

# Housing Cost Reduction Initiative Program Grantee Manual



**DEPARTMENT OF ADMINISTRATION, DIVISION OF ENERGY, HOUSING, AND  
COMMUNITY RESOURCES (DEHCR)**

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## INTRODUCTION

This Program Manual is designed to assist grant award recipients with management of the state-funded Housing Cost Reduction Initiative Homebuyer (HCRI) program. It was prepared by the Department of Administration, Division of Energy, Housing and Community Resources (DEHCR). The Manual contains the basic rules and procedures that apply to HCRI grantee recipients (Grantee). Upon notification by DEHCR that a grant has been awarded, the implementation process will begin.

The first step in managing a HCRI program is the development of a contract between DEHCR and the grantee. That contract is based upon the application submitted, the amount of the award, and additional information provided (e.g., a revised project timetable).

Department staff will monitor grantee performance either on-site or by desk review. The monitoring will be based upon the standards contained in the Manual and details specified in the contract. Compliance findings may result in increased monitoring during the performance period. In addition, DEHCR provides training and technical assistance for HCRI grantees periodically or upon request.

Refer to your Grantee Program Manual for guidance or feel free to contact the HCRI Program Manager at (608) 266-9185. The Grantee Manual and reporting forms are available on the [HCRI website](#).

This Manual may be revised as regulations and requirements change. You will be sent any changes as they may occur. *Only the most recent edition of the HCRI Manual will contain the procedures in effect at any time. When you receive an update or a replacement of the Manual, please discard the old materials.*

## **I. GENERAL OVERVIEW**

The Housing Cost Reduction Initiative was created in 1989 by the Governor and the Wisconsin Legislature. The State set aside these funds to provide housing assistance to low- and moderate-income (LMI) households seeking to own decent, safe, affordable housing. Continued funding is contingent on Legislative approval each state budget cycle. The HCRI Program also provides foreclosure prevention assistance to eligible households. The Wisconsin Department of Administration, Division of Energy, Housing and Community Resources award these funds to eligible applicants (grantees) through a competitive, biennial funding cycle.

## **II. HCRI CONTRACT**

### **General Content**

The contract developed between DEHCR and a HCRI grant recipient is based upon the application submitted by the grantee and the funds awarded. It contains the contract accompanied by attachments relative to the scope of work, budget, source of funds, method of payment, reporting requirements and program rules.

### **Guidelines**

The specific activities a grantee must undertake are delineated in the contract attachments. Only income-eligible (those at or below 80% of the county median income based on the most recent HUD HOME income limits) households may receive HCRI assistance.

The budget lists housing activity funds and administrative funds. The budget also lists the amount of Capacity Building match you have committed to the program.

Program income is repaid dollars which have a reuse designated in the HCRI contract. Common examples of program income are the repayment of home purchase assistance loans and interest earned on the HCRI funds while in the grant account.

### **Amendments**

If major alterations in a HCRI contract are desired (e.g., an extension of time, a shift in budget amounts) a contract amendment is possible.

A request for a contract amendment must be submitted as a separate written document that details the contract number, the changes desired, and the reasons for the changes. If a time extension is desired, the request must be submitted at least **30 days** prior to the contract expiration date.

Contact the HCRI Program Manager regarding a potential contract amendment request before actually writing the request letter. This will alert DEHCR that an amendment request is coming, and discussion may clarify whether an amendment is really needed.

### **Subcontracts/Cooperative Agreements**

If all or a portion of the HCRI contract will be administered by someone other than the grantee, a copy of the executed subcontract must be submitted to the HCRI Program Manager. This also applies to agreements entered into between lead agencies and cooperating agencies that will administer a portion of the HCRI funds.

All subcontracts/cooperative agreements must specify:

- The amount of housing and administrative funds involved;
- Scope of work listing HCRI activities;
- Timetable;
- Reporting responsibilities; and,
- Funding request responsibilities.

### **Contract Compliance/Monitoring**

The grantee shall comply with monitoring visits and/or desk monitoring from DEHCR and/or the Legislative Audit Bureau for program compliance. Grantees will be monitored at least once during the performance period of the contract. Grantees may be monitored on-site at the grantee's office, or the grantee will be asked to submit files/documentation to DEHCR for a desk monitoring review. Grantees may be subject to more frequent monitoring due to grantee performance.

Additionally, each grantee must designate one Home Energy Plus (HE+) system user as the Profile Management Administrator (PMA). All HCRI grantee PMA users will be monitored on a quarterly basis during the program year and as part of the biennial HCRI monitoring process.

### III. PROGRAM ADMINISTRATION

#### Recordkeeping

Each grantee must establish a recordkeeping system which will document it is appropriately using its allotted funds, in a timely manner, to carry out its contracted activities for the benefit of income-eligible households. These program records must be correct, complete and current.

The following is a list and brief description of the records that a grantee must maintain in order to document compliance with the regulations governing the administration of a HCRI award. The filing system is designed to provide the Department of Administration, auditors and local program staff with an easily maintained and readily accessible historical account of all activities that are scheduled to occur under the HCRI program contract. Records must be maintained for a period of three years following the submission of a final audit report.

There should be a separate set of files for each HCRI grant. However, it is not necessary to needlessly duplicate materials. A note in the file stating where the material is located is sufficient. An entire policy need not be copied and placed in a duplicate file.

The following file categories should be established and the items listed should be included in each file.

A. Application

1. Application and supporting materials.
2. Correspondence about the application.

B. Grant Contract

1. Department of Administration award letters.
2. Signed grant contract plus any amendments and correspondence concerning any grant conditions.

C. Subcontracts/Cooperation Agreements

1. Requests for Proposals (RFPs) seeking an outside provider to perform services related to the HCRI contract. (i.e., program administration, inspections, program audit, legal services.)
2. Copies of responses to the RFP and explanation of selection decision.
3. Subcontracts and other agreements executed by and between the contractor and outside providers.
4. Letters of cooperation/collaborative agreements from other agencies and organizations assisting with the HCRI program.

D. Program Procedures

1. Program procedures manual, including a local appeal procedure.
2. Description/instructions regarding assistance provided.
3. Set of forms/materials/brochures.

E. Financial Management

1. Requests for payment of HCRI funds including the details of how the projected costs were calculated.
2. Accounting books of original and final entry.
3. Source documentation (invoices, payroll, contracts, receipts, etc.)
4. Deposit slips, canceled checks, bank statements, etc.

5. Property acquisition and disposition register (if needed).
6. Documentation of local leverage.
7. Evidence of insurance, fidelity, or surety bonding.

F. Quarterly Reports

1. Copies of each progress report produced by the grantee and submitted to DEHCR.

G. Equal Opportunity/Fair Housing

1. Grantee's affirmative action plan.
2. Evidence of compliance with local Affirmative Action plan.
3. Racial, ethnic, gender, age, income, handicap and familial status data showing the extent to which these categories of persons have participated in, or benefited from, the HCRI program.
4. Evidence of attempts to utilize small-business, women's business, and minority-business suppliers of goods and services. See Attachment 1, MBE/WBE Form.
5. Copy of local fair housing ordinance.

H. Monitoring

1. DEHCR monitoring reports, letters of findings and recommendations.
2. Responses to letters of findings.
3. Evidence clearing any monitoring findings.
4. Other monitoring-related correspondence.

I. Program Close-out/Audit

1. Contract Closeout Report submitted per contract.
2. Audit Reports.
3. Department of Administration Closeout Letter.

J. General Correspondence File

1. Incoming and outgoing correspondence that does not fall into one of the above categories or into the project file categories.

K. Individual Project/Program Beneficiary Files

An Individual Project file should be set up/maintained for each household which receives assistance. The list below is the minimum amount of information required for each benefiting household. HCRI grantees have found it helpful to use the list below as a check list, which is placed in each beneficiary folder, to assure that all the required documentation is available:

1. A completed application form: name, address, household size, income, equal opportunity data, determination of need, and marital property statement.
2. Release of information form - signed and dated by the applicant.
3. Income verification and eligibility calculation.
4. Evidence that the dwelling unit meets decent, safe, and sanitary; housing quality standards (HQS) minimums. Inspection reports must be dated, signed and address paint conditions.
5. Receipt signed by applicant for booklet "Protect Your Family from Lead in Your Home".
6. A simple accounting record of HCRI assistance provided (how much, for what, how often, etc).
7. If assistance is in the form of a loan, there should be appropriate documentation: loan agreement/promissory note containing repayment terms, mortgage truth-in-lending statement, closing disclosure, settlement statement, homeowner's insurance policy listing the grantee as mortgagee, proof of first mortgage and documentation of homeowner cash contribution.

8. If assistance is a grant, there should be a grant agreement signed by the recipient which states the amount of assistance, use (down payment, closing costs, security deposit, and utility payment), future eligibility, and other applicable terms.
9. Record of other assistance provided - what type, when, by whom. For home purchase, copy of the signed settlement statement.
10. Documentation that assisted household provided any required share of housing cost.
11. Copies of agreements relating to assistance provided.
12. Status at completion of assistance.
13. Any follow-up measures (e.g., the status of any loan repayments).

### **Eligible Administrative Costs**

Each HCRI contract includes a budget line for administrative costs. The Administrative Code governing Housing Cost Grants and Loans defines "Administrative Cost" as any cost incurred by the grantee in the course of operating this program that is not directly expended for payments to or on behalf of participating households. No more than 15% of an award may be used by the grantee for administrative and housing-related counseling costs. Costs include:

1. Office rent, only if other departments pay office rent to the grantee.
2. Salaries of employees spending documented time on the HCRI program. Time sheets signed by employee and authorized by a supervisor MUST be maintained to document hours worked.

### **Ineligible Administrative Costs**

HCRI administrative funds may NOT be used for:

1. Payments for activities not related to implementing the HCRI contract.
2. Payment for administrative expenses incurred before there is a signed contract or after the end of the contract performance period.
3. Refreshments for meetings.

### **Eligible Capacity Building Costs**

Capacity building is an optional expenditure that the grantee may request in their award application packet to improve their ability to perform the services outlined in their contract. Capacity Building is awarded in addition to administrative funds, and the eligible expenditures are listed below:

- Training for staff (risk assessment, inspection, homebuyer education/counseling; housing conference registration)
- Costs for translators or translation of materials to serve clients with limited English proficiency.
- Office equipment (Computer and associated software, internet access, printer, copier, fax, etc.)  
Grantees must have prior written approval from DEHCR to purchase equipment or computer software valued in excess of \$2,000. If a potential purchase exceeds \$2,000 Grantee should submit a written request to the HCRI Program Manager itemizing the equipment/software, cost, and how the purchase will approve grantee's capacity to implement and manage the HCRI program. (Please include sales materials.) HCRI Program Manager will respond in writing with either a request for additional information,

denial or approval. If approval is given by DEHCR, grantee can utilize capacity building funds for the equipment/software.

When submitting payment requests for capacity building funds, the Grantee must attach detailed documentation such as itemized receipts to demonstrate appropriate use of funds.

## **Other Administrative Requirements**

Procurement: Grantees must have a written procurement policy for securing services for grant administration, audit, and other fee-for-service items. If a grantee is securing program administrative services to be paid with HCRI Administrative funds; a Request for Proposal (RFP) process must be followed.

Fee for Service: Grantees charging a fee for services (e.g., inspection) must document that the charge is needed to cover program costs. If this is not done, the fee may be considered an offset of the HCRI administrative funds and repayment may be required.

Conflict of Interest: Grantees are responsible for compliance with State Statute 946.13 ([Wisconsin Legislature: 946.13](#)) and ss. 19.59 ([Wisconsin Legislature: 19.59](#)), Conflict of Interest.

Conflict of Interest Compliance Steps: The following are the steps to use to determine a potential conflict of interest:

1. Identify “covered persons” for your HCRI program.
2. Add conflict of interest questions to your HCRI application form.
3. Inform applicants with potential conflict of interest that their name will be disclosed at the loan approval committee meeting or via publication of a legal notice.
4. If loan/grant decisions are made by a committee:
  - Add “disclosure of potential conflicts of interest” as a standing item on your loan approval committee agenda. The item should be added to FOLLOW loan approvals.
  - Approve ALL loans by number and contingent on waiver of any potential conflict of interest.
  - After loans have been approved, disclose the names(s) and the nature of the conflict(s) of interest (type of family or business tie) for applicable approved loans. DO NOT disclose loan number or proposed work.
  - Ask all in attendance at the loan approval meeting if there are any objections to awarding the loan(s) in question.
5. If loan/grant decisions are made by the program administrator, not by committee:
  - Applicants must still be informed that their name will be made public.
  - Publish an advertisement in the legal section of the local newspaper stating the nature of the conflict and providing an opportunity for public comment to be submitted to the program administrator.

6. Submit a "REQUEST FOR EXCEPTION TO CONFLICT OF INTEREST PROVISION". For local units of government, the request must be signed by your attorney and the agenda and minutes of the meeting submitted to the HCRI Program Manager, Department of Administration (DOA). The Grantee's attorney must certify that the identified potential conflict would not violate state or local law.

For agencies, the request submitted to DEHCR must be signed by the agency's program administrator, stating the nature of the conflict and why a waiver should be granted. A copy of the meeting minutes or Affidavit of Publication of Public Notice must also be included.

7. DO NOT sign any loan closing documents until you have received approval from the Department of Administration.

HCRI Application Information: The following question should be made a part of the initial loan application form.

"Do you have family or business ties to any of the following persons? If **yes**, disclose the nature of the relationship."

(Insert a chart identifying the covered persons by name. \*)

| NAMES OF COVERED PERSONS | RELATIONSHIP |
|--------------------------|--------------|
|                          |              |
|                          |              |
|                          |              |
|                          |              |

*\*Covered persons includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the grantee who exercises, or have exercised, any functions or responsibilities with respect to the HCRI housing activities, or who are in a position to participate in a decision-making process or gain inside information with regard to housing activities, either for themselves or those with whom they have family or business ties, during their tenure in the position or for one year thereafter.*

The definition of family includes:

- ◆ Spouse
- ◆ Domestic Partner
- ◆ Fiancée/Fiancé
- ◆ Children and Children-in-Law
- ◆ Brothers and brothers-in-law
- ◆ Sisters and sisters-in-law
- ◆ Parents and Parents-in-Law
- ◆ Anyone who receives more than 50% of their support from the covered person (e.g., adopted child, foster child)

Lead-based Paint: Provide each applicant with a copy of the pamphlet "Protect Your Family from Lead in Your Home". Place signed receipt in applicant file.

A copy of the Lead pamphlet may be obtained from [the EPA website](#).

Lead-based paint must be discussed in the housing inspection.

Housing Inspection: Housing units to be occupied by households receiving HCRI assistance must be inspected to ensure that the premises are decent, safe, and sanitary. All inspections should include information on the condition of painted surfaces and meet minimum HQS standards.

Fair Housing: The HCRI program is subject to Wisconsin Statutes 106.50 ([Wisconsin Legislature: 106.50](#)), Open housing. This section of the Statutes addresses discrimination in housing. It is the declared policy of the state that all persons shall have an equal opportunity for housing regardless of sex, race, color, sexual orientation, disability, religion, national origin, marital status, family status, lawful source of income, age or ancestry. The state law includes the sale and rental of single-family residences.

For more information visit the Wisconsin Department of Workforce Development website which contains a list of protected classes:

[Wisconsin's Fair Housing Law & Complaint Process](#)

## IV. HOUSING ASSISTANCE PROGRAM REQUIREMENTS

### LMI Benefit

HCRI Program utilizes State funds to provide housing assistance to low- and moderate-income (LMI) households seeking to own decent, safe, affordable housing and to assist homeowners with foreclosure prevention. The purpose of this chapter is to establish some basic uniform guidelines. All households directly benefiting from a HCRI Program must have an annual income that does not exceed 80% of the median income level for the county where the assistance is provided. The HCRI Program utilizes the HUD [HOME income limits](#).

### Calculating Income

1. Annual Household Income Limits as established by the Department of Housing and Urban Development shall be used to define income eligibility for households receiving assistance from the HCRI program.

2. For the purpose of calculating income, the 24CFR Part 5, Subpart F, 5.609, Annual Income definition shall be used ([eCFR :: 24 CFR 5.609 -- Annual income](#).) HCRI does allow the following deduction: for households that have at least one member who is handicapped with recurring medical costs or support costs directly related to the handicap, the grantee shall deduct the amount by which those expenses exceed 3% of the household's monthly income from the household's monthly income for purposes of determining eligibility.

3. It is important to treat all applicants fairly and consistently when calculating income.

◆ Income may be calculated by one of the following methods:

- Projecting an applicant's income for the next 12 months based on verification of current income;  
**OR,**
- Using the average income from the last 6 months and adding to it the projected income for the next 6 months based on current income information.

**NOTE:** One method must be chosen and used consistently for the duration of the HCRI contract.

- ◆ Income must be verified again if more than 6 months passes between initial verification of income and homebuyer assistance is provided.
- ◆ Grantees must verify income with applicants' employer. Whenever possible, the applicants' most recent tax return must be used to verify that all sources of income have been considered in the income calculation.
- ◆ Household size includes all full-time household members, foster children, and other minor children who reside in the household for more than 50% of the year.

### Eligible Activities/Requirements

Homebuyer Assistance: HCRI funds may be used for reasonable down payment and closing costs to enable an LMI household to purchase a home. HCRI funds may be used to pay eligible down payment and closing costs for new construction projects as well as existing housing units.

HCRI funds may be issued in the form of grants or loans to, or on behalf of, eligible households to pay any of the following costs associated with home purchase:

1. The principal and interest on a mortgage loan that finances the purchase of housing (including such things as down payments, land contract payments, chattel mortgage payments, real estate mortgage and deed of trust payments, and conditional sales contract payments for purchase of a manufactured home).

2. Closing costs and other costs associated with a mortgage loan (those costs normally paid by a buyer in a home purchase transaction, including such things as title search, buyer's portion of title insurance, loan origination fees, appraisal fees, points, legal fees, property inspections, credit reports, settlement and recording fees, and transfer charges).
3. Mortgage insurance.
4. Property insurance.
5. Utility-related costs (including costs related to power, heat, gas, light, water, and public or private sewerage, including deposit or hookup charges). This does not include cable television or telephone costs.
6. Property taxes.
7. Fees associated with limited-equity housing cooperatives (including membership fees, carrying charges, principal and interest, mortgage insurance, property insurance, utility-related costs, property taxes, and operating expenses).
8. Other costs approved by DEHCR.

A maximum may be imposed on the amount of closing costs paid based on the average local lending costs for similar type loans. Typically, HCRI funds should not be used for down payment and closing costs when the interest rate on the home purchase loan is 2% above the average local lending rate for similar type loans or the WHEDA rate. Loans should be structured to be affordable for LMI households.

Homebuyer loans (down payment and closing costs) are intended to be awarded ONLY to LMI buyers. Homebuyer loans may be awarded to LMI households currently owning a house only under exceptional situations. Grantees should notify the HCRI Program Manager before approving any exceptional situations.

Homebuyer applicants must contribute a minimum cash contribution from the buyer's resources. The minimum contribution is:

<50% County Median Income = \$500  
 ≤80% County Median Income = \$1,000

The cash contribution may include items such as loan application fees, earnest money, and homebuyer's insurance. Self-help programs may include the homebuyer's sweat equity in lieu of actual cash down payment. Grantees may require a contribution higher than the minimum.

Applicants in the Homebuyer Program must receive at least 6 hours of pre-purchase education in the following areas:

- ◆ Homebuyer Education
- ◆ Basics of the Home Purchase Process
- ◆ Budgeting

The program beneficiary file must contain verification of the items covered in the class. (See Homebuyer Education Checklist in Attachment 2).

Foreclosure Prevention:

1. The principal and interest on a mortgage loan that finances the purchase of housing (including such things as down payments, land contract payments, chattel mortgage payments, real estate mortgage and deed of trust payments, and conditional sales contract payments for purchase of a manufactured home).
2. Closing costs and other costs associated with refinancing a mortgage loan (those costs normally paid by a buyer in a home purchase transaction, including such things as loan origination fees, appraisal

fees, points, legal fees, property inspections, credit reports, settlement and recording fees).

3. Mortgage insurance, if paid in conjunction with principal and interest to bring homeowner current.
4. Property insurance, if paid in conjunction with principal and interest to bring homeowner current.
5. Property tax arrearages.
6. Fees associated with limited-equity housing cooperatives (including membership fees, carrying charges, principal and interest, mortgage insurance, property insurance, utility-related costs, property taxes, and operating expenses).
7. Other costs approved by the DEHCR.

**One-time** assistance may be given on behalf of an LMI homeowner to cover the eligible items above.

Homeowner must receive foreclosure counseling including budget/credit counseling. Counseling must be provided by counselors that have been trained through NeighborWorks® America and/or HUD approved counseling agencies; any other training program must be approved by the HCRI Program Manager. For a listing of counselors visit [HUD's Housing Counseling webpage](#).

Homeowner must have sufficient income to pay subsequent mortgage payments. At a minimum, the method for determining a homeowner's ability to pay subsequent mortgage payments, or a work-out arrangement, or budget/credit counseling is reviewing the following documents:

- ◆ Mortgage
- ◆ HUD-1/Settlement Statement
- ◆ Truth in Lending Statement
- ◆ List of monthly bills
- ◆ List of all outstanding debt (vehicles, student loans, credit cards, etc)
- ◆ Recent paycheck stubs
- ◆ All default letters and/or bankruptcy documents

Homeowner must have a work-out plan/loan modification in place prior to payment of HCRI assistance.

## **Ineligible Payments**

HCRI funds may not be used to:

- assist with purchase of property located in the 100-year flood-plain;
- provide assistance to a household that will live on premises that are not decent, safe, and sanitary;
- directly pay for development costs;
- pay for capital improvements to the housing unit;
- assist individuals who have assets sufficient to meet their own housing needs;
- pay the principal and interest on a construction loan or a rehabilitation loan;
- assist households who would be paying housing costs that are not reasonable in relation to housing costs currently being charged in the market area;
- assist individuals who, after receiving benefits under the HCRI program, would continue living in nursing homes, medical, psychiatric, or penal institutions.

## **Inspections**

All homes purchased under the HCRI Program must be inspected to ensure that they are decent, safe, and sanitary meeting HQS minimum standards. HCRI assistance cannot be provided to households who, after being assisted, will continue to live on premises that are not decent, safe, and sanitary. Items that would fail the minimum housing quality standard (HQS) must be brought into compliance within six months after closing. A copy of the signed and dated inspection form must be placed in each beneficiary file. Housing Quality Standards can be found at [HUD's website \(PDF\)](#).

## **Subordination**

The Grantee may elect to subordinate its HCRI homebuyer mortgage to another lender under the following conditions:

1. The funds resulting from the subordination will be used to:
  - ◆ Refinance an existing mortgage to obtain a reduced interest rate.
  - ◆ Refinance an existing mortgage to obtain a comparable interest rate and extended payment terms.
  - ◆ Obtain a home equity loan for the sole purpose of rehabilitating their primary residence.
  - ◆ Refinance an existing mortgage as necessary to halt foreclosure proceedings by a bank or to halt tax deed proceedings by the county.
  - ◆ Obtain a home equity loan to pay for medical emergencies.
2. The Grantee will not consider requests to subordinate for “cash to homeowner” transactions. Subordination will not be awarded if it places the grantee’s security interest in jeopardy, as determined by standard underwriting practice, unless required to halt foreclosure or tax deed proceedings or to assist with medical emergencies.
3. Homeowners who anticipate refinancing an existing loan and request that the grantee subordinate its mortgage position, must submit in writing the following information:
  - ◆ The reason for the subordination request.
  - ◆ The name, address, and contact person(s) at the cooperating financial institution.
  - ◆ The new mortgage amount that would take precedence over the grantee’s mortgage, including monthly payment and interest rate.
  - ◆ Copies of estimates for any rehab/construction work being completed.
4. The subordination agreements must be drafted at the homeowner’s expense by the cooperating financial institution or legal counsel.
5. The conditions for subordination must be included in the grantee’s policies and procedures.

## **Applicant Appeals**

All applicants for HCRI loans must be notified in writing of their right to appeal. Grantee must have in place an appeal policy stating:

- ◆ Who appeals should be directed to--name, address, phone number;
- ◆ The appeal must be in writing;
- ◆ Must include the name of the program;
- ◆ Short summary of why the person is appealing the decision;
- ◆ Time period for filing (e.g., appeal must be filed within 15 days of receipt of denial by agency.);
- ◆ Time period in which agency will respond to appeal (e.g., HCRI grant administrator will review the decision and respond within 30 days.)

## **Housing Assistance Applications**

All applications for assistance with HCRI funds must include at a minimum:

- ◆ Applicant's name and current address
- ◆ Address (Address of unit being purchased if homebuyer activity)
- ◆ Number of children in the household and their ages
- ◆ Marital property statement:

*No provision of a marital property agreement (including a Statutory Individual Property Agreement pursuant to Sec. 766.587, Wis. Stats.), unilateral statement classifying income from separate property under Sec. 766.59, or court decree under Sec. 766.70 adversely affects the creditor unless the creditor is furnished with a copy of the document prior to the credit transaction or has actual knowledge of its adverse provisions at the time the obligation is incurred.*

- ◆ Racial, ethnic, and gender characteristics of the head of household – or option not to answer
- ◆ Conflict of Interest questions
- ◆ Release of Information

A signed and dated **Release of Information** form has to be obtained before household information is requested on income and employment. Please Note: If the grantee includes the request for information statement with the application, the applicant must sign or initial that statement separately to acknowledge that they have read and understand that information will be requested on sources of income.

The Grantee will maintain a record of **all applicants for and beneficiaries of HCRI funds.**

## V. FINANCIAL MANAGEMENT

### Getting Started

Before grantees can request HCRI funds, the following must be completed:

- ◆ Have a fully executed contract between the Grantee and DEHCR.
- ◆ Open an interest-bearing checking account (“Grant Account”) at a local bank OR establish a separate tracking system for HCRI funds deposited in a "general account."

### Requesting Funds

HCRI funds may be drawn down as needed from DEHCR. The grantee may request the amount of HCRI dollars needed to meet the projected disbursements for up to 90 days prior. The request should include amounts needed for all contracted activities. Administrative funds shall be drawn in proportion to housing project dollars committed.

Grantees must designate staff roles for invoicing, invoice approval, and Profile Management Administration (PMA) through Home Energy Plus (HE+) ( [Login - Home Energy + \(wi.gov\)](#)). Each grantee is allowed one HE+ user with PMA permissions. This user is responsible for managing contacts, user profiles, and position information, as well as granting invoicing or approval permissions; **however**, PMA permissions must be approved by the HCRI Program Manager. All HCRI grantee PMA users will be monitored on a quarterly basis during the program year and as part of the biennial HCRI monitoring process.

Grantee designees for invoicing and approving can complete a payment request through HE+. Payment requests are reviewed and either approved or denied within the same week of submission. If login or invoicing issues occur, the grantee should first have their PMA attempt to resolve the issue; if the problem persists, contact the HCRI Program Manager for assistance. Detailed HE+ invoicing and PMA instructions are available on the [HCRI webpage](#).

Incomplete data or failure to provide timely quarterly reports may delay payment processing and/or result in the Request being returned to the grantee.

### Financial Records

All grantees are required to establish adequate recordkeeping systems to track the use of grant funds by budget line. At a minimum, grantees must maintain the following financial records:

- ◆ HCRI Payment Requests: Maintain a copy of all requests for payment. Records must also document receipt and deposit of all HCRI payment requests.
- ◆ Cash Disbursements: Cash Disbursements must include the date, check number, and payee amount. This information must be supported with proper source documentation, including vouchers and invoices. Grantees with concurrent contracts must maintain a separate record of cash disbursements for each contract.
- ◆ Leverage Funds: If the contract commits other public/private funds, the grantee must maintain records to document the amount, date, and purpose of the committed funds. Leverage funds must be directly related to the housing activity(s) undertaken with HCRI funding or to contract administration.
- ◆ Match Funds: If the grantee’s contract contains funds for Capacity Building, those funds must be matched 1:1 with other dollars being used for the same purpose. The grantee must maintain documentation of all funds claimed as match.

For homebuyer projects, a copy of all original security documents (mortgages, promissory notes, assistance agreements, etc.) should be on file.

## **Treatment of Program Income**

Definition of Program Income: Program Income includes the repaid dollars from all past HCRI grants, as well as repayments from the current grant. Program income also includes the interest earned on funds in the HCRI Grant Account. Only program income designated for homebuyer activities and program income from HCRI repaid dollars must be reported.

Grantee Compliance: Grantees must maintain a record of all program income received and how it is disbursed. Reuse of program income funds is designated in the HCRI contract.

### **Program income in excess of \$50,000.00 must be expended in conjunction with the current contract.**

Up to 15 percent of program income dollars may be used for administrative costs on activities completed with program income. Program income in excess of \$50,000 at contract closeout will impact future award amounts by lowering the total awarded.

When a contract is closed and there are no further active contracts it is expected that the HCRI program income will be expended in accordance with the contract requirements.

Should the Grantee decide, following grant closeout, to discontinue utilizing its program income, it further agrees to return the balance, and any future loan repayments, including interest thereon, to the Department by January 31 of the year following its receipt.

## **Quarterly Reports**

The grantee is responsible for completing the activities specified in the contract and keeping DEHCR informed about the progress of program funding. The key procedure for communicating the status of the HCRI program to DEHCR is through the submission of an accurate, complete and timely quarterly progress report.

Reports, submitted on a calendar quarter basis, provide information about the status of program funds and the number and income level of program beneficiaries. Quarterly reports also allow the grantee to highlight particular program accomplishments and to call attention to potential problem areas.

The report is due each quarter for each HCRI contract and must be complete and comprehensive. The quarter-end dates are:

- ◆ March 31, 20xx
- ◆ June 30, 20xx
- ◆ September 30, 20xx
- ◆ December 31, 20xx

Reports are to be submitted via e-mail (PDF or WORD documents) to the HCRI Program Manager, and the general DEHCR email box at [DOADOHHHRHCRI@wisconsin.gov](mailto:DOADOHHHRHCRI@wisconsin.gov), no later than the due date above. Failure to provide a quarterly report on time will result in a warning letter and may jeopardize payment of contract funds. Continuous noncompliance will result in compliance findings and require corrective action from the grantee. Grantees without compliance findings will receive priority consideration for funding future awards.

## **VI. CONTRACT CLOSEOUT REPORT**

An original signed copy of the closeout report is due to DEHCR not later than 30 days after the end of the contract period. Another signed copy should be retained and placed in the local Program Closeout file. Failure to provide the closeout report will result in the final payment request denial.

A HCRI contract may close out before its scheduled completion date if all costs to be paid with HCRI funds have been incurred and all HCRI contract requirements have been met.

## **VII. AUDITS**

The Audit requirements for the HCRI program are identified in the contract and the State Single Audit Guidelines issued by the Department of Administration. Grantees that expend \$100,000 or more in a single year from awards which funding originated from State Government sources shall have a certified annual audit performed utilizing Generally Accepted Accounting Principles, Generally Accepted Auditing Standards and Government Auditing Standards. Audit reports are due to the Department within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. Review the Department's Single Audit Compliance Supplement for details on submission of the reporting package.

If a combined total of less than \$100,000 in State funds is expended in a year, the single audit requirement does not apply. A confirmation of non-requirement must be provided to the Department of Administration (See Audit Sample Letter).

Audit reports should be emailed as a text searchable, unsecured PDF file to [DOADOASSingleAuditCoordinator@wisconsin.gov](mailto:DOADOASSingleAuditCoordinator@wisconsin.gov). Any questions or comments on the State Single Audit Guidelines should be directed to the DOAS Single Audit Coordinator. A sample letter is included in the back of this manual.

# Attachment 1

## MBE/WBE Form

|                       |                     |
|-----------------------|---------------------|
| <b>MBE/WBE REPORT</b> | <b>HCRI PROGRAM</b> |
|-----------------------|---------------------|

**Program Name** \_\_\_\_\_

**Grantee:** \_\_\_\_\_

**Contract #** \_\_\_\_\_

| MBE/WBE Contract Amount | Type of Trade | Contractor/Subcontractor Business |             | Woman Owned Business (Yes or No) | Contractor/Subcontractor Identification Number (FEIN) | Contractor/Subcontractor Name and Address |
|-------------------------|---------------|-----------------------------------|-------------|----------------------------------|---|---|
|                         |               | Race                              | Ethnic Code |                                  |   |   |
|                         |               |                                   |             |                                  |   |   |
|                         |               |                                   |             |                                  |   |   |

This report is to be filed with a HCRI grantee's Quarterly Report when a minority business enterprise (MBE) or a women's business enterprise (WBE) is involved with the HCRI activity.

**MBE/WBE Contract Amount:** Put in whole dollar amount of the MBE/WBE contract.

**Type of Trade:**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>1 – New Construction</li> <li>2 – Substantial Rehab</li> <li>3 – Repair</li> <li>4 – Service</li> <li>5 – Project Management</li> </ul> | <ul style="list-style-type: none"> <li>6 – Professional</li> <li>7 – Tenant Services</li> <li>8 – Education/Training</li> <li>9 – Architectural/Engineering Appraisal</li> <li>10 – Other</li> </ul> |
|--|--|

**Contractor/Subcontractor Business Racial Code:**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>A – White</li> <li>B – Black/African American</li> <li>C – Asian</li> <li>D – American Indian/Alaskan Native</li> <li>E – Native Hawaiian/Other Pacific Islander</li> </ul> | <ul style="list-style-type: none"> <li>F – American Indian/Alaskan Native &amp; White</li> <li>G – Asian &amp; White</li> <li>H – Black/African American &amp; White</li> <li>I – American Indian/Alaskan Native &amp; Black/African American</li> <li>J – Balance/Other</li> </ul> |
|--|---|

**Ethnic Code:**

- K – Hispanic
- L – Hasidic Jew

**Women Owned Business:**

- Y = Yes
- N = No

**Contractor Identification Number**

Enter the Federal Employer Identification Number (FEIN)

**Contractor/Subcontractor Name and Address**

Enter the full business name of the contractor/subcontractor; also enter the mailing address, indicating if this is a contractor or subcontractor

- C = Contractor
- S = Subcontractor

Example (for a contractor):

C – ABC Construction  
PO Box 1234, Somewhere, WI 54444-1234

# Attachment 2

## Homebuyer Education Checklist

### **HOMEBUYER EDUCATION CHECKLIST**

Items covered:

- \_\_\_\_\_ Personal and financial advantages of homeownership: rent vs. buy.
- \_\_\_\_\_ Basic terms of the real estate transaction, explanation of disclosures; e.g., Good Faith Estimate of Closing Costs, Truth-in-lending disclosure, Settlement Statement.
- \_\_\_\_\_ Selecting a real estate broker, lender, attorney.
- \_\_\_\_\_ Fair Housing Laws as they relate to borrower's rights to disclosure in a lending transaction.
- \_\_\_\_\_ The purchase process; i.e., writing an offer, counter offers, inspection requirements, contingencies, closing documents.
- \_\_\_\_\_ Insurance needs; e.g., homeowner's insurance, flood insurance, life insurance.
- \_\_\_\_\_ Budget for future home maintenance.
- \_\_\_\_\_ Review of payment affordability including PITI and how it may change annually; e.g., due to increased real estate taxes.
- \_\_\_\_\_ Calculation of cash needed to purchase: application fees, inspection fees, insurance, cash to close costs, reserves.
- \_\_\_\_\_ Explanation of private mortgage insurance.
- \_\_\_\_\_ Signature.

SAMPLE APPLICATION

HOUSING COST REDUCTION INITIATIVE APPLICATION

Date Received \_\_\_\_\_  
(For Office Use Only)

Applicant(s) Name \_\_\_\_\_

Telephone Number: \_\_\_\_\_ / \_\_\_\_\_ (home) \_\_\_\_\_ / \_\_\_\_\_ (work)

Address: \_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City/Village/Town) (State) (Zip Code)

Mailing Address: \_\_\_\_\_  
(if different) (Street Address)

\_\_\_\_\_  
(City/Village/Town) (State) (Zip Code)

Total number of people living in the home (including Applicant): \_\_\_\_\_

INCOME

Please list below all persons who live in your household. List the incomes of all persons 18 years of age or older. Income includes, but is not necessarily limited to, income from all gross wages, salaries, commissions; net income from self-employment, net income from the operation of real property; interest and dividend income; Social Security, SSI, pensions, AFDC, alimony, child support, and other benefit income.

If you are uncertain about including something as income, please list it below and the housing department will advise you about it.

| Name | Relationship to Applicant | Source of Income | Monthly Gross Income |
|------|---------------------------|------------------|----------------------|
|      |                           |                  |                      |
|      |                           |                  |                      |
|      |                           |                  |                      |
|      |                           |                  |                      |
|      |                           |                  |                      |
|      |                           |                  |                      |

**HOMEBUYER ONLY:**

Have you found a house you wish to purchase?

Yes. Address \_\_\_\_\_  
 No

If No, what is the timeframe within which you would like to acquire a home? \_\_\_\_\_

Name of financial institution through which home would be financed? \_\_\_\_\_

Are you pre-approved for a loan?

Yes. Amount: \$ \_\_\_\_\_  
 No

Amount of money your household can contribute toward the downpayment on a home: \$ \_\_\_\_\_

**CONFLICT OF INTEREST**

Do you have family or business ties to any of the following people? If **yes**, disclose the nature of the relationship.

| Names of covered persons | Relationship |
|--------------------------|--------------|
|                          |              |
|                          |              |
|                          |              |
|                          |              |
|                          |              |

No provision of a marital property agreement (including a Statutory Individual Property Agreement pursuant to Sec. 766.587, Wis. Stats.), unilateral statement classifying income from separate property under Sec. 766.59, or court decree under Sec. 766.70 adversely affects the creditor unless the creditor is furnished with a copy of the document prior to the credit transaction or has actual knowledge of its adverse provisions at the time the obligation is incurred.

I certify that the information in this application is correct and accurate to the best of my knowledge.

\_\_\_\_\_  
Signature of Applicant Date

\_\_\_\_\_  
Signature of Applicant Date

You are not required to answer the questions below. If you choose not to answer them, please check this box.

Age of Applicant: \_\_\_\_\_

Racial/Ethnic Background, Check One:

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> White                                  | <input type="checkbox"/> American Indian/Alaskan Native & White                  | Hispanic: <input type="checkbox"/> Yes<br><input type="checkbox"/> No |
| <input type="checkbox"/> Black/African American                 | <input type="checkbox"/> Asian & White   |   |
| <input type="checkbox"/> Asian                                  | <input type="checkbox"/> Black/African American & White                          |   |
| <input type="checkbox"/> American Indian/Alaskan Native         | <input type="checkbox"/> American Indian/Alaskan Native & Black/African American |   |
| <input type="checkbox"/> Native Hawaiian/Other Pacific Islander | <input type="checkbox"/> Balance/Other   |   |

SAMPLE GENERAL RELEASE OF INFORMATION

To Whom It May Concern:

I/We have applied for a loan and hereby authorize you to release to the Village of Grantville the requested information listed below:

1. Previous and past employment history including employer, period employed, title of position, income, and hours worked.
2. Disability payments, social security, and pension funds.
3. Any information deemed necessary in connection with a consumer credit report or a real estate transaction.

This information will be for the confidential use of the Village of Grantville in determining my/our eligibility for a mortgage loan or to confirm information I/we have supplied. Please complete the attached verification request.

A photo or fax copy of this document may be deemed to be the equivalent of the original and may be used as a duplicate original. The original signed release of information form will be kept on record with the Village of Grantville.

\_\_\_\_\_  
Last, First, M.I.

\_\_\_\_\_  
Last, First, M.I.

\_\_\_\_\_  
Social Security #

\_\_\_\_\_  
Social Security #

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Signature Date

NOTICE TO BORROWERS: This notice to you is required by the Right to Financial Privacy Act of 1978. The Wisconsin Department of Administration has a right of access to financial records held by financial institutions in connection with the consideration or administration of HCRI assistance to you. Financial records involving your transaction will be available to Wisconsin Department of Administration without further notice or authorization but will not be disclosed or released by this institution to another government agency without your consent except as required by law.

AUDIT - SAMPLE LETTER

*AGENCY'S LETTERHEAD*

*DATE*

Single Audit Coordinator  
Wisconsin Department of Administration  
PO Box 7869  
Madison, WI 53707-7869

Dear Sir or Madam:

*(Agency Name)* received less than \$100,000 in Federal and/or State awards in *(agency fiscal year)*. It is exempt from the requirements of Article 29 of HCRI Contract # \_\_\_\_\_ in *(agency fiscal year)*.

If you have any questions, please call me at *(agency phone number)*.

Sincerely,

*Name*

*Title of Grantee's Chief Executive Officer*