STANDARDS GUIDE

Minnesota Homeownership Center
& Homeownership Advisors Network

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The Minnesota Homeownership Center's mission is to
promote and advance successful homeownership in Minnesota with an emphasis on serving those facing the greatest barriers to homeownership.

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Introduction to Standards Guide

This document describes the standards that the Provider Agencies (Providers) in the Minnesota Homeownership Center's (Center) Homeownership Advisors Network follow upon becoming a member. The primary purpose of these standards is to ensure consumers and other stakeholders receive effective, high-quality, efficient services from Providers.

The Standards Guide applies to all Providers and individual Homeownership Advisors (Advisors) who are in the Center's network and are delivering services in the following homeownership program areas: financial wellness advising, homebuyer advising, homebuyer education, foreclosure advising, reverse mortgage advising, and special refinance advising.

Adherence to these standards is part of periodic program reviews conducted by the Center and its funding partners.

These standards do not prescribe every aspect of programming delivery. Providers may customize their services within the parameters of the standards to meet their communities' and consumers' needs.

Providers contracting with an individual or agency to deliver services will ensure the said person or entity adheres to the parameters of the standards.

This guide was developed with recommendations and input from the Minnesota Homeownership Center staff, Board of Directors, Advisory Council, and Providers. Standards were informed by the policies for administering HUD Housing Counseling programs, the Housing Partnership Network, and the National Industry Standards for Homeownership Education and Counseling.

STANDARDS AND BENCHMARKS

Providers in the Center's network are required to adhere to ***Standards***.

Recommended Benchmarks are considered best practices, and are highly recommended.

The Homeownership Advisors Network

NETWORK MEMBERS

Providers in the Center's ***Homeownership Advisors Network*** are dedicated to providing high-quality, effective services to consumers. These independent, non-profit, and government organizations are committed to: following program standards and policies that are based in national best practices but reflect Minnesota's homeownership education and advising environment; reporting programming outcomes to the Center; participating in periodic program reviews; and collaborating with network partners to promote and advance the professionalism of the network and the homeownership industry.

To become a Provider member of the Homeownership Advisors Network, an agency must receive funding (see below) or apply and be approved by the Center. Center staff is available to meet with organizations interested in membership.

THE CENTER'S ROLE

The Center supports Providers by offering technical assistance, capacity building support, certification and training, and coordinated networking. Staff is available to provide guidance on program delivery, program management, and a range of best practices. The Center conducts public education and outreach, and is responsible for research and analysis of program delivery, outcomes, and trends. The Center also serves as a funder (see below), and participates in a variety of partnerships with industry stakeholders in an effort to further the mission of the network.

FUNDING

The Homeownership Education, Counseling and Training (HECAT) Fund provides financial support to eligible non-profit and government organizations to deliver a variety of homebuyer/homeowner education, advising (counseling), and training services to Minnesotans.

Funding partners work together annually to offer funding to eligible agencies via HECAT. Each of the funding partners contributes financial resources and participates in the grant-making and award process. The funding partners currently include Family Housing Fund, Greater Minnesota Housing Fund, Minnesota Housing, and Minnesota Homeownership Center.

In addition, as a HUD-approved regional intermediary organization, the Center facilitates annual applications for and awards sub-grants of HUD Housing Counseling Program funding to support the advising, education, and outreach activities of eligible network providers.

Finally, the Center raises funds through other public and private entities and grants these funds to Providers. Providers also secure their own funding through grants, government contracts, and donations.

Operating Standards

NATIONAL STANDARDS

The standards in this document comply with and in some instances exceed the National Industry Standards for Homeownership Education and Counseling (www.homeownershipstandards.com). The Center recognizes the importance of promoting professionalism and quality in homeownership services at the national level while supporting the standards that reflect the local counseling industry. Providers should adopt the National Industry Standards for Homeownership Education and Counseling upon becoming a Provider.

COMPETENCY

Homeownership Advisors have strong knowledge in areas of personal finances and homeownership, including:

- Budgeting, money management, income, credit, debt, savings, affordability, anti-predatory lending, fair housing, relevant local, state, and federal laws, and familiarity with referral resources (ALL)
- Banking, credit building tools, and savings programs (Financial Wellness)
- Homebuying process, mortgage financing, down payment assistance, insurance, and home maintenance (Homebuyer Advising and Education)
- Foreclosure process, loss mitigation, primary and secondary markets (Foreclosure Advising)

SKILLS

Homeownership Advisors demonstrate skills in:

- Customer service, professional communication, active listening, organization skills, time management, cultural competency, reviewing credit reports, conducting relevant calculations, performing affordability analysis, and developing action plans (ALL)
- Adult education techniques, facilitation skills, training methods, presentation skills, audio/visual techniques, and planning and designing training (Homebuyer Education)
- Client engagement, behavior change and negotiation, and critical thinking (Homebuyer Advising, Foreclosure Advising, Post-purchase 1:1 services)

  Recommended Benchmark:

  - Advisors providing 1:1 Services are familiar with various service delivery methods, including advising and coaching.

TRAINING AND CERTIFICATION

Advisors must have strong technical knowledge and skills to deliver quality homeownership services to participants. Training and certification 1) ensures Advisors have attained a level of knowledge that qualifies them to perform the services required; 2) encourages excellence in the homeownership profession and develops criteria for assessing the level of excellence; and 3) promotes the professional growth of Advisors by implementing a system of continued professional education.

Standard

Upon hire, new Homeownership Advisors participate in orientation and training relevant to the type of service(s) they will deliver.

Standard

Advisors are required to be certified in the program area(s) for which they provide services. Certification is required for foreclosure advising, homebuyer education, homebuyer advising, and reverse mortgage advising. Homebuyer advising certification is required for advisors providing financial wellness services.

Standard

Advisors complete training and certification in the relevant program area through one of the following certifying entities within 12 months of being hired, or within 12 months of the Provider becoming a member of the network:

- *Minnesota Homeownership Center*
- *NeighborWorks® America*
- *UnidosUS Learning Alliance*

Note: Foreclosure advising certification through the Minnesota Mortgage Foreclosure Prevention Association is accepted if the original certificate was earned prior to October 1, 2009.

Standard

Advisors maintain a current, valid certificate with the original certifying entity. This includes adhering to the entity's renewal or recertification policies, including continuing education requirements.

Standard

Advisors who obtain certification from an entity other than the Center must participate in Program Model training for homebuyer services and foreclosure advising within 12 months of hire.

Standard

Advisors providing reverse mortgage advising adhere to HUD's certification policies for Home Equity Conversion Mortgages (HECM).

Standard

> *Advisors who are working for HUD Approved Agencies must become HUD certified upon hire and prior to delivering services to clients. Advisors cannot deliver services without HUD certification. This is effective as of August 1, 2020.*

CONTINUING EDUCATION

Continued learning and professional growth of Homeownership Advisors promotes high quality services. The Center does not offer an approved list of continuing education opportunities, but encourages participation in seminars, courses, conferences, and other relevant training through trusted entities.

Standard

> *Advisors must complete 10 continuing education hours (CEH) annually. One CEH equals one hour of instruction. Continuing education must be on topics relevant to program area. You do not have to submit proof of completion to the Center, however, Providers are responsible for maintaining a record of completed CEHs for Advisors for three years after the date of completion. The Center may request documentation during a program review or as needed. Homeownership Advisors providing services in multiple program areas do not necessarily have to complete more than 10 hours of CE annually, but must complete training relevant to all areas of expertise.*

STAFF CHANGES

To ensure continuity of services and to facilitate communication with other network members and the Center, inform the Center of all staff changes.

Standard

> *Notify the Center about Advisors leaving the organization or new hires within 10 business days. The Center will discuss a plan for continuation of services and any changes in programming required as a result of the staff change.*

REPORTING

Providers are required to collect and report client and program data to the Center on a regular basis as defined by the Center. Centralized reporting and evaluation is a professional hallmark of the Center's network. The ability to comprehensively report program outcomes is critical to demonstrating program effectiveness, securing resources, and ensuring ongoing program enhancements. Reporting forms can be found on the Center's box.com account.

HomeKeeper is a web-based client management system on the Salesforce platform and is owned by Grounded Solutions Network. The Center is the system administrator for the shared HomeKeeper system used by the network. Each Provider signs a HomeKeeper Services Agreement that contains

the terms and conditions that govern the access to and use of the HomeKeeper software platform. Providers are responsible for the cost to use the system. These costs are subject to change. The Center provides user set-up and maintenance, was well as training and ongoing technical assistance to Advisors.

Standard

Providers are required to use HomeKeeper to report participant and program data to the Center. Providers capture and submit all data using the list of required data fields provided by the Center.

Standard

Advisors resolve cases in HomeKeeper when the resolution is known. All cases must be closed. Cases cannot be left open indefinitely.

Standard

Providers are responsible for timely and accurate reporting. All participant information must be entered in HomeKeeper on or before the last day of the quarter. Reporting via alternative methods may be required on occasion. Providers submit biannual program and narrative reports to the Center using the formats provided by the Center.

RECORD KEEPING

Providers maintain participant files. Forms and sample documents for use with participants can be found on the Center's box.com account.

Standard

Participant files are maintained in either paper or electronic form. Files are stored in a secure location and kept for a minimum of 6 years following the end of the program year in which the file was closed. At the time of disposal, paper files are shredded and electronic files are permanently deleted.

Standard

A group file is maintained for homebuyer education. Individual household files are maintained for all advising services.

Standard

At a minimum, participant files for homebuyer education include: 1) Workshop Registration / Intake form; 2) Workshop Survey; 3) HECAT Combined Privacy Act Notice or equivalent; 4) Completion Certificate; and 5) Conflict of Interest Disclosure.

At a minimum, participant files for financial wellness, homebuyer advising, and foreclosure advising include: 1) Intake form; 2) Budget; 3) Case Notes; 4) Action Plan; 5) HECAT Combined

Privacy Act Notice or equivalent; 6) Credit Authorization form (when applicable); and 7) Conflict of Interest Disclosure.

Recommended Benchmarks:

- Providers use a checklist to ensure files are consistently maintained and meet reporting standards.
- Providers have a process in place for regular file audits and other quality assurance measures.

Standard

Advisors providing reverse mortgage advising adhere to HUD's file requirements for Home Equity Conversion Mortgages (HECM).

DATA PRIVACY

Adhere to federal regulations and statutory laws pertaining to the release of private data about individuals to outside parties. Private data is any information that either alone or when linked with other personal information can be used to distinguish or trace an individual's identity.

Standard

Before releasing private client data, written or verbal authorization from the client must be secured. The authorization must include the parameters of information to be shared and may not be a blanket waiver. A copy of the HECAT Combined Privacy Act Notice can be found on the Center's box.com account.

Standard

Participants are not required to share private data with Advisors or third parties. Provision of service must not be contingent on whether a client provides consent to share private data.

ACCESSIBILITY

Providers must make special efforts to reach and accommodate people with disabilities and other populations that are typically underserved.

Standard

Providers comply with the provisions of the Americans with Disabilities Act (ADA) and observe all laws pertaining to fair housing in the administration of homeownership programs. Providers ensure the accessibility of their services for people with disabilities and offer reasonable accommodations when necessary. In cases where reasonable accommodations are requested, Providers document all actions taken to facilitate service delivery.

Recommended Benchmarks:

- The registration or appointment scheduling process includes a question on the need for special accommodations.
- Education and advising space is convenient and accessible to the community by public transportation whenever possible.
- Materials are made available in alternate formats upon request.

PREFERRED LANGUAGE

Providers accommodate language needs of participants.

Standard

Providers refer participants to Advisors within their organization or to another Provider that offers language-specific services. This includes referrals to Framework® as an option for education participants who speak Spanish or are deaf or hard-of-hearing.

Standard

If language-specific services are not available, interpreters are made available to those requesting the service. Providers coordinate and pay for interpreting services.

CONFLICT OF INTEREST

The Center requires providers to disclose conflicts of interest. A conflict of interest exists when the Provider has an interest that has the potential to compromise the Provider's ability to fully represent the best interests of the participant. In order for the participant to make a fully informed decision, they must be made aware of any real or potential conflict(s) of interest on the part of the Provider and the Homeownership Advisor. Potential conflicts of interest include, but are not limited to, cases where the Provider or Advisor:

- Owns or purchases property that the client may choose to purchase.
- Accepts a fee for real estate services such as listing or selling property.
- Holds or services the mortgage on a client's property.
- Offers an in-house mortgage product or other products that generate income.
- Receives a fee from a third-party such as a mortgage lender, servicer or investor, or real estate agent.
- Has other business or personal financial interest in a client, or has an immediate family member with a financial interest in a client.

Standard

When an actual or perceived conflict of interest exists, Providers give a written disclosure to participants revealing the conflict and stating that participants are under no obligation to receive additional services from the Provider. Providers offer information on alternative services and

programs. Participants sign the disclosure and a copy is maintained in the client file. A sample disclosure is available on the Center's box.com account.

Standard

Advisors must not engage in any transactions outside of their employment with the Provider that present a conflict of interest. Examples include real estate, mortgage lending, insurance, home improvements, etc. directly with clients of the Provider.

Standard

Advisors must not be the sole decision makers to approve or deny in-house mortgage loans, grant programs, or the sale of property to participants for whom they have provided services.

STEERING

Standard

Providers do not limit the choices of any participant by directing them to products or any one person or entity to the exclusion of other products the participant may be eligible for or interested in. When discussing lending or real estate products or companies, Advisors present a minimum of three options to the participant.

THIRD PARTY FUNDING

With the exception of reverse mortgage advising, third parties such as lenders, real estate agents, or developers may pay Providers for advising services, provided the payment is reasonable and customary for the area and does not exceed a level that is commensurate with the services delivered.

Standard

Providers may accept payment from third parties, through lump-sum or case-by-case, provided the payment does not exceed the cost of services. Third party payments are disclosed to participants (See Conflict of Interest, above).

Recommended Benchmark:

- Providers enter into a Memorandum of Understanding or other written agreement that outlines the expectations of both parties.

Standard

Providers may not accept a fee for making referrals to a third party.

PARTICIPANT FEES

Providers may charge reasonable fees to participants for homebuyer or homeowner services, with the exception of foreclosure advising. Fees may include the cost of a credit report, if

applicable. Providers waive or reduce the fee if it will cause a financial hardship for the participant.

Standard

Providers have a written fee policy that is made available to participants. Fees charged cannot exceed the actual cost of services. A sample fee policy may be found in Appendix A.

Standard

To ensure parity in the metro, the target for homebuyer education workshops in the 7-county metro area is a minimum of $40 per household. Exceptions may be approved in advance by the Center.

Recommended Benchmarks:

- Providers may establish a homebuyer education fee that exceeds the minimum.
- Providers in Greater Minnesota consider what other Providers in the region charge for homebuyer education when setting fees.

Standard

Foreclosure advising services are provided free of charge.

CODE OF ETHICS AND CONDUCT

A Code of Ethics and Conduct for Homeownership Professionals has been developed by the Advisory Council for the National Industry Standards for Homeownership Education and Counseling. Adhering to this code of ethics is critical to demonstrating ethical conduct within the housing advising profession. This code of ethics is not intended to replace, but rather to supplement any codes of ethics that Providers already use in their organizations.

Standard

Homeownership Advisors sign and adopt the written National Industry Code of Ethics and Conduct for Homeownership professional upon becoming a member of the Center's network. A copy of the Code of Ethics and Conduct is available on the National Industry Standards website.

Performance Standards

MARKETING AND OUTREACH

Reaching participants early is key to providing effective services. Early participation in homeownership services increases the likelihood of success in homeownership. Raising awareness about the availability of these services is a critical component of programming.

Providers must affirmatively further fair housing by making special efforts to reach and accommodate populations that are typically underserved. In support of marketing efforts, the Center has outreach materials available for Providers to use.

Standard

Providers are responsible for marketing their program services. Providers develop, maintain, and utilize a marketing plan that employs a variety of outreach methods for reaching participants early.

Recommended Benchmark:

- Providers market to encourage participants to attend financial wellness and/or homebuyer advising before signing a purchase agreement.

Standard

Providers have an affirmative marketing process to communicate that services are administered in a non-discriminatory manner. This may include equal housing opportunity messages, logos, or slogans on materials; and tailoring marketing messages to populations less likely to participate in homeownership services.

Standard

Providers adhere to the Homeownership Advisors Network's Branding Standards Manual. A copy of the manual is available on the Center's box.com account.

Recommended Benchmark:

- Providers use outreach materials created by the Center.

Standard

Marketing materials for homebuyer education includes the Home Stretch and Center's logos, or language indicating Home Stretch is copyrighted by the Center. Approval of marketing materials is not required. However, the Center reserves the right to terminate the use of materials viewed by the Center as damaging to the Home Stretch brand.

Standard

Effort must be made by Providers to build and maintain positive working relationships with lenders, real estate agents, and other professionals in the housing field. These relationships are crucial to the success of Homeownership Advising for a variety of reasons, including building and maintaining a base of volunteers for Homebuyer Education workshops, trustworthy professionals to provide as referral options to clients, as well as creating opportunities for the referral of clients to appropriate Providers.

Standard

Particular attention should be paid to building and maintaining relationships with lenders so that any clients who are denied a mortgage can be warmly referred to a Provider.

PROGRAM REVIEW

The program review process is designed to examine Providers' strengths and areas of improvement, and to ensure compliance with program standards. A program review may be conducted in-person or remotely and includes, but is not limited to, review of compliance with program requirements, staff interviews, file reviews, and observation of homebuyer education (if applicable).

Standard

Providers participate in program review at least once every five (5) years. The Center reviews new Providers within the first 12 months of offering services. Providers are notified no later than 30 business days before a program review.

Standard

Providers agree to an abbreviated review within 12 months of hiring new staff, adding a new program, or if deemed necessary by the Center to ensure compliance.

PROGRAM EXPANSION

To ensure the best use of limited resources and to maximize coverage across the State while avoiding duplication of services, the Center requires Providers to seek prior approval before expanding their service area, adding a new program, and/or offering services in a new language.

The following are considered minimal approval criteria and requirements for expansion: 1) successful administration of services for a minimum of one year; 2) demonstrated need for services within the geographic area and/or target population; 3) a plan that demonstrates staff and financial capacity; and 4) collaboration with current Providers serving the proposed area and/or target population (if applicable).

Standard

Before program expansion, Providers seek approval from the Center by completing the Expansion Application. The application is reviewed by Center staff and Program Committee, a subcommittee of the Board of Directors, which determines whether to approve the request. Alternately, Providers may seek program expansion as part of the HECAT application process.

PROVIDER SUSPENSION / TERMINATION

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

Standard

The Center may suspend or terminate a Provider for the following reasons:

- *Noncompliance with the Program Standards*
- *Lack of capacity to deliver services and / or achieve outcomes*
- *Other causes, as determined by the Center*

Once suspended or terminated, the Provider may not offer services under the auspices of the network, utilize Home Stretch or other branded materials, or otherwise market itself as a network Provider.

Termination of a Provider must be approved by the Program Committee, a subcommittee of the Board of Directors. Providers are entitled to appeal the termination to the Program Committee, in writing, within 30 days of the effective termination date.

The Center reserves the right to recommend immediate termination to the Program Committee for egregious acts committed by Providers.

Programming Standards

ALL PROGRAMS

SCHEDULING SERVICES

Standard

Providers offer participants direct and timely access to services. Time-sensitive cases are prioritized. Providers answer calls live (as opposed to voicemail) whenever possible during business hours.

Recommended Benchmarks:

- Providers give participants access to direct phone numbers or phone extensions to reach an Advisor.
- Providers have trained back-up staff to describe programs, answer basic questions, and schedule appointments when Advisors are out of the office for more than one business day.

Standard

Provider voicemail messages inform participants of programs offered, and includes instructions for scheduling an advising appointment or registering for education.

Standard

Participants receive a response by phone or email no more than two (2) business days after their initial contact. Advising participants are scheduled for appointments within five (5) business days of initial contact.

Standard

Providers minimize barriers and encourage participation in advising services by scheduling and holding appointments without requiring completed applications as a prerequisite.

DELIVERY

Standard

All advising services are available in person, by telephone, or virtually based on the preference of the participant. When services are provided in person, a private, confidential space must be used.

Recommended Benchmark:

- Communication methods are based on the preference of the participant, and include in-person, telephone, virtual, email, and mail options.

Standard

Homebuyer education is delivered in person or virtually in a group setting, or online to individuals via Framework®. One-on-one (1:1) homebuyer education is not allowed. Exceptions must be approved in advance by the Center.

Recommended Benchmark:

- No limits have been set for number of attendees. However, Providers consider the capacity of the space and the impact on learning when registering participants.

INTAKE

During intake, contact and demographic information is collected for each household. Applicable forms, authorizations, and disclosures are reviewed with participants.

Standard

Standardized intake forms, authorizations, and disclosures are used for each household and stored in the file. Intake can be done in person, by telephone, or virtually.

Recommended Benchmarks:

- Intake information is gathered prior to or during initial contact or at the first advising or education session.
- Intake information is gathered by a Homeownership Advisor.

REFERRALS

Standard

Homeownership Advisors provide services within their skill sets. Advisors refer to additional, alternate services when necessary and document referrals in the file.

Recommended Benchmarks:

- Prior to referring participants, Advisors ensure competent and timely services are offered.
- Develop relationships with common referral sources to identify a contact person, facilitate sharing of relevant client information, and provide warm referrals to better ensure client participation and success.
- Advisors contact the participant within 10 business days following a referral to determine the results.

CERTIFICATES OF COMPLETION

Certificates of completion are made available to participants. The Center provides templates for financial wellness, homebuyer advising, homebuyer education, and refinance advising certificates. Certificates for HECM advising are issued following HUD's policies.

Standard

Providers use certificate of completion templates supplied by the Center and include the Center logo, Provider logo and/or name, completion date, and Homeownership Advisor signature. When applicable, Providers make certificates available in English, Hmong, and Spanish.

Standard

Certificates are issued by the Provider to the participant upon completion of advising or education. Once issued, certificates may not invalidated. For data collecting purposes, homebuyer services certificates may be held by the Provider until the participant's closing, if applicable. However, if a participant requests the certificate before closing, Providers must issue it.

Standard

Homebuyer education, financial wellness, and homebuyer advising are separate activities. With the exception of Framework®, certificates are issued separately and must not be contingent on participants completing more than one service.

Standard

With the exception of HECM advising, certificates do not have an expiration date. Lenders may determine their own expiration and may require re-certification.

Recommended Benchmark:

- Providers establish a policy for re-certification.

Standard

With the exception of Framework®, participants cannot be required to pass an exam to receive a certificate of completion.

<u>FOLLOW UP</u>

Standard

Advisors maintain communication with participants while the case is active. The frequency of contact depends on the participant situation and action plan, if applicable. At a minimum, follow up contact is made once every 60 days.

Recommended Benchmark:

- Advisors should work with clients to determine their preferences surrounding ongoing communication and follow-up based on their goals. For example, if a client prefers to receive follow-up communication about an action item in two (2) weeks or has a closing scheduled, advisors should strive to accommodate.

Closing Cases

Standard

> *If a case has been inactive for three (3) months, the Advisor attempts to contact the participant to determine the resolution. If contact is not achieved, a second attempt is made via email or letter. Advisors use their best judgement based on the last interaction to determine a resolution and close the case.*

Homebuyer Services

Homebuyer services programming is designed to meet the needs of participants by understanding what steps, if any, have been taken towards homeownership, determining mortgage readiness, and customizing services based on the needs of the participant. See the Homebuyer Services Program Model in Appendix B.

Standard

> *Financial wellness, homebuyer advising, and homebuyer education are made available to participants. If a participant desires a service not offered by the Provider, the Provider refers the participant to an alternate Provider.*

Standard

> *Service is provided to all interested participants regardless of their status in the home buying process.*

Screening

The process of screening helps participants understand what services are available and how services may best fit their needs. There are two levels of screening: Screening for Steps Taken, and 1:1 Screening.

Standard

> *Screening for Steps Taken is completed for all participants interested in homebuyer services. It can be done by the participant or facilitated by the Homeownership Advisor or support staff. Screening for Steps Taken can take place in person, by telephone, virtually, or by email.*

Standard

> *For the purposes of Screening for Steps Taken, participants are identified as either in the Initial stage, having not been preapproved for a mortgage loan or submitted a purchase agreement; or In Process, meaning they are preapproved for a mortgage loan, have submitted a purchase agreement, or have a closing scheduled.*

Standard

1:1 Screening is completed for all participants interested in 1:1 homebuyer services, and can be done by the Homeownership Advisor or support staff. 1:1 Screening can take place in person, by telephone, virtually, or by email.

Standard

Mortgage readiness is determined and categorized as ready (no / few barriers) and longer-term (significant barriers). Homebuyer advising is recommended if the client is ready. Financial wellness advising is recommended when the client is longer-term.

Recommended Benchmark:

- Advisors utilize the 1:1 Screening Matrix to determine which service type to recommend.

Standard

For providers who offer online registration, the webpage must include information on financial wellness and homebuyer advising, and the benefit of meeting with a Homeownership Advisor. Those not offering 1:1 services must include a link to the Buying a Home page on the Center's website.

Recommended Benchmark:

- Providers contact participants who register online by phone, email, or virtually to complete screening.

Standard

Participants identified in the Initial Stage are encouraged to start by participating in 1:1 Services (financial wellness or homebuyer advising) to assess mortgage readiness. All participants are made aware of financial wellness, homebuyer advising, and homebuyer education, including the option of online participation.

1:1 ADVISING SERVICES

1:1 Services include financial wellness and homebuyer advising.

Financial wellness is designed for anyone considering or in the process of buying a home as a primary residence who has significant barriers to mortgage readiness.

Homebuyer advising is designed for anyone considering or in the process of buying a home as a primary residence who has no or few barriers to mortgage readiness.

Ideally participants begin 1:1 Services before signing a purchase agreement. However, 1:1 Services are beneficial to participants regardless of their status in the home buying process.

PARTICIPATION

Standard

To quality as 1:1 Services, the following must be completed: Intake, Assessment, 1:1 Activities, and Action Plan.

Recommended Benchmarks:

- Initial appointments for 1:1 Services are at minimum 60 minutes.
- The Homeownership Advisor and participant mutually agree to the duration and frequency of 1:1 Services.

ASSESSMENT

Assessment is completed to evaluate the participant's mortgage readiness and to identify potential barriers and/or the next steps necessary to achieve homeownership.

Standard

Assessment is completed for all clients who participate in 1:1 Services regardless of their identified stage at the time of screening. Assessments are conducted by the Homeownership Advisor.

Standard

Income sources are identified. The amount of net and gross income is determined. Expenses are reviewed to determine monthly spending. A household budget is developed or reviewed.

Recommended Benchmark:

- Review documentation for income and expenses.

Standard

For all participants, credit use is discussed and reviewed based on expenses, payments, and debt balances.

Standard

For interested participants, a credit report is pulled and reviewed. The credit report must be a soft-pull. A Credit Release form is signed by the participant and stored in the file. Participants may provide their own consumer credit reports if preferred.

Recommended Benchmarks:

- Providers pull a tri-merged report when possible.
- Reports include a FICO® credit score.
- Credit reports are reviewed for accuracy and to identify negative credit items. If applicable, additional information is gathered for bankruptcy, judgements, or liens.
- Participants preapproved for a mortgage loan are encouraged to delay any changes to their credit until after closing.
- If participants provide their own consumer credit reports, they are less than 90 days old.

Standard

Affordability is discussed for all clients, using household budget and current housing costs. For homebuyer advising, participants prequalification is completed.

Recommended Benchmark:

- Advisors use both conservative and current market ratios for prequalification.

1:1 ACTIVITIES

Standard

Advising activities are tailored to meet the needs of participants based on barriers to mortgage readiness.

Standard

Financial wellness activities include correcting credit report errors, debt reduction, establishing and / or improving credit, building and / or increasing savings, money management, and consumer protection related to financial products and services.

Standard

Homebuyer advising activities include correcting credit report errors, debt reduction, improving credit, increasing savings, assessing needs and wants for a home, prequalification, selecting and applying for mortgage loans, understanding loan terms and disclosures, reviewing down payment and closing cost programs, working with an agent, understanding the purchase agreement, reviewing closing documents, preparing for closing, homeowners insurance, preparing to move, importance of home maintenance and savings, consumer protection, and fair housing.

ACTION PLAN

Action plans are developed in partnership with participants and serve as a guide for next steps. Advisors set clear expectations about program services, the Advisor's role, and participant involvement.

Standard

An Action Plan is developed in conjunction with the participant, including goals and action steps. A copy of the action plan is provided to the participant and stored in the file.

Standard

Ongoing financial wellness and homebuyer advising is made available to participants. The action plan is reviewed at each appointment and updated based on progress.

HOMEBUYER EDUCATION

Homebuyer education is designed for anyone considering buying a home as a primary residence. Education is not limited to first-time homebuyers. Ideally, participants complete homebuyer education before signing a purchase agreement. However, services are beneficial to participants regardless of their status in the home buying process.

Standard

> *Participants are not refused service regardless of their status in the home buying process. Providers notify the Center when participants attend homebuyer education post-closing.*
>
> **Recommended Benchmark:**
>
> - Providers market to encourage participants to complete homebuyer education prior to signing a purchase agreement.

FORMAT

Homebuyer education is delivered in-person or virtually in a group setting, using a workshop or a homebuyer club format, or online via Framework®. While the content and curriculum requirements are the same, the workshops and online course target participants who are closer to mortgage readiness. Homebuyer clubs, which include several sessions allowing in-depth instruction, may be more beneficial for participants who have greater barriers to homeownership.

Standard

> *The workshop format is a minimum of 8 hours of instruction and is offered in one-day or multi-day sessions, delivered in less than a three-week period. The homebuyer club format is a minimum of 12 hours of instruction, offered over a minimum of six sessions, delivered over several months.*

CURRICULUM

Standard

> *Providers utilize Home Stretch or other preapproved curriculum, such as Pathways, and auxiliary materials when delivering workshops or clubs. Participants are provided with a copy of the curriculum. Homebuyer education curriculum requirements are outlined in Appendix B.*
>
> **Recommended Benchmarks:**
>
> - Providers incorporate supplemental materials and activities into workshops and clubs and make materials available to participants.
> - When appropriate, auxiliary materials such as PowerPoint are adapted to better meet the needs of participants.

Standard

> *For online self-paced homebuyer education, Providers utilize the Framework® course.*

VOLUNTEERS

Standard

Providers are encouraged to utilize volunteer presenters in the delivery of workshops and clubs. All volunteers must be identified and screened by Providers. Homeownership Advisors are present throughout to monitor volunteer presentations and ensure that the core curriculum is delivered objectively.

Recommend Benchmarks:

- Providers utilize a written Volunteer Presenter Agreement.
- Providers give regular feedback to volunteers.
- Periodically, Providers use different volunteers to ensure variety in delivery style and perspective, and to engage more industry professionals in homebuyer education.

Standard

Volunteers may not distribute marketing or educational materials with company logos or contact information. This includes business cards and brochures. Business cards can be made available at a general resource table.

Standard

Volunteers are not required to complete certification; however they must adhere to the National Code of Ethics and Conduct.

REGISTRATION

Standard

Providers have a formal registration process for all participants. To reduce barriers, no advance application is required, and participants can register by phone or, if available, online.

Standard

Participants are scheduled for homebuyer education based on their need and the availability of services. If a Provider's schedule does not allow participants to complete education in time for a closing, the Provider refers participants to the Center's buying a home webpage.

Standard

Registration remains open until at least five days before the date of the workshop or club. Providers may close registration sooner if maximum capacity is reached.

ATTENDANCE

Standard

Participants are required to attend the entire workshop or homebuyer club. Participants who miss more than 10 percent are required to make up the missed portion to receive a certificate of completion. Attendance requirements cannot be shared between members of a household.

Recommended Benchmarks:

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

CUSTOMER FEEDBACK

Standard

Participants completing homebuyer education complete a post-workshop satisfaction survey. Providers survey participants before distributing certificates of completion.

Recommended Benchmark:

- Providers review the participant survey results to inform and improve services.

SCHEDULES

Standard

Providers establish an annual homebuyer education schedule that is responsive to their target population and maximizes the number of participants.

Standard

Workshops are offered a minimum of once a quarter. Clubs are offered a minimum of twice annually.

Standard

Workshop schedules must be submitted to the Center via email, including details such as date, time, location, fee, registration link, and method of delivery. Providers must submit workshops for the first half of the calendar year on or before November 30, and the second half of the calendar year on or before May 31.

Recommended Benchmark:

- Providers with service areas in close proximity collaborate to maximize availability of workshops and avoid duplication.

CANCELATION

Standard

A workshop or club may not be canceled once participants have signed up. The following exceptions apply: 1) inclement weather or a natural disaster; or 2) at registration deadline, three or fewer households are registered for a workshop, and cancelling does not impact their closing dates.

Recommended Benchmark:

- For inclement weather, the workshop or club is rescheduled within one week.

Standard

When a workshop or club is canceled, Provider must notify the Center via email within 24 hours of the cancellation.

Standard

When a workshop or club is canceled, registered households are notified promptly and provided with information about alternative homebuyer education options, including Framework®.

MANUAL PURCHASE AND USE

The Center produces and has the sole ownership and copyright of the Home Stretch curriculum made available to Providers or other approved entities in both a paper manual format and PDF. The curriculum is available both in English and Spanish.

Standard

Providers purchase paper Home Stretch manuals directly from the Center. Full payment must be received by the Center prior to pick up or shipping. Online payment by credit card is available at https://www.hocmn.org/home-stretch-manual-order-form/. All fees incurred by the Center for insufficient funds are passed on to the Provider and may result in cash-only payment for future orders.

Home Stretch manuals are hole-punched, but not bound. Providers are responsible for the cost and assembly of manuals into 3-ring binders.

Standard

Providers allow two (2) business days for manual orders to be processed. Shipped manuals require an additional 7 – 10 business days.

Standard

The cost of manuals is determined by the Center and is based on the cost of production. Providers are given at least 90 days' notice before a change in cost. The cost of shipping is determined annually by the Center in January, effective for orders placed on or after March 1.

Standard

Providers that wish to use the PDF Home Stretch Manual for their participants must sign a limited authorization agreement with the Center.

FORECLOSURE ADVISING

Standard

Providers follow the Foreclosure Advising Program Model in Appendix C.

Standard

Advisors provide foreclosure advising to homeowners, and provide referral resources for tenants and landlords.

PARTICIPATION

Standard

Providers set clear expectations with the participant about foreclosure advising services and participant involvement.

Recommended Benchmark:

- Providers utilize a written Advising Agreement. In the agreement, Providers commit to: provide factual information; complete any Advisor's action plan steps in a timely manner; make referrals to resources; and provide services confidentially and respectfully.

Standard

Service is provided to all interested participants, regardless of their status in the foreclosure process.

Standard

To qualify as a foreclosure advising session, the following must be completed: Intake, Assessment, Basic or In-Depth advising activities, and an Action Plan.

Recommended Benchmarks:

- The duration of appointments is a minimum of 45 minutes.
- The Homeownership Advisor and participant mutually agree to the duration and frequency of foreclosure advising.

IN-DEPTH

These additional standards apply to foreclosure advising cases categorized as In-Depth in the Foreclosure Advising Program Model.

Standard

Advisors develop a detailed budget with participants receiving In-Depth advising to determine and discuss options for making adjustments.

Recommended Benchmarks:

- Advisors review documentation to verify income and expenses.
- Advisors pull current credit reports to verify debts.

Standard

Action plans for participants receiving In-Depth advising include both participant action steps and Advisor steps.

Standard

Advisors help pursue workout options on behalf of participants receiving In-Depth advising.

Recommended Benchmarks:

- Advisors contact mortgage servicers on behalf of participants to discuss loss mitigation options.
- Advisors assume the lead in completing and submitting loss mitigation packages and communicating with servicers on outcomes.
- Advisors contact property tax departments, homeowners associations, and other lien holders as needed.

Standard

Providers utilize foreclosure assistance loans, as available, only after exhausting all other options for participants receiving In-Depth advising. Providers follow funder's loan criteria and develop additional guidelines as necessary.

Recommend Benchmarks:

- Providers use a loan review committee for determining loan eligibility.
- Providers have a protocol in place for handling emergency cases that are time sensitive.

REFINANCE ADVISING

BACKGROUND

In 2007, the Minnesota state legislature passed two laws intended to reduce the occurrence of predatory lending in the state: Chapter 18 (HF 1004) and Chapter 74 (SF 988). These laws require advising if a homeowner is refinancing a special mortgage.

A **special mortgage** is defined as a residential mortgage loan originated, subsidized, or guaranteed by or through a state, tribal, or local government, or nonprofit organization, that has one or more of the following nonstandard payment terms:

(i) payments vary with income
(ii) payments of principal or interest are not required or can be deferred under specified conditions
(iii) principal or interest is forgivable under specified conditions
(iv) no interest or an annual interest rate of two (2) percent or less

OBJECTIVE

The goal of refinance advising is to share information with homeowners so they can make an informed decision about whether to refinance or choose an alternative. Homeownership Advisors are not providing legal advice.

APPROVED ORGANIZATIONS

Standard

Organizations approved to provide refinance advising are members of the Homeownership Advisors Network, and also provide homebuyer or foreclosure advising services.

Standard

Approved organizations have received training on refinance advising and agree to follow programming standards.

PARTICIPATION

Recommended Benchmark:

- All borrowers on the existing mortgage(s) participate in the advising session(s).

CERTIFICATES

Standard

The certificate attests to the completion of refinance advising. Issuing a certificate does not indicate whether the Advisor recommends the refinance or not.

Appendix A

SAMPLE FEE POLICY

Organization Name Fee Policy

To offset the cost of providing homeownership services, Organization Name will charge participants the following fees:

Homebuyer education workshops $____ per household.

1:1 Homebuyer services $____ per household.

Post-purchase and refinance advising $____ per household.

Home Equity Conversion Mortgage advising $____ per household.

Foreclosure advising is provided **free of charge.**

Fee includes the cost of a credit report, if applicable. Households earning less than 200% of the Federal Poverty Level may request a fee waiver based on ability to pay.

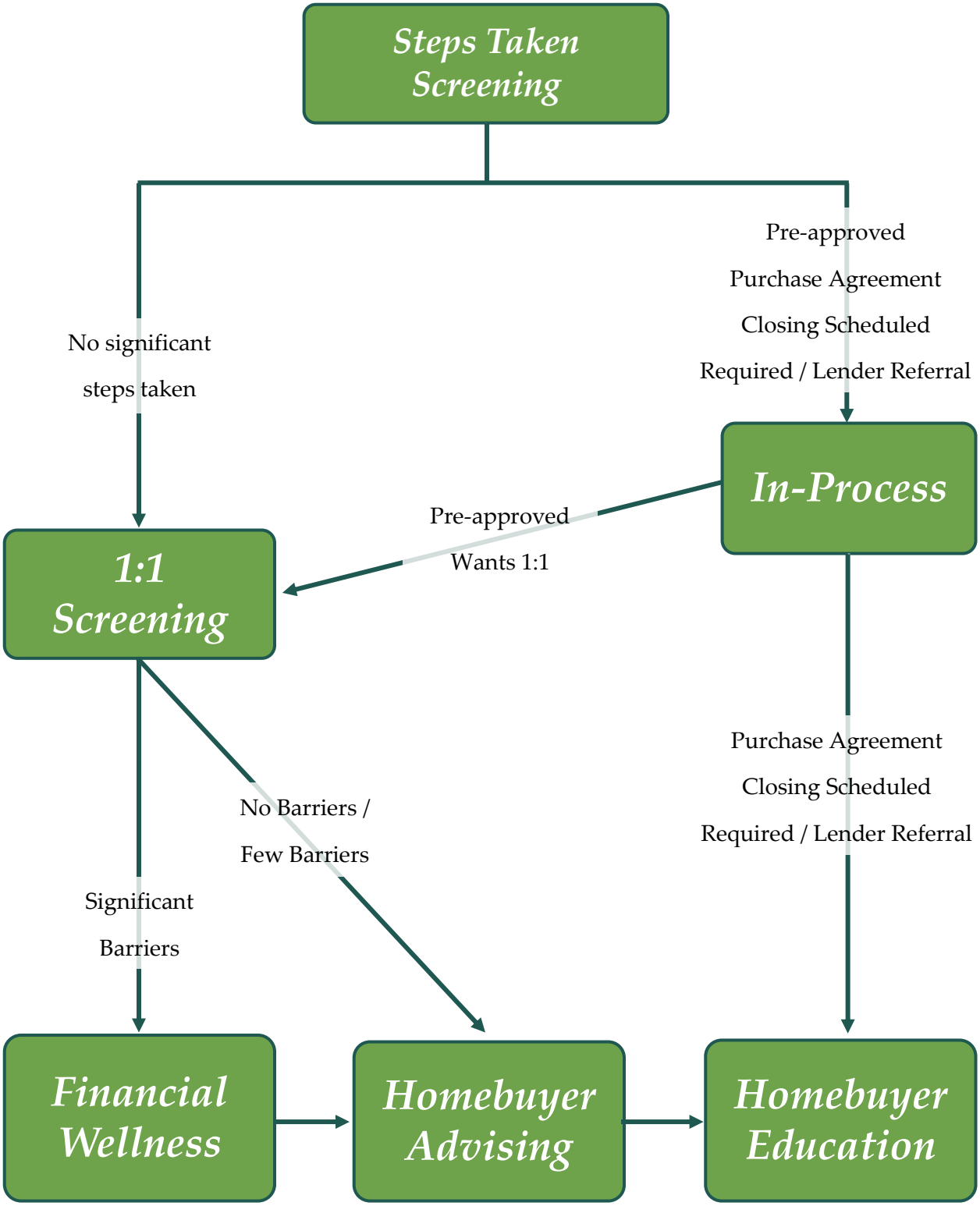
Third party payments are accepted unless there is a potential conflict of interest.

Fees are non-refundable. Fees must be paid in advance or at the time services are provided. This policy goes into effect DATE, YEAR.

MINNESOTA HOMEOWNERSHIP CENTER

Homeownership Advisors Network

HOMEBUYER SERVICES PROGRAM MODEL



MINNESOTA HOMEOWNERSHIP CENTER

Homeownership Advisors Network

HOMEBUYER SERVICES 1:1 SCREENING MATRIX (A)

This document will assist in determining which type of 1:1 service your client needs.
(Financial Wellness or Homebuyer Advising)

Please ask open-ended questions and select one answer that reflects your client's response.
Sum corresponding numbers to get total score.

1. Determine Income Stability

a. More than one year of stable employment with no gaps *(2 years if self-employed)*	20
b. Has less than 1 year of stable employment, just needs time	15
c. **Has unstable or limited employment history**	**10**
d. **"I don't have enough money to pay all my bills."**	**5**

2. Credit Score

a. Knows FICO score and is above minimum lending standards (640)	20
b. Doesn't know credit score	15
c. **Credit score below minimum lending standards**	**10**
d. **Has no credit score**	**5**

3. Credit Barriers

a. Reports good payment history / no negative items	20
b. Reports several late payments in the last year and/or high debt load	15
c. **Reports collections, judgements, liens**	**10**
d. **Reports foreclosure or bankruptcy within the last two years**	**5**

4. Savings

a. Reports significant savings, has been saving for homeownership	20
b. Reports some cash savings, not designated for homeownership	15
c. **Has some liquid assets to use for savings**	**10**
d. **Has little or no savings**	**5**

TOTAL SCREENING SCORE _____

Homebuyer Advising	Financial Wellness
50 – 80 points	*20 – 50 points*
(Short Term)	*(Long Term)*
Client is near mortgage readiness, has good income, is managing debt, has some savings, and their credit score is near or above minimum lending standards.	Client demonstrates more than one significant barrier that will take time to resolve.

*This matrix is duplicative of Homebuyer Services 1:1 Screening Matrix (B), please use only one matrix per client.

MINNESOTA HOMEOWNERSHIP CENTER

Homeownership Advisors Network

HOMEBUYER SERVICES 1:1 SCREENING MATRIX (B)

This document will assist in determining which type of 1:1 service your client needs.
(Financial Wellness or Homebuyer Advising)

Please ask open-ended questions and select one answer that reflects your client's response.
Add numbers in each column and sum to get total score.

	20 points	15 points	10 points	5 points
1. Determine Income Stability	More than one year of stable income or employment with no gaps *(2 years if self-employed)*	Less than one year of stable employment, just needs time	*Has unstable or limited employment history*	*"I don't have enough money to pay all my bills."*
2. Credit Score	Knows FICO score and is above minimum lending standards (640)	Doesn't know credit score	*Credit score below minimum lending standard*	*Has no credit score*
3. Credit Barriers	Reports good payment history/ no negative items	Reports several late payments in the last year and/or high debt	*Reports collections, judgements, liens*	*Reports foreclosure or bankruptcy within the last two years*
4. Savings	Reports significant savings; has been saving for homeownership	Reports some cash savings, not designated for homeownership	*Has some liquid assets to use for savings*	*Has little or no savings*

Totals				
TOTAL SCORE:				

Homebuyer Advising	Financial Wellness
50 – 80 points *(Short Term)*	*20 – 50 points* *(Long Term)*
Client is near mortgage readiness, has good income, is managing debt, has some savings, and their credit score is near or above minimum lending standards.	Client demonstrates more than one significant barrier that will take time to resolve.

*This matrix is duplicative of Homebuyer Services 1:1 Screening Matrix (A), please use only one matrix per client.

MINNESOTA HOMEOWNERSHIP CENTER

Homeownership Advisors Network

HOMEBUYER SERVICES PROGRAM MODEL

1:1 Activities

Required Elements

The following are required for all homebuyer 1:1 services (Financial Wellness and Homebuyer Advising)

Screening for Steps Taken

Assess steps taken in the homebuying process:

- Pre-approved
- Purchase agreement
- Closing scheduled
- Required / Lender referral

Assumes client goal of homeownership

1:1 Screening

Assess the client's impression of their credit & savings:

- Estimated credit score
- Items on credit report
- Savings on hand

Intake & Assessment

- Complete Intake
- Develop house-hold budget
- Review debt and use of credit
- Determine affordability

Next Steps

- Create Action Plan
- Provide referrals as needed
- Follow-up based on Action Plan

Customized Advising Activities

The following could be either Financial Wellness or Homebuyer Advising depending on the depth of the issues and what other barrier(s) to homeownership exist.

Financial Wellness or Homebuyer Advising

- Correct credit report errors
- Debt reduction
- Improving credit
- Increase savings

Effective April 2021

Customized Advising Activities, *continued*

The following could be either Financial Wellness or Homebuyer Advising depending on the depth of the issues and what other barrier(s) to homeownership exist.

Financial Wellness

Money Management

Establish Credit

Build savings:
- Working with financial services towards homeownership related goal *(ex: opening account for down-payment savings)*
- Individual Development Accounts (IDA) for homeownership

Consumer Protection:
- Alternative Financial Services
- Credit "repair" companies

Refer to qualified provider *(if service not offered by your agency):*
- Employment *(establish stable employment & increase income)*
- Debt management services
- Bankruptcy counseling

Homebuyer Advising

Assessing needs and wants for a home

Review budget considering future housing cost affordability

Prequalification

Selecting and applying for the right mortgage loans

Understand loan terms and disclosures

Review down payment and closing cost programs

Real Estate
- Working with an agent
- Understand the purchase agreement

Closing:
- Review closing documents
- Prepare for closing
- Homeowners insurance

Prepare to move

Consumer Protection:
- Fair Housing
- Avoiding predatory lending
- Refinancing and Foreclosure

Appendix C

HOMEBUYER EDUCATION CURRICULUM REQUIREMENTS

I. Becoming a Homeowner

- ☐ Understand the advantages and disadvantages of homeownership
- ☐ Identify additional expenses for homeownership
- ☐ Become familiar with the 4 Cs of Credit
- ☐ Know the recommended steps to homeownership
- ☐ Understand who is involved in the home buying process and their role

II. Money Management

- ☐ Understand the purpose of a spending plan
- ☐ Learn how to create a spending plan
- ☐ Decide what is affordable to pay for a mortgage
- ☐ Develop goals for homeownership
- ☐ Explore ways to manage a spending plan
- ☐ Learn ways to save money

III. Credit

- ☐ Understand the basics of credit
- ☐ Become familiar with credit reports
- ☐ Learn ways to improve credit
- ☐ Understand debt management
- ☐ Introduce credit regulations and legislation

IV. Mortgage Loan

- ☐ Understand the mortgage basics
- ☐ Know the 4 Cs of Credit
- ☐ Estimate mortgage payment and loan amounts
- ☐ Learn about the types of mortgage loans
- ☐ Identify predatory lending practices
- ☐ Learn how to shop for a mortgage loan
- ☐ Understand the mortgage approval process
- ☐ Introduce federal consumer protection laws, including Fair Housing

V. Real Estate 101

- ☐ Understand the basics of real estate
- ☐ Learn the role of a real estate agent and how to select an agent
- ☐ Become familiar with the types of homes available to purchase
- ☐ Identify needs and wants in a home
- ☐ Learn about ways to shop for a home
- ☐ Know what steps to take when making an offer
- ☐ Understand the importance of a professional inspection

VI. Loan Closing

- ☐ Understand the closing process
- ☐ Become familiar with closing costs and documents
- ☐ Learn how to prepare for closing
- ☐ Understand homeowner's insurance and ways to shop for a policy

VII. Life as a Homeowner

- ☐ Understand mortgage payments
- ☐ Become familiar with record-keeping
- ☐ Identify home equity as an asset
- ☐ Understand the foreclosure process and ways to prevent foreclosure
- ☐ Learn the basics of home maintenance
- ☐ Become familiar with home safety and building neighborhood relations

Appendix D

FORECLOSURE ADVISING PROGRAM MODEL

Overview

Foreclosure Advising Program Model

The Foreclosure Advising Program Model was created to increase standardization and efficiency among providers and to promote professionalism through the use of proven best practices in program delivery. The model utilizes a Triage Intake and Assessment system, outlines Service Categories to guide advising topics, and provides a framework for Basic and In-Depth advising. The model includes gathering information to assess the situation, customizing services to best meet homeowners' needs and finally determining a course of action. While providing a standardized approach to foreclosure intervention, the model also takes into account that homeowners benefit from tailored services.

The Foreclosure Advising Program Model provides flexibility for agencies to adapt and customize the model to account for different staffing structures, operating procedures, and capacity. Use the model as a baseline for delivering foreclosure prevention services, and customize it to your program needs and the needs of the homeowners you serve.

The model is organized into four main sections:

Triage Intake and Assessment

This section of the model outlines the process for gathering information to complete the Triage Intake Form and conduct Assessment. The end goal of this section is to determine the Service Category for each homeowner.

Service Categories

Service Categories are determined using the information provided during the Triage Intake and Assessment. Service Categories provide guidelines for minimum discussion topics and help inform whether the homeowner would benefit most from Basic or In-Depth advising.

Levels of Service

Levels of Service are divided into Basic advising or In-Depth advising sessions. Advising activities such as budgeting, action planning and follow up steps are outlined for each level. This section also provides guidelines for average time spent with each homeowner.

Sample Programs

The final section of the model includes sample forms. Editable versions of these forms are available upon request.

Triage Intake

Purpose

The purpose of the Triage Intake is to gather the information necessary to complete your intake form for each homeowner who contacts your program. This information is necessary not only for reporting, but also to proceed through the Triage Assessment and in turn determine the Service Category. The best practice is to conduct the Triage Intake during the first point of contact.

How the information on the Triage Intake is gathered can vary from agency to agency. This is one area where the model allows for flexibility. Some agencies have the foreclosure advisor gather the intake information and provide advising during the first call. Other agencies have support staff gather the intake information and schedule an appointment with an advisor to proceed through Assessment and Service Categories. Some others are using technology or group workshops for the intake process. For example, advisors may post a simplified, consumer-friendly version of the Triage Intake Form on their website for homeowners to email in advance. In these cases, use this section of the model as a guide when you read through the homeowners' forms to check for omissions and figure out what additional questions to ask. Then proceed to Triage Assessment to determine the Service Category.

Customize the Triage Intake questions to match your style of advising and respond to the conversation you have with each homeowner. Homeowners may not always know the information necessary to answer all of your questions, so be creative about how you ask the questions. Help them think about things a different way to gather as much of the information as possible. If you are not getting sufficient information to conduct the Triage Intake you may need to give the homeowner a list of things to gather and schedule a follow-up time to complete it.

The steps in this part of the model follow the Sample Triage Intake Form and are organized into the following categories:

- **Purpose:**
  Explains why the particular step is important
- **Tip:**
  Gives you an idea of what you may encounter while working with the homeowner or provides advice that may be helpful.
- **Suggested Script:**
  An example of how to phrase particular questions or start discussions.
- **Additional Comments:**
  In parentheses you will find alternative phrasing and more insight on what to expect or how to interact with the homeowner.

See Sample Forms:
Triage Intake Form

Triage Intake Steps

STEP ONE – Understand why the homeowner is contacting you

Purpose: To begin to customize your conversation with each homeowner you want to understand the reason they contacted your program and their expectations as soon as possible.

Tip: Homeowners will frequently start by telling you about their situation immediately following your greeting. You may quickly understand why they are contacting you. Homeowners may have tried finding help other places before they reached you and may have a very high stress level. This may result in an outpouring of information that exceeds what you need initially.

Be prepared to politely interrupt and take control of the conversation. The goal of controlling the conversation is to use your time and the homeowner's time most effectively.

Suggested Script: politely interrupt

Excuse me, I apologize for interrupting. I want to hear what you have to say. I have some key questions that will help me understand your situation and how I may be able to help you.

STEP TWO – Experience working with other foreclosure advisors

Purpose: Learn if the homeowner is working with another foreclosure advising organization.

Tip: The homeowner may already be working with another trusted advisor, so to avoid an unnecessary duplication of services you should ask the homeowner early in your conversation. Keep in mind that the quality of services may vary, and some organizations are for-profit and charge for the same services you offer free of charge. So, if the homeowner indicates they are working with another organization, you should ask more details to determine if they may still benefit from working with you.

Suggested Script:

Are you working with another organization to address your concerns about your mortgage?

If yes, ask additional questions as appropriate to get the name and type of organization.

STEP THREE – Set expectations

Purpose: Help set the stage by conveying to the homeowner what to expect from your program.

Suggested Script:

My role is to help homeowners who are concerned about making their mortgage payments or facing foreclosure. I will help you figure out what options might be available to you, and together we will come up with a plan for next steps. I'm not able to help everyone stay in their home, but I will do my best so you know what to expect and can make informed decisions. Before we can talk about options, I need to understand your situation, so I am going to start by asking you some questions. Then we can talk about next steps.

STEP FOUR – Gather demographic information

Purpose: Gather information to meet reporting requirements, including data for your client management system. Get necessary authorizations and review disclosure and privacy policies.

Tip: If it is not clear that the caller is the owner of property they are calling about, be sure to ask. This program serves homeowners, not tenants or landlords. The rights of tenants are very different. If you are unable to address the questions for tenants, refer them to a local resource for tenants' rights. If you are unable to address the questions for landlords or someone who is contacting you about a second home, you may want to suggest they contact a private attorney.

You also need to ask for authorization to share data for reporting purposes. Verbal authorization is allowed if the Triage Intake is being conducted by phone. Also be sure to review any disclosures and the agency's privacy policy during intake and get signatures as needed.

Suggested Script:

I am required to track information for each call so we can report on who we serve and use results to improve our programming. It will just take a couple minutes to go over our authorization forms (review authorization, privacy policy, etc.). Thank you.

Now let's gather some information about you and your household:

- *What is your first and last name?*
- *What is your property address?*
- *What phone number is best for reaching you during the day? Do you have an alternate phone number?*
- *Do you have an email address I can use to contact you?*
- *How many people live in the household? Are any of them children?*

- *Are you married or single?*
- *What is your gender?*
- *What is your date of birth?*
- *Are you a veteran?*
- *What is the highest level of education you have received?*
- *How did you hear about us?*
- *I'm required to ask the next questions to track who we serve. They do not impact the service I will provide you.*
    - *What race do you identify with?*
    - *Are you Hispanic?*

Race and ethnicity are gathered for reporting purposes, and are extremely important for research and fundraising. For these reasons, we ask that you do your best to gather this information. However, please note that race and ethnicity can be a sensitive subject for some people. Homeowners have the right to voluntarily opt out of these questions.

- *If you were to add up all the income that came into the household over the past year, what is your gross annual income?*
- *Are you employed? Who is your employer? How long have you been there?*

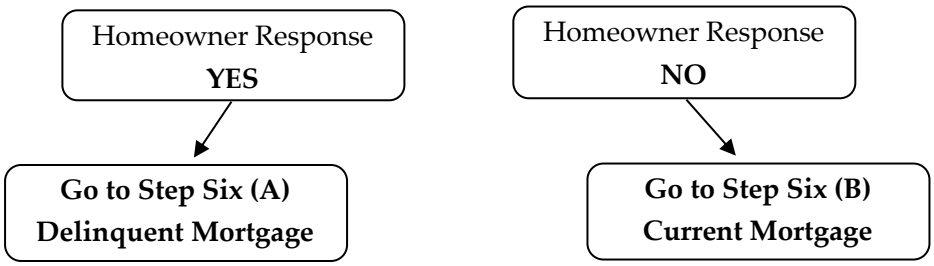
STEP FIVE – Determine the status of the mortgage

Purpose: To determine the subsequent questions to ask during the conversation.

Tip: You may already know the answer to this question from Step 1: Understanding the reason for the call.

Suggested Script:

Are you behind on your mortgage payments?



STEP SIX (A) – Delinquent mortgage

Purpose: To obtain details about the loan product, degree of delinquency, stage in the foreclosure process, and reason for falling behind on mortgage payments.

Suggested Script: Mortgage product

- *What is the name of your mortgage company?*
- *Do you know if your loan has an investor such as Fannie Mae or Freddie Mac?*
- *What is your monthly payment amount?*
- *What is your interest rate?*
- *Is your interest rate fixed or adjustable?* (you may need to explain the difference)
  - If Adjustable Rate Mortgage: *Has your payment changed?*
    What was your original payment and interest rate?
- *What is the total principal balance left on the loan?*

Suggested Script: Degree of delinquency

- *How many months do you owe to bring your mortgage current?*
  - Alternate question: *When was the last time you made a mortgage payment?*
    If you ask this, you many need to ask more, because even if the homeowner recently made a payment, they may still be behind.
- *How much do you owe to bring the mortgage current?*
- *Have you been behind on your payments before?*
- *Have you talked to your mortgage company (or other parties involved)?*
  - If yes: *Please tell me what you discussed with them*

Suggested Script: Stage in the foreclosure process

- *Have you received anything from an attorney? If so, what have you received?*
  Homeowners behind on bills frequently do not open the mail due to fear or avoidance when dealing with this type of stress. Depending on the conversation, you may want to ask if they have opened their mail from the mortgage company, and encourage them to do so.
- *Have you received a notice about a foreclosure or a Sheriff's Sale date? If so, when is it?*
  You may need to explain that the sale notice would have been served in person, and it often looks like something that was clipped from a newspaper.

Suggested Script: Reason for default

- *Please explain what led you to fall behind on payments.*
  You may not need to ask this if already known from your previous questions.

STEP SIX (B) – Current mortgage

Purpose: To obtain details about why the homeowner is concerned about making future payments and gather information about the mortgage.

Tip: You may have learned some of this information during Step 1: Understanding the reason for the call.

Suggested Script: Mortgage product

- *What is the name of your mortgage company?*
- *Do you know if your loan has an investor such as Fannie Mae or Freddie Mac?*
- *What is your monthly payment amount?*
- *What is your interest rate?*
- *Is your interest rate fixed or adjustable?* (you may need to explain the difference)
  - If Adjustable Rate Mortgage: *Has your payment changed?*
    What was your original payment and interest rate?
- *What is the total principal balance left on the loan?*

Suggested Script: Reason for facing default

- *Why are you concerned about being able to make your future mortgage payments?*

  NOTE: at this point, you may find out the homeowner is not concerned about their mortgage payment, but rather about property taxes, association liens, or other expenses. These questions are addressed in Step Seven (below).

STEP SEVEN – Other housing expenses

Purpose: Learn about other housing related expenses and their status

Suggested Script:

Now I am going to ask you about some other housing related payments. I will also need to know whether you are current or behind on these.

- *Do you have more than one mortgage? If so, how many?*
  - *Are you current or behind on the payments?*
    - **If behind**: *How far behind are you? How much do you owe?*
- *Do you pay homeowners' association dues/fees? If so, are you current on payments?*
  - **If no**: *How far behind are you? How much do you owe?*
- *Are your property taxes included in your mortgage payment? (Escrowed)*
  - **If no**: *Are you current on your property tax payments?*
    - **If no**: *When was the last time you paid them? How much do you owe?*
- *Is your homeowners' insurance included in your mortgage payment? (Escrowed)*
  - **If no**: *Are you current on your insurance policy?*
    - **If no**: *How much do you owe? Have you gotten notice from your mortgage company about force-placing insurance?*

STEP EIGHT – Affordability

Purpose: Understand whether the home is affordable and whether there are realistic adjustments that could make it affordable.

Tip: You may have already discussed some of this in the previous conversation about the reason for their call, the reason for the delinquency or the details about their mortgage product.

See Sample Forms:
Basic Monthly Budget

Suggested Script:

With your current income, do you feel you have enough income to afford to make your mortgage payment and all your other expenses (utilities, car payment, groceries, etc.) every month?

Now I will ask you a few questions about your monthly income and expenses.

Complete the Basic Monthly Budget. This is a simple budget to get a first impression of affordability. A homeowner may not know all the answers to income and expense questions off the top of his head but ask him to give you a best estimate.

STEP NINE – Stay or move

Purpose: Understand the homeowner's intentions about wanting to stay in the home.

Tip: The discussion about staying in the home or moving can occur at any point in the Triage Intake. It is an important question to ask, but can be delicate, and the reaction of the homeowner can vary greatly. You will need to use your intuition to figure out how to fit it into the conversation. If you get to the end of the form and it has not come up, ask. Depending on what the homeowner has said to this point, your understanding of their situation and state of mind, you can approach this in a number of ways.

Suggested Script: Version 1 (direct approach)

Do you want to stay in your home?

This may be a difficult concept for the homeowner to grasp, depending on their situation and emotional state.

Suggested Script: Version 2 (indirect approach)

I'm going to ask you a question that may be difficult, but I need to know what you ultimately want to happen. Have you considered whether you want to stay in your home?

Suggested Script: Version 3 (follow-up on previous comment)

Earlier in our conversation you said something that led me to wonder what you want ultimately to happen with your home. You said "X". This made me wonder if you are thinking that you may not want to stay in your home.

Suggested Script: Version 4 (researched selling)

Have you had your house on the market?

Triage Assessment

Purpose

The purpose of Assessment is to evaluate the homeowner's situation using the details provided during intake, with the goal of determining the Service Category you should use to proceed. The key components to consider when assessing the situation are:

- What is the degree of delinquency?
- Does the homeowner want to stay in the home?
- Is there enough time to prevent foreclosure?
    - If not in foreclosure, but at risk for losing the home for another reason such as unpaid taxes, is there enough time?
- Is there potential affordability going forward?

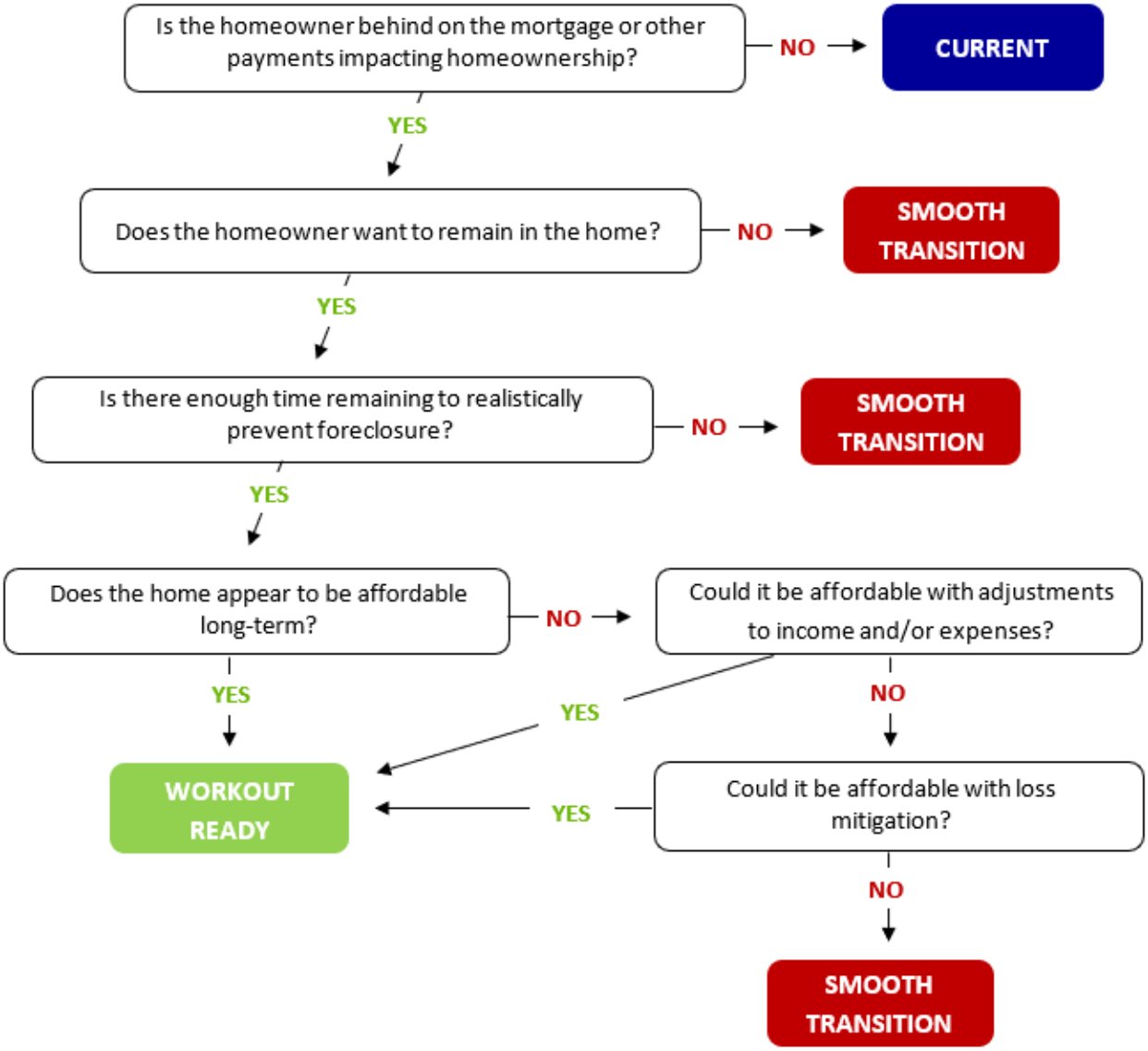
Triage Assessment Tool

Use the Triage Assessment Tool found on the next page to determine Service Categories. Assessment will get easier with practice, and will likely become second nature. With time, many advisors find that they have already evaluated the necessary components on the Triage Assessment Tool and know the Service Category before they have completed intake.

The Service Categories provide guidelines for minimum discussion topics and help inform whether the homeowner would benefit more from Basic or In-Depth advising.

FORECLOSURE ADVISING PROGRAM MODEL

Triage Assessment Tool



Service Categories

Determine which of the three Service Categories to use based on the information provided during the Triage Intake and Assessment. The categories are:

CURRENT | **SMOOTH TRANSITION** | **WORKOUT READY**

These Service Categories were designed to help ensure that standard services are provided to all homeowners regardless of which foreclosure advising agency they contact. However, this is an area where customization to best meet individual homeowner needs is crucial to providing quality services. Use the Service Categories with flexibility, adapting as needed for unique case scenarios.

Each Service Category is outlined on the following pages with the following:

- A definition of the category and description of likely homeowner situations.
- Which Level of Service is most probable, Basic or In-Depth advising.
- Minimum discussion topics that should be covered with each homeowner.
- Possible discussion topics that may be helpful depending on the specific case.

SERVICE CATEGORIES

CURRENT

Homeowners in this category are current on their mortgage and not at immediate risk of foreclosure. The homeowner has indicated she wants to stay in her home but is concerned she will be unable to continue to make the payments. The concern may be due to a change in income and/or expenses, or perhaps an adjustment in the mortgage payment due to a reset.

Level of Service

Homeowners in this category will most often receive Basic Advising, including information and referrals to proceed with a self-directed action plan. Additional communication could take place upon the completion of certain action steps.

Some homeowners who are Current may receive In-Depth Advising if they need help contacting their mortgage servicer, applying for special refinance programs, or exploring loss mitigation options due to imminent default (hardship resulting from death, divorce or disability).

Minimum Discussion Topics

- Depending on reason for hardship, tips on how to address problem
- Tips for talking with mortgage servicer
- Financial advising (offer in-house or outside referral)
- Caution about predatory practices and scams
- Reminder to call with follow-up questions or change in circumstances

Possible Discussion Topics

- Information about refinance options
- Imminent default and workout options
- Foreclosure process and timeline
- Set expectations for next appointment, if applicable

SERVICE CATEGORIES

SMOOTH TRANSITION

Homeowners in this category have either determined they do not want to remain in their home, or you have determined it is not realistic for them to remain in the home. The reason could be due to the stage of the foreclosure process or the lack of affordability of the house.

Level of Service

This group of homeowners will most often receive Basic advising, including information and referrals to help the homeowner sell the property and/or transition to alternative housing. These homeowners will proceed with a self-directed action plan to resolve their situation and make a smooth exit from their home.

Some homeowners in the Smooth Transition category may receive In-Depth advising, such as those who need help contacting their mortgage servicer to explore foreclosure alternatives (e.g. short-sale or deed in lieu) or applying for local resources for identifying alternative housing options.

Minimum Discussion Topics

- Foreclosure process and timeline
- Consequences of foreclosure
- Alternatives to foreclosure for disposition of property
- Caution about predatory practices and scams
- Reminder to call with follow-up questions

Possible Discussion Topics

- Other resources and referrals
- Redemption period and eviction, if foreclosure is unavoidable
- Finding alternative housing
- Set expectations for next appointment, if applicable

SERVICE CATEGORIES

WORKOUT READY

Homeowners in this category appear to have a situation that, with your help, would result in the homeowner remaining in the home. Based on the information you gathered during the call you have determined that the homeowner wants to remain in the house, there is time remaining before the foreclosure is complete, and it appears the home is affordable or could be with adjustments to income/expenses or loss mitigation.

Level of Service

Homeowners who are Workout Ready and have the ability to pursue a solution to their delinquent payments on their own will only receive Basic advising. Provide these homeowners information and tips for working with their servicer and a self-directed action plan. Additional advising could take place if they are not successful working on their own.

Most homeowners who are Workout Ready need In-Depth advising including an action plan with both homeowner and advisor steps. Provide these homeowners help in contacting their mortgage servicer to apply for loss mitigation options, postponing an upcoming foreclosure sale or other steps towards reaching a solution.

Minimum Discussion Topics

- Types of loss mitigation options or other workouts specific to the situation
- Tips for talking with mortgage servicer
- Financial advising (offer in-house or outside referral)
- Caution about predatory practices
- Reminder to call with follow-up questions

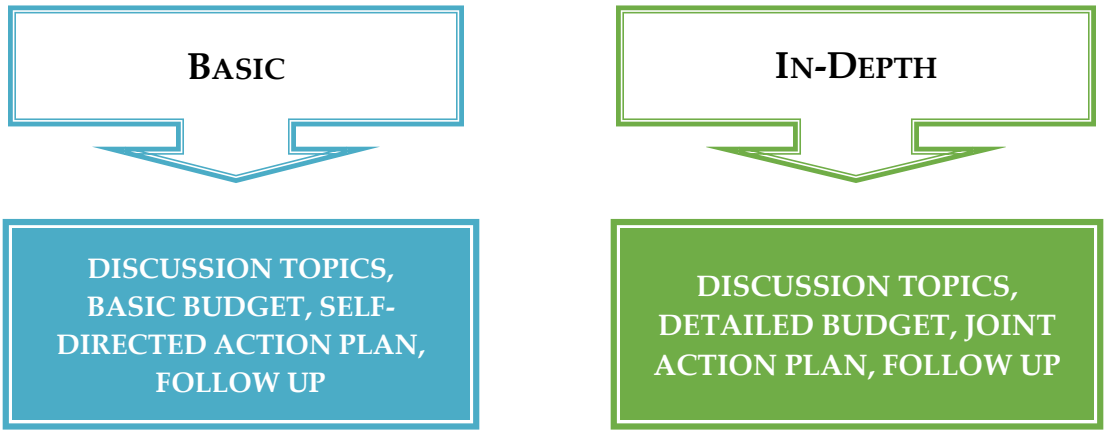
Possible Discussion Topics

- Foreclosure process and timeline
- Other resources and referrals
- Set expectations for next appointment, if applicable

Level of Service

The Level of Service provided to a homeowner depends on a combination of factors including complexity of the situation, whether workout options may be available, and the homeowner's capacity and interest in pursuing next steps alone or with your help. Note the Level of Service depends on content and steps taken, not number of appointments.

Advising activities are outlined for each Level of Service including budgeting, action planning and follow up steps. The two Levels of Service are Basic and In-Depth advising:



Advising Agreement

To establish expectations about advising services create an agreement that outlines what homeowners can expect from the process and what is expected of them. This advising agreement should be in writing and signed by both the homeowner and advisor. An agreement is especially recommended for In-Depth advising.

See Sample Forms:
Advisor & Homeowner Agreement

Level of Service

BASIC

All homeowners who contact your agency and complete the Triage Intake are provided Basic service. During Basic advising, you will provide information to the homeowner, develop a simple budget, and create a customized, self-directed action plan. Additional communication could take place upon the completion of action steps.

Discussion Topics

During the Basic advising session, refer back to the Service Category you determined for the homeowner to help guide which discussion topics you will cover.

Basic Advising Case Example

Scenario: Homeowners Mr. and Mrs. Johnson have a permanently reduced income and there is not enough time remaining to prevent the foreclosure sale from taking place. The Johnson family needs help making a graceful exit from their home and into other stable housing.

Service Category: Smooth Transition

Discussion: Make sure the Johnsons understand what happens after the foreclosure sale and their rights during the redemption period. Talk about why some alternatives to foreclosure, such as short sale or deed-in-lieu, are not likely options in their case due to the limited time remaining before the sale. Make sure they know they don't have to move right away and can use the time during redemption to save money for a security deposit and first month's rent. Caution them about any offers during the redemption period that seem "too good to be true" and remind them they can always contact you with questions. Discuss credit and possible tax implications of foreclosure.

Basic Budget

The goal of creating a basic budget is to get an outline of the household financial situation. To start, revisit the income and expense information gathered during the Triage Intake. At the Basic advising level, estimates in each budget category are sufficient. Many times you will be developing the budget based on the homeowner's verbal responses to your questions about spending. It is certainly helpful if the homeowner has income documentation and bills to reference to develop a clear picture, but it is not necessary.

Basic budgeting should also include a rough evaluation of the affordability of the house payment. Two quick ways to consider affordability are by looking at the budget bottom line (is there a deficit or surplus, and how much) and calculating the homeowner's housing ratio (front end DTI).

See Sample Forms:
Basic Monthly Budget

Action Plan

Develop an action plan with next steps for the homeowner based on your conversation about the situation and the next steps agreed upon. All action plans should be in writing and shared with the homeowner.

See Sample Forms: Action Plan Template

A self-directed action plan is most common at the Basic advising level, as generally only the homeowner will have additional steps to resolve the situation. If the homeowner would benefit from In-Depth advising, one of the action steps will be to gather documents to prepare for the next appointment. Then, at the In-Depth session, the action plan will be revisited and your action steps can be added.

Follow-up Steps

After the Basic session is over, complete any case notes and necessary data entry. Send the homeowner a follow-up packet electronically or via mail.

The follow-up packet should include:

- Brief summary of what was discussed
- Copy of action plan
- Informational sheets and referrals as appropriate
- Date and time of next appointment, if applicable
- Checklist of documents needed for appointment, if applicable

See Sample Forms: Appointment Letter and Checklist

Average Time

Basic advising sessions are generally somewhat short in duration. You can expect the time spent per homeowner to be between 30 - 60 minutes on average.

Level of Service

IN-DEPTH

During In-Depth advising, you will spend time getting a better understanding of the homeowner's situation, provide information, develop a detailed budget, and create a customized action plan that includes steps for you and the homeowner to take towards a solution. In most cases you will have provided Basic advising followed by a separate appointment to allow time for any necessary documentation to be gathered, but In-Depth service could be provided during the first session.

Discussion Topics

During an In-Depth advising session, refer back to the Service Category you determined for the homeowner to help guide which discussion topics you will cover. If you have already done Basic advising with the homeowner, ask the homeowner if anything has changed since you last spoke and determine if any discussion topics need to be revisited.

In-Depth Advising Case Example

Scenario: Homeowner Ms. Garcia recently lost her job and just began receiving unemployment benefits. She is one month behind on her mortgage and is looking for work. This is the first time you've had an appointment with her, but she has some paperwork with her today including unemployment insurance benefits and her mortgage statement.

Service Category: Workout Ready

Discussion: Based on Ms. Garcia's recent loss of work and income from unemployment benefits, discuss the possibility of applying for unemployment forbearance with her loan servicer. Make sure she knows that forbearance is a temporary workout option, and that a permanent solution will hinge on income and affordability. Let her know that you'll take a close look at the household budget and can recommend additional financial advising as needed. Discuss the steps and paperwork required to request forbearance and set expectations about what role you will play in facilitating the process. Finally, caution her about any offers of "help" she may receive to resolve her situation and remind her she should never have to pay someone for help with her mortgage.

Detailed Budget

The goal of creating a detailed budget is to get a clear picture of the household finances. The best practice for creating a complete and accurate budget is to review documentation of income, expenses and debts. Examples of common budget documentation are listed on the next page.

See Sample Forms:
Detailed Monthly Budget

Budget Documentation Examples	
Income	**Expenses/Debts**
• Paystubs	• Mortgage Statement
• Unemployment Letter	• Credit Report
• Benefit Award Letter	• Utility Bills
• Bank Statements	• Bank Statements
• Tax Returns	• Property Taxes, if not escrowed
• Profit and Loss Statements	• Insurance Statement, if not escrowed

It might not always be realistic to get all budget documentation in-hand for developing the budget if distance or access to technology limits the homeowner's ability to provide you with it. In this case, the next best thing is to have the homeowner review the documentation as you enter the budget information. Pulling a credit report is a best practice to verify debts and other information that may impact the feasibility of a workout such as bankruptcy, liens and judgments. *Note that some funding sources may require advising files to include specific budget verification.*

Evaluating affordability for In-Depth cases should include determining the amount of monthly surplus or deficit from the detailed budget, calculating the homeowner's housing ratio, looking at available assets or savings, and discussing the impact of these factors on available workout options.

Discussing the detailed budget with the homeowner, including spending priorities, needs vs. wants, and whether to develop a short-term/crisis budget will vary based on each homeowner's situation. During the advising session, focus on how the budget impacts the housing situation, workout options, and the ultimate goal. Advise the homeowner on ways to increase income or reduce expenses and debt as appropriate. Additional budgeting advice can be provided as time and your comfort level allows. You may want to refer homeowners to additional, outside financial or credit advising.

Action Plan

Develop a joint action plan based on the conversation about the homeowner's situation and the next steps agreed upon. The primary difference between an action plan for In-Depth advising compared with Basic advising is the addition of steps you will take on the homeowner's behalf, such as contacting the mortgage servicer, assisting in submitting a workout package and more.

If you provided Basic advising in a separate session, update the original action plan with the additional steps. Remember, all action plans should be in writing and shared with the homeowner.

See Sample Forms:
Action Plan In-Depth Example

Follow-up Steps

After the session, complete any case notes and necessary data entry. Send the homeowner a follow-up packet electronically or via mail.

The follow-up packet should include:

- Brief summary of what was discussed
- Copy of action plan
- Informational sheets and referrals as appropriate
- List of additional documents needed, if applicable
- Reminder to follow up with advisor if situation changes

At the In-Depth level you will also provide ongoing case management and follow through on any future steps for which you are responsible based on the action plan.

Average Time

In-Depth advising generally takes longer than Basic advising due to the additional time involved in helping the homeowner pursue a solution. In addition to the time spent on Basic service, you can expect an additional 2 - 4 hours on average per homeowner depending on the situation and the amount of follow-up required.