

1 Minnesota Housing Finance Agency

2

3 Adopted Permanent Rules Relating to Home Equity Conversion  
4 Counseling Program

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6 Rules as Adopted

7 4900.2020 SCOPE.

8 Parts 4900.2020 to 4900.2070 govern the implementation of  
9 the home equity conversion counseling program.

10 4900.2030 DEFINITIONS.

11 Subpart 1. Scope. For the purposes of parts 4900.2020 to  
12 4900.2070, the following terms have the meanings given them.

13 Subp. 2. Agency. "Agency" means the Minnesota Housing  
14 Finance Agency.

15 Subp. 3. Applicant. "Applicant" means one or more  
16 entities that submit an application to the agency for a grant  
17 under the home equity conversion counseling program.

18 Subp. 4. Application. "Application" means a submittal  
19 requesting a grant to pay the cost of providing counseling  
20 services regarding home equity conversion for senior homeowners.

21 Subp. 5. Client. "Client" means senior homeowners who  
22 receive home equity conversion counseling services.

23 Subp. 6. Home equity conversion. "Home equity conversion"  
24 means plans where homeowners convert equity in their homes into  
25 spendable funds while still retaining title to the homes. The  
26 funds do not have an obligation of immediate repayment.

27 Subp. 7. Program. "Program" means the home equity  
28 conversion counseling program.

29 Subp. 8. Senior homeowners. "Senior homeowners" means  
30 homeowners of whom at least one is 62 years of age, or  
31 homeowners as may be defined in home equity conversion programs  
32 sponsored or supported by local, state, or federal government  
33 and primarily designed for use by senior or elderly homeowners.

34 4900.2040 HOME EQUITY CONVERSION COUNSELING.

1 Home equity conversion loan counseling shall be provided  
2 under the program for senior homeowners, as described in items A  
3 and B.

4 A. The applicant selected to administer the program  
5 must, at a minimum, perform the following services:

6 (1) Conduct a review of home equity conversion  
7 programs with the client, and explain the advantage,  
8 disadvantage, and alternatives of the programs.

9 (2) Explain the effects of home equity conversion  
10 on the client's estate and public benefits available to the  
11 client.

12 (3) Explain the home equity conversion lending  
13 process with the client.

14 (4) Discuss the client's supplemental income  
15 needs and financial alternatives for meeting such needs.

16 (5) Maintain adequate records pertaining to each  
17 client counseled under the program.

18 (6) Provide the client with adequate  
19 documentation of counseling so that the client may meet  
20 counseling requirements imposed under various home equity  
21 conversion loan programs.

22 (7) Provide such services and outreach on a  
23 statewide basis.

24 B. The applicant selected to administer the program  
25 may charge a reasonable fee to provide counseling services for  
26 clients, but the applicant may not deny a client counseling  
27 services due to inability to pay the fee.

28 4900.2050 APPLICANT ELIGIBILITY.

29 To be eligible for selection as a recipient of a grant  
30 under the program, an applicant must satisfy the following  
31 requirements:

32 A. The applicant must be a nonprofit entity as  
33 defined in part 4900.0010, subpart 21, and must have as its  
34 primary purpose assisting elderly persons in obtaining and  
35 maintaining affordable housing.

1 B. The applicant may not be a part of or affiliated  
2 with a lender or a vendor of home equity conversion loans or  
3 products.

4 C. The applicant must provide an application in a  
5 form prescribed by the agency that will document the applicant's  
6 ability to establish or maintain a home equity conversion  
7 counseling program for the period of time specified by the  
8 agency. At a minimum, this application shall include:

9 (1) documentation that the applicant meets the  
10 eligibility requirements prescribed in items A and B;

11 (2) a description of the applicant's organization  
12 that demonstrates that the applicant:

13 (a) is knowledgeable about home equity  
14 conversion, including reverse mortgage programs;

15 (b) has experience in counseling older  
16 persons on housing, including knowledge of alternative living  
17 arrangements for older persons; and

18 (c) has knowledge of existing public benefit  
19 programs and other appropriate financial and legal resources for  
20 older persons;

21 (3) a detailed description of how the proposed  
22 program would be administered, including qualifications of staff  
23 and proposed means of record keeping;

24 (4) a detailed budget for the specified period  
25 showing all sources and uses of funds, including grant funds;  
26 and

27 (5) a description of the means that the applicant  
28 plans to use to provide outreach and counseling on a statewide  
29 basis.

30 4900.2060 SELECTION CRITERIA.

31 The agency shall take the following criteria into  
32 consideration when determining whether an applicant will receive  
33 a grant under the program:

34 A. The prior experience of the applicant in  
35 establishing, administering, and maintaining a home equity

1 conversion counseling program.

2           B. The documented familiarity of the applicant  
3 regarding home equity conversion and alternative financial  
4 resources and other services that may be available to assist  
5 senior homeowners.

6           C. The reasonableness of the proposed budget in  
7 meeting the objective of the program.

8           D. The documented ability of the applicant to provide  
9 home equity conversion counseling on a statewide basis as well  
10 as the location of the applicant in an area of anticipated  
11 demand for counseling services.

12 4900.2070 RECORD KEEPING AND REPORTING.

13           The applicant selected for the program shall be required to  
14 keep adequate records as to each client counseled under the  
15 program in a format and fashion mutually agreed to between the  
16 applicant and the agency, and the agency may review the records  
17 upon adequate prior written notice to the applicant by the  
18 agency. The selected applicant must also provide a written  
19 report in a prescribed format regarding activity under the  
20 program to the agency at intervals prescribed by the agency, but  
21 in no instance more often than quarterly.