alternatives.

Identify and discuss with the client at least three (3) alternatives or options available to the client, including FHA programs and products if applicable, relevant to the specific housing need. For example, if a particular company, loan product, property, or debt management program is discussed, the counseling must include a detailed discussion of alternative companies, loan products, properties, debt management programs, etc.

Follow-up

Efforts made by the counselor to have follow-up communication with the client, to ensure that the client is progressing toward his or her housing goal(s), to modify or terminate housing counseling services, and to determine and report outcomes.

Home Inspection Materials

During the course of pre-purchase counseling and/or homebuyer education the client(s) *must* be provided a copy of the following materials: "For Your Protection Get a Home Inspection," *HUD Form 92564), and "Ten Important Questions to Ask Your Home Inspector." Both documents can be found at http://portal.hud.gov/hudportal/HUD?src=/topics/buying_a_home.

Group Education File^x

Note: the information below is a direct reference to HUD Manual 7610.1 Rev 5, Chapter 5-8.

The housing counseling agency 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.

File Number

A file number for the education/ workshop session

HCO Data

All required fields must be completed in HCO.

Good Morning, Jaime Williamson [Español](#) [Legal](#) [Licensing Bulletin](#) [Contact Us](#) [Help](#) [Avuda](#)

Home [Education Reports](#) [External Reports](#) [Administration Resources](#)

Education

- Class Calendar
- Register Student
- Class Rosters
- + Set Up

Register Student
Class Offerings -> Enter Student -> Student Details

Class ID	Class	Roster	Date	Start Time	Duration	Instructors	Location	Enrollment
29968702	Money Matters	View	08/15/14	10:00AM	2h		Kentucky Housing Corporation	0/0

Jaime Williamson does not appear to be a current client. No existing case was found for this name. Please enter new student details.

Middle Name:

Street Address: H

Street Address 2:

City: H

State: H

Zip Code: H

Home Phone: - - x

Work Phone: - - x

Email Address:

Counseling Type:

Create New Case:

Counselor:

Fee Charged: H No Fee Charged: H

Note: If you have selected to register a student for multiple classes, the fee information will be applied to all classes.

HUD-9902 Details

Referral Source: H

First Time Home Buyer: H

Ethnicity of client: H

Race of client: H

AMI of client: H

Create HUD-9902 (Section 6): H

Note: Attendee information will be tracked separately for HUD, if a case is not created. Otherwise, class information will come from the client's case.

[Save](#) [Cancel](#) [Print](#)

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.

Course Description

Course title, course outline or established curriculum; and instructional goals

Instructors

Name of each housing counselor, instructor or presenter participating in the session.

Course Logistics

Date, place and duration of each session.

Participant Information

List of participating households and the race, ethnicity, and income data for each household

Disclosure

The disclosure statement provided to each household that is relevant to the subject of the session (See Chapter 6, Paragraph 6-1, Item G.)

Fees

If applicable, the amount paid through client fees and a copy of the receipt provided to the client.
Create counseling file checklist.

Appendices

- A. KHC's Counseling Team Contact Information
- B. Forms
- C. Web Links
 - a. HUD Manual 7610.1 rev 5 Web site
 - b. HCO User Manual Web site
 - c. Office Housing Counseling Web site
 - d. Ten Questions to Ask Your Home Inspector
 - e. Single Family FHA Insured Mortgage Programs
 - f. OMB Circulars
- D. KHC's Policies regarding the following:
 - a. Conflict of Interest
 - b. Fraud
 - c. Record Retention

Appendix A: KHC's Counseling Team Contact Information

Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601
Phone: 502-564-7630
Fax: 502-564-7664

Jaime Williamson, Housing Education & Counseling Manager: jwilliamson@kyhousing.org; ext. 315

Shelbie Hillard, Financial Counseling Specialist: shillard@kyhousing.org; ext. 775

Becky Shelton, Housing Education & Counseling Specialist: bshelton@kyhousing.org; ext. 249

Appendix B: Forms

All forms related to KHC's HUD Grant Program can be found at www.kyhousing.org. Below is a list of relevant forms:

Invoice Coversheet

Agency Grant Budget

Hourly Rate Calculator

Final Report Template

Staff Hours Billed

Class Evaluation

Client List

Client Level Data Requirements in HCO

Appendix C: Important Web Links

HUD Manual 7610.1 rev 5

All agencies working with HUD's Housing Counseling Grant are responsible for the content contained within the HUD Manual 7610.1 Rev 5. Below is a link to that manual.

<http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/7610.1/76101HSGH.pdf>

HCO User Manual

Fannie Mae has published user manuals for counselors as well as agency administrators. Additionally, Fannie Mae has also made available a Learning Center which contains recorded tutorials free of charge. All can be found at the following link:

<https://www.fanniemae.com/singlefamily/home-counselor-online>

Office Housing Counseling

HUD's Office of Housing Counseling has many resources available to counselors including links to training opportunities and a Housing Counseling Capacity Building ToolKit.

Below is a link to their web site.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc

Here is a link specifically to the Housing Counseling Capacity Building ToolKit:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/ohc_cap

Ten Questions to Ask Your Home Inspector

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/insp/inspfaq

Single Family FHA Insured Mortgage Programs

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/insured

OMB Circulars

http://www.whitehouse.gov/omb/circulars_default

Appendix D: KHC Policies

Conflict of Interest

Counseling personnel must abstain from any conflict of interests or appearance of conflicts of interest in regard to the counseling of applicants. The purpose of this is to protect all of the parties involved including, but not limited to the clients, the counselors, KHC's counseling program, including the Unemployment Bridge Program, funded with Hardest Hit Funds®. KHC considers a conflict of interest to exist when counseling personnel has any interest in the matter relating to the client or an interest that might compromise the agency's ability to represent fully the best interest of the client.

The following is a non-exhaustive list of examples of actions that could create a conflict or the appearance of a conflict of interest:

- a. Receiving any type of fee for referral of applicant (other than compensation outlined in any KHC counseling manual);
- b. Offering any other fee-based financial services to applicant (e.g. tax preparation, financial planning, bill payments, etc.);
- c. Working directly with one's spouse, child, or other close relative;
- d. Using a position of trust and authority with the applicant for financial gain.

Agencies must notify KHC in writing of any conflicts of interest that may have occurred as well as what actions were taken in response. Failure to comply with this policy will result in termination from all KHC counseling programs.

Fraud Policy

Kentucky Housing Corporation recognizes the importance of protecting the organization, its operations, its employees, and its assets against financial risks, operational breaches, and unethical activities.

Therefore, it is incumbent upon KHC's Board of Directors and management to institute and clearly communicate the fraud prevention policy to both internal and external customers, vendors, consultants, contractors, and partners.

KHC recognizes a zero-tolerance policy regarding fraud and corruption. All matters raised by any source will be taken seriously and properly investigated.

This policy covers all KHC employees and officers. Additionally, this policy covers all KHC vendors, customers, and partners to the extent that any KHC resources are involved or impacted.

Fraud is defined as an intentional deception, misappropriation of resources, the manipulation of data, or the concealment of a material fact to the advantage or disadvantage of a person or entity. Some examples of fraud include, but are not limited to:

- Falsification of expenses and invoices.
- Theft of cash or fixed assets.
- Alteration or falsification of records.
- Failure to account for monies collected.
- Knowingly providing false information on job applications and requests for funding.

Corruption is defined as the offering, giving, soliciting, or accepting of an inducement or reward that may improperly influence the action of a person or entity. Some examples of corruption include, but are not limited to:

- Bribery.
- Conspiracy.
- Extortion.

REPORTING OF FRAUD OR CORRUPTION

Allegations and concerns about fraudulent or corrupt activity may come from various sources including, but are not limited to:

- Employees.
- Vendors.
- Members of the public.
- Results of internal or external audit reviews.
- Any other interested parties.

All employees and officers have a duty to report concerns they have or information provided to them about the possible fraudulent or corrupt activity of any officer, employee, vendor, or any other party with any association with KHC. Any person who has a reasonable basis for believing fraudulent or corrupt acts have occurred has a responsibility to report the suspected act immediately.

Concerns should be reported to any of the following:

- Director of Internal Audit.
- General counsel.
- The employee's immediate supervisor.
- Any chief officer.
- Chief executive officer.
- Chairman of the Board of Directors.
- Anonymous Fraud and Corruption Hotline – (866) 384-4277 or online through

- EthicsPoint - https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=5039

In accordance with KRS 61.102, retaliation and retribution of any kind will not be tolerated against any employee or officer who reports suspected fraudulent or corrupt activities. However, if an employee is determined to have acted maliciously or with deceit, the employee will be subject to disciplinary action.

All reports will be taken seriously and will be investigated by Internal Audit staff and/or the Legal Department. If deemed necessary, KHC will notify and fully cooperate with the appropriate law enforcement agency. Any investigation resulting in the finding of fraud or corruption will be referred to the KHC Disciplinary Committee for action. Fraudulent or corrupt activities that result in disciplinary action will be reported to the Board of Directors.

DETERRING FRAUD AND CORRUPTION

KHC has established internal controls, policies, and procedures in an effort to deter, prevent, and detect fraud and corruption.

All new employees, including temporary and contract employees, are subject to background investigations including a criminal background check. KHC will also verify all applicants' employment history, education, and personal references prior to making an offer of employment.

All vendors, contractors, and suppliers must be active, in good standing, and authorized to transact business in the Commonwealth of Kentucky. Vendors, contractors, and suppliers are subject to screening, including verification of the individual's or company's status as a debarred party.

All contractual agreements with KHC will contain a provision prohibiting fraudulent or corruptive acts and will include information about reporting fraud and corruption. KHC employees will receive fraud and corruption awareness training. New employees will receive training as part of orientation at the commencement of employment. All employees will receive fraud and corruption awareness training every two years.

CORRECTIVE ACTION

Final determination regarding action against an employee, vendor, recipient, or other person found to have committed fraud or corruption will be made by the Disciplinary Committee comprised of KHC's general counsel, director of Internal Audit, director of Human Resources, and the chief executive officer.

Offenders at all levels of the Corporation will be treated equally, regardless of their position or years of service with KHC. Determinations will be made based on a finding of fact in each case, actual or potential damage to the Corporation, cooperation by the offender, and legal requirements.

Depending upon the seriousness of the offense and the facts of each individual matter, action against an employee can range from written reprimand and a probationary period to legal action

– either civil or criminal. In all cases involving monetary losses to KHC, KHC will pursue recovery of losses.

Record Retention

Subgrantee shall maintain such records as are deemed necessary by KHC and HUD to assure a proper accounting for all costs. Records regarding the HUD Counseling Grant shall be kept for a period of at least three (3) years after the expiration of the Grant period or date of last payment, whichever occurs first.

ⁱ HUD Manual 7610.1 Rev 5, Chapter 1, section 1-4, item G

ⁱⁱ HUD Manual 7610.1 Rev 5, Chapter 1, section 1-4, item F

ⁱⁱⁱ HUD Manual 7610.1 Rev 5, Chapter 1, section 1-4, item AA

^{iv} HUD Manual 7610.1 Rev 5, Chapter 1, section 1-4, item CC

^v Notice of Funding Availability for HUD's Fiscal Year 2016 Comprehensive Housing Counseling Grant Program, pages 9-11

^{vi} Notice of Funding Availability for HUD's Fiscal Year 2016 Comprehensive Housing Counseling Grant Program, page 12-13

^{vii} HUD Manual 7610.1 Rev 5, Chapter 3, section 3-6

^{viii} Form HUD 9902 (10/2006), page 5

^{ix} HUD Manual 7610.1 Rev 5, section 5-7

^x HUD Manual 7610.1 Rev 5, section 5-8