



Homeownership Education Counseling and Training Fund Manual

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Introduction

Mission Statement

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

Background

The Minnesota Housing Finance Agency (“Minnesota Housing”) was created in 1971 by the Minnesota Legislature. For more than 50 years, we’ve worked to provide access to safe, decent and affordable housing and to build stronger communities across the state.

Homeownership Education Counseling and Training (HECAT) Fund

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

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

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

Chapter 1 – Responsibilities and Warranties

1.01 Manual

This Manual, including subsequent changes and additions, is a supplement to Minnesota State Statutes Section 462A.209 (“the Act”), Grant Contract and all amendments executed between the Grantee and Minnesota Housing.

Minnesota Housing reserves the right to:

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

Minnesota Housing may grant exceptions, alterations or revisions to the requirements in this Manual at its sole discretion.

1.02 The Grant Contract

The Grant Contract is a legal contract executed between Minnesota Housing and the Grantee which outlines the responsibilities between the Grantee and Minnesota Housing and establishes the terms and conditions of the Enhanced Financial Capacity Homeownership Program the dollars awarded to a Grantee by Minnesota Housing for the specific purpose of conducting eligible activities under the Program.

Chapter 2 – Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the Minnesota Human Rights Act. Housing providers are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should make sure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements

Chapter 3 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting

3.01 Fraud

Fraud is any intentionally deceptive action made for personal gain or to damage another. Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source, or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the ways described in [Section 3.05](#).

3.02 Misuse of Funds

A loan or grant agreement is a legal contract between Minnesota Housing and the borrower or grantee. The borrower or grantee promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the borrower or grantee to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the borrower or grantee must use Minnesota Housing funds as agreed, and the borrower or grantee must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a borrower or grantee; or (2) A borrower or grantee cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the loan or grant agreement.

Any borrower or grantee (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source, or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the ways described in [Section 3.05](#).

3.03 Conflict of Interest

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

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

Organizational conflicts of interest occur when:

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

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party’s responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan
- Terminating the contracting party’s participation

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual, perceived or potential conflicts of interest through one of the ways described in [Section 3.05](#).

A contracting party should review its contract agreement and request for proposals (RFP) material, if applicable, for further requirements.

3.04 Suspension

By entering into any agreement with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the agreement) has not been suspended from doing business with Minnesota Housing. Refer to Minnesota Housing’s website for a list of [suspended individuals and organizations](#).

3.05 Disclosure and Reporting

Minnesota Housing promotes a “speak-up, see something, say something” culture whereby internal staff, external business partners (e.g., Grantees, borrowers) and the general public are encouraged to report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation. You may report wrongdoing or other concerns by contacting:

- Minnesota Housing’s chief risk officer
- Any member of Minnesota Housing’s [Servant Leadership Team](#)
- [EthicsPoint](#), the Minnesota Housing hotline reporting service vendor

Chapter 4 – Grantee and Grant Requirements

4.01 Grantee and Staff Standards

The Grantee must certify that:

- Local units of government and political subdivisions;
- A nonprofit organization as defined in [Minn. Stat. 462A.03 Subd. 22](#), as such may subsequently be amended, modified or replaced;
 - a housing and redevelopment authority,
 - a partnership, joint venture, corporation, or association established for purpose not involving pecuniary gain to the members, partners, or shareholders,
 - a private nonprofit corporation (established under and in compliance with [Chapter 317A](#)).
 - It also has a current 501(c)(3) determination letter from the Internal Revenue Service;
 - It is in good standing and authorized to do business in Minnesota.
- See the Standards Guide for additional Grantee staff standards.

4.02 HECAT Eligible Households

A Household is eligible to receive [Program services](#) if they reside in Minnesota at the time of intake. See the Standards Guide for additional requirements.

4.03 HECAT Eligible Program Services

Homebuyer Services, including:

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

Home Equity Conversion Mortgage Counseling, including:

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

Foreclosure Prevention Counseling, including:

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

4.04 Grant Funds Tracking

The Grantee must:

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

4.05 Eligible Use of Grant Funds

For any Client receiving [Program services](#), all file documentation and reporting requirements must be followed.

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

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

4.06 Ineligible Use of Grant Funds

Grant Funds cannot be used:

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

4.07 Data Privacy, Authorization and Disposal

The Grantee must establish and follow a data privacy, authorization and disposal that meets the minimum standards established in the Grant Contract. See the Grant Contract for requirements.

4.08 File Documentation and Maintenance

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

4.09 Records Retention

The Grantee must establish and follow a records retention policy that meets the minimum standards established in the Grant Contract. See the Grant Contract for requirements.

4.10 Monitoring

Minnesota Housing may conduct monitoring to review Grantee’s records relating to the administration of the Program. Reviews may include but are not limited to review of Client files and financial records. The intent of monitoring is to ensure the Grantee’s Program follows the Grant Contract, the Manual and to identify capacity building opportunities. Minnesota Housing will notify the Grantee prior to the monitoring activity and will provide guidance and documentation requirements for the review.

4.11 Electronic Signatures

Minnesota Housing will accept documents executed via electronic signatures (eSignatures) to the extent the Grantee complies with all applicable state and federal electronic signature laws, as well as any counterparty requirements (e.g., credit bureaus, Housing Urban Development (HUD), Fannie Mae, Federal Housing Administration, etc.). However, eSignatures are not acceptable on any document that needs to be recorded or notarized. Under no circumstances may a Client be required to use electronic signatures.

Chapter 5 – Disbursement and Reporting

5.01 Disbursement Schedule

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

5.02 Financial Reports

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

5.03 Narrative and Client Data Reporting

A Funding Partner will request reports from the Grantee. More information about format and schedule will be provided by a Funding Partner. See the Standards Guide for more details.

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

Appendix A: Definitions

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

Appendix B: Attachments

[Standards Guide](#)