



**National Foreclosure  
Mitigation Counseling Program  
Procedural Manual**

*July 1, 2017*

*The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, or sexual or affectional orientation in the provision of services.*

*An equal opportunity employer.*

*This information will be made available in alternative format upon request.*

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## **Introduction**

### **Mission Statement**

Minnesota Housing finances and advances affordable housing opportunities for low- and moderate-income Minnesotans to enhance quality of life and foster strong communities.

### **Background**

The Minnesota Housing Finance Agency (Minnesota Housing) was created in 1971 by the Minnesota Legislature.

Minnesota Housing offers programs funded by the State Legislature and the Federal Government to assist homeowners facing foreclosure due to a temporary financial crisis by providing case management or financial assistance on a one-time basis. This will also help to preserve the integrity of neighborhoods by preventing properties from becoming vacant, abandoned, or blighted.

### **National Foreclosure Mitigation Counseling (NFMC) Program**

The Counseling component of the National Foreclosure Mitigation Counseling Program (referred to as the "Program") offers grants to support rapid expansion of foreclosure intervention Counseling capacity among providers of foreclosure mitigation Counseling. The grants are made possible as a result of an appropriation by the US Congress to NeighborWorks® America (NeighborWorks®) in response to the nationwide foreclosure crisis.

## **Chapter 1 – Partner Responsibilities and Warranties**

### **1.01 Procedural Manual**

This Procedural Manual, including subsequent changes and additions, is a supplement to the Grant Funding Agreement (independently referred to as the “Agreement”) executed between the Counseling Agency and Minnesota Housing. It is incorporated into the Agreement by reference and is a part thereof as fully as if in the Agreement at length.

Minnesota Housing, as directed by NeighborWorks®, reserves the right to:

- Alter or waive any of the requirements
- Impose other and additional requirements
- Rescind or amend any or all materials effective as of the date of issue unless otherwise stated

### **1.02 Evidence of Misconduct Referred to Attorney General**

Minnesota Housing will refer any evidence of fraud, misrepresentation, or other misconduct in connection with the operation of the Program to the Minnesota Attorney General’s office for appropriate legal action.

If, after a grant is made, a Counseling Agency that acted in good faith discovers any material misstatements or misuse of the grant proceeds by the recipient or others, the Counseling Agency will promptly report the discovery to Minnesota Housing.

Minnesota Housing may exercise all remedies available to it, both legal and equitable, to recover funds from the Counseling Agency. This includes NFMC Grant Funds, together with all applicable administrative costs and other fees or commissions received by the Counseling Agency in connection with the grant and for all attorney fees, legal expenses, court costs, or other expenses incurred by Minnesota Housing in connection with the grant or recovery.

### **1.03 Unauthorized Compensation**

The Counseling Agency may receive fees approved in this Procedural Manual. However, the Counseling Agency shall not receive or demand from any other party to the transaction:

- Kickbacks
- Commissions
- Other compensation

### **1.04 Minnesota Housing Monitoring Guidelines and Requirements**

The Counseling Agency is required to keep on file a complete copy of all documents listed on the Subgrantee Checklist for Individual Client Files, and documentation of all NFMC Grant Funds expended. A file may be requested to be made available to Minnesota Housing at the Counseling Agency’s office during regular business hours or a copy forwarded to Minnesota Housing for review.

Audited grants are reviewed for:

- NeighborWorks® requirements
- HUD requirements

- Housing Counseling approval requirements under 24 CFR Part 214
- Requirements included in 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- National Industry Standards Code of Ethics and Conduct
- Minnesota Housing program and policy compliance
- Fraud or misrepresentation on the part of any party to the transaction

The Counseling Agency agrees to comply with quality control and evaluation period of the NFMC Program Round 10 through September 30, 2020.

### **1.05 Termination of Counseling Agency Participation**

Minnesota Housing may terminate the participation of any Counseling Agency under this Procedural Manual at any time and may preclude the Counseling Agency's future eligibility for reasons including, but not limited to, nonconformance with:

- The NFMC Program Funding Announcement
- This Procedural Manual
- The Agreement
- Any applicable state and federal laws, rules, and regulations

Minnesota Housing may, at its option, impose remedies other than termination of the Agreement for Counseling Agency noncompliance including, but not limited to, repayment of NFMC Grant Funds.

The Counseling Agency may request reinstatement. The decision whether or not to reinstate a Counseling Agency is at Minnesota Housing's sole discretion.

### **1.06 Representations and Warranties**

The Counseling Agency agrees to comply with all applicable federal, state, and local laws, ordinances, regulations, and orders.

## Chapter 2 – Program Requirements

### 2.01 Programming Model

The Counseling Agency is required to implement the programming model developed by the Minnesota Homeownership Center. The Counseling Agency should visit [www.hocmn.org](http://www.hocmn.org) or call the Minnesota Homeownership Center at 651.659.9336 for additional information on this model.

### 2.02 Counseling Agency Requirements

#### Counseling Agency and Staff Standards

The Counseling Agency must:

- Meet or exceed HUD’s housing counseling approval requirements.
- Certify that all counselors performing work in NFMC Round 10 have signed the National Industry Standard Code of Ethics and Conduct and that all work done under the Agreement will meet the Minimum Standard Activities for Foreclosure Intervention and Default Counseling.
- Certify that staff, volunteers, and contractors who will provide Counseling have no conflict(s) of interest due to other relationships with servicers, real estate agencies, mortgage lenders, and/or other entities (including itself) that may stand to benefit from particular Counseling outcomes.
- Not engage in exclusivity agreements with Clients or interested parties such as servicers or lenders.
- Not engage in practices which exclude other Counseling Agencies from working with its Clients, servicers, or lenders should the Client willingly seek assistance from another organization.
- Adhere to the Minnesota Homeownership Center’s Foreclosure Counseling Standards guide available online at [http://www.mnhousing.gov/get/MHFA\\_1013425](http://www.mnhousing.gov/get/MHFA_1013425).
- Employ counselors fluent in the language that Clients speak or have a Memorandum of Understanding or other documentation detailing a relationship with a translation entity. Counseling Agency must adhere to the Referral for Translation Services Policy that includes options for Clients that require translation services.

#### Budget and Funds Tracking

The Counseling Agency must:

- Certify that it understands permanent foreclosure Counseling may not be supported with NFMC Grant funds; the grant period for NFMC Round 10 ends September 30, 2017.
- Maintain separate accounts for NFMC Grant Funds.
- Track Counseling funds separately from Program-Related Support funds.
- Keep records of all reimbursements received and costs of implementing the Counseling Agency’s foreclosure and Counseling program.
- Certify that any NFMC Grant Funds used to pay a consultant’s fee do not exceed the daily equivalent of the rate paid for level IV of the Executive Schedule of the United States government, unless otherwise provided by law.
- Perform Counseling as outlined in section 2.04 of this Procedural Manual
- Use NFMC funds to support the costs of its overall foreclosure program within the NFMC round. If NFMC Grant funds exceed the costs of providing Eligible Activities, as outlined in Section 2.04 of this Procedural Manual, those excess funds must be allocated to the

Counseling Agency’s overall foreclosure program. The Counseling Agency is required to expend these funds (except for the final 5% of the Counseling Award, which is disbursed after 100% of the allocation is reached) by the end of the same month they reach 100% of their final Counseling allocation.

- Invest unexpended funds in securities of the United States government or deposit unexpended NFMC Grant Funds in federally insured or state accounts<sup>1</sup>.

### **Data Privacy, Authorization, and Disposal**

The Counseling Agency must meet all the requirements of Minnesota Statutes Chapter 13 and Section 462A.065:

- The Counseling Agency must undertake customary and industry-standard efforts to ensure the protection of each Client’s personal and financial information, both electronic and paper.
- The Counseling Agency must undertake customary and industry-standard efforts so that neither they nor their vendors disclose any Client’s personal or financial information to anyone other than authorized personnel. An exception to this requirement may be made only when the Client expressly grants permission.
- The Counseling Agency must adhere to all Minnesota Housing Data Privacy requirements, as well as all requirements contained in the Foreclosure Mitigation Counseling Agreement/Disclosure Form and the Combined Privacy Act Notice and Tennesen Warning. Documentation of compliance with these requirements must be maintained in the Counseling Agency’s files.
- The Counseling Agency must ensure that Counselors dispose of Client records in a manner that protects Client confidentiality and is consistent with Minnesota Statutes governing records and social work licensure, as outlined in the National Industry Standards for Homeownership Education and Counseling guidelines, for disposing of personally identifiable information.
- The Counseling Agency must meet the requirements as outlined in the guidance memorandum regarding NFMC Program requirements on protection and disposal of Client’s personal information. This Memorandum may be accessed on Minnesota Housing’s website at [http://www.mnhousing.gov/get/MHFA\\_010155](http://www.mnhousing.gov/get/MHFA_010155).

### **File Maintenance and Documentation**

The Counseling Agency must use Program forms as required by NeighborWorks® America and Minnesota Housing. The Counseling Agency must maintain files with proper documentation and the files must be made available upon request.

### **Records Retention**

The Counseling Agency must establish a records retention policy in accordance with applicable laws and must meet the minimum standards established in the Agreement. The Counseling Agency must follow the records retention policy.

### **Monitoring**

The Counseling Agency is subject to monitoring by Minnesota Housing and is required to submit materials Minnesota Housing deems necessary.

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<sup>1</sup> The investment of NFMC Grant Funds is permitted only for the preservation of principal and not for any speculative investment. Interest earnings on NFMC Grant Funds may be retained by the Grantee and must be used exclusively to further Program objectives for additional Counseling or Program-Related Support.



## Required Forms

Minnesota Housing’s Program forms referenced in this manual are available on Minnesota Housing’s website at [www.mnhousing.gov](http://www.mnhousing.gov).

### 2.03 Eligible Clients

Owner-occupants of single family (one-unit to four-unit) properties with the **first lien mortgage** in default or danger of default are eligible Clients under the Program.

Any homeowner who received assistance from an NFMC Counseling Organization, whether or not the organization is under contract with Minnesota Housing, before January 1, 2016 is eligible to receive additional Counseling at any level on or after January 1, 2016. All required documentation must be updated as of the new intake date and maintained in the Client file. In addition, the Action Plan must clearly identify the change in the Client’s circumstances that prompted the need for additional first lien mortgage Counseling.

### 2.04 Ineligible Clients

The Counseling Agency may not bill for Counseling activities addressing subordinate liens for a Client whose first lien was previously serviced by the Counseling Agency and where no change in the Client’s circumstances or change in work-out options were available. The Counseling Agency may not resubmit Clients who have on-going cases without any substantial change in circumstances and that have already been billed in an earlier round of Program funding.

### 2.05 Eligible Activities

There are two categories of eligible activities:

- Level 1 or 2 Counseling
- Program-Related Support

### 2.06 Counseling Costs

The Program identifies a two-tiered structure for defining the extent and estimating the cost of the necessary Counseling activity. For budgetary purposes the value of services assigned to the two levels of Counseling are as follows:

	Level 1	Level 2
Round 10	\$150	\$300

### 2.07 Program-Related Support Activities

Program-Related Support funds are a component of NFMC Grant Funds. These funds are not intended to cover administrative costs; rather, they are meant primarily to support direct costs associated with increasing the effectiveness and the efficiency of a Counseling Agency’s ability to provide quality foreclosure Counseling.

Eligible uses of Program-Related Support include, but are not limited to:

- Outreach to delinquent Clients:
  - Maximizing Counseling efforts in areas of greatest need

- Encouraging at-risk homeowners to receive Counseling before the foreclosure process begins
- Implementing the Minnesota Homeownership Center’s Triage System to:
  - Ensure more efficient use of Counseling time
  - Make sure counselors do not schedule time for non-foreclosure related Counseling
  - Make sure Clients are better prepared for the Counseling session (for example, gathering documents and information necessary for the session)
- Group orientation and education sessions to help use the Counseling more effectively. Eligible uses include:
  - Registering attendees
  - Preparing for and delivering group sessions
- Outreach and communication on preventing “rescue” or Loan Modification scams
- A Counseling Agency’s level infrastructure development and communication
- Improving the Counseling Agency’s capacity and infrastructure for tracking and reporting data
- Technology improvements for outreach, counseling, education, registration, and loan modification purposes
- Hiring, orientating, and training new Counseling Agency staff members
- Leasing or purchasing equipment and software for counselors
- Collecting data and preparing reports and disbursement requests
- Performing quality control of the Counseling function

## **2.08 Ineligible Activities**

No funds made available under the Program may be provided directly to lenders or homeowners to discharge outstanding mortgage balances or for any other direct debt reduction payments.

The Counseling Agency may not use funds received from the HUD Housing Counseling Program in conjunction with Counseling services for Clients served under the Program.

The Counseling Agency may not charge fees to Clients in exchange for foreclosure mitigation Counseling services. However, the Counseling Agency may charge a nominal fee for pulling credit reports if the cost does not deter Clients from seeking Counseling.

## Chapter 3 – Counseling Activities

### 3.01 Level 1 Counseling

The Counseling Agency is entitled to a payment of \$150.00 for each separate Level 1 Counseling Client. To receive this payment, the Counseling Agency must keep documentation of the completion of all of the following steps within a comprehensive Client file available for monitoring and review by Minnesota Housing:

- Conduct Client intake including the following information:
  - Client Name
  - Client Address
  - Basic demographic information
  - The lender’s name and contact information
  - Loan information
  - The reason for default
- Conduct activities per the Client Authorization, Disclosure, and Privacy Policy including collection of the following:
  - The fully executed Foreclosure Mitigation Counseling Agreement/Disclosure Form
  - The fully executed Combined Privacy Act Notice and Tennessee Warning, which allows the Counseling Agency to:
    - Submit Client-level data to the Data Collection System (DCS)
    - Open files for Program monitoring and compliance purposes
    - Conduct follow-up with the Client related to Program evaluation. Clients may opt out of follow up and proof of this must be retained in the Client file.
- All Counseling Agencies’ disclosures must explicitly describe the various services as well as describe any financial relationship between the Counseling Agency and other industry partners.
- Use the procedures to document the acknowledgment of receipt of the information contained in the Foreclosure Mitigation Counseling Agreement/Disclosure Form and the Combined Privacy Act Notice and Tennessee Warning:
  - Face-to-face Counseling sessions – The Client(s’) signature(s) is on both forms.
  - Non face-to-face Counseling sessions – The Counselor must document the file with a written certification that the Client has read the Program required language on both forms and that the Client’s verbal authorization is received. In the absence of the Client’s signature, the documentation requirement can be satisfied by the Counselor’s signature on both forms.
  - Clients that elect not to sign the Foreclosure Mitigation Counseling Agreement/Disclosure Form and the Combined Privacy Act and Tennessee Warning may not be billed to the Program.
- The Making Home Affordable Eligibility Determination Checklist must be completed to determine and document whether the Client is eligible for any of the Making Home Affordable Program options. Each option listed should be reviewed to determine if the Client is eligible. If the Client is not eligible for the option reviewed, that section of the Checklist should be crossed off and “N/A” should be listed over that option. The use of the Checklist is only

required through December 31, 2016. After December 31, 2016, the Checklist is no longer necessary as the MHA program application period ended December 30, 2016.

- The Counseling Agency or Counselor must develop a budget for the Client based on the Client’s oral representation of expenses, debts, and available sources of income.
- The Counseling Agency or Counselor must develop a written Action Plan for follow up steps to be taken by the Client (see Exhibit 1). All fields on the Action Plan must be completed, including the checkbox to indicate completion of the Making Home Affordable Eligibility Documentation Checklist. The checkbox will be removed after December 31, 2016 as the Making Home Affordable Eligibility Documentation Checklist is no longer required after that date.
- When developing the Action Plan, the Counselor must undertake a comprehensive analysis of the Client’s situation and recommend the best plan of action.
- The Action Plan must include the Counselor’s assessment of the Client’s situation with a Client-specific recommendation. A general handout with a variety of workout options or “actions” is not acceptable.
- The title of the document must include the words “Action Plan.”

Before billing for Level 1 Counseling activities, the required Subgrantee Checklist for Individual Client Files must be used to make sure the following six fully-executed documents are in the file:

- Intake
- Foreclosure Mitigation Counseling Agreement/Disclosure Form
- Combined Privacy Act and Tennessen Warning
- Budget
- Action Plan
- Making Home Affordable Program Eligibility Determination Checklist (only required through December 31, 2016)

### **3.02 Level 2 Counseling**

The Counseling Agency is entitled to a payment of \$300.00 for each separate Level 2 Counseling Client. To receive this payment, the Counseling Agency must keep documentation of the completion of all of the following steps within a comprehensive Client file available for monitoring and review by Minnesota Housing.

- Verification and updating of the Client’s budget, for purposes of this Grant, requires Counselors to review **and** retain copies of the documentation necessary to satisfy the budget verification requirement in the Client file (verification of all income, debt, and expenses as stated by the Client. A credit report alone does not satisfy this requirement). The following items must be collected, reviewed and retained:
  - Documented evidence to support Client’s oral representations of debt (credit report)
  - Documented evidence of monthly expenses and spending patterns (copies of bank statements and monthly bills) including, but not limited to:
    - A mortgage statement
    - Credit card statements
    - Utility bills

- Documented evidence of realistic opportunities for income such as tax returns, pay stubs, and profit and loss statements, etc.
- Update the Client’s budget form created during the Level 1 Counseling session to include the information reviewed in the budget verification documents.
- If not already in the Client File, obtain the following:
  - A fully executed Foreclosure Mitigation Counseling Agreement/Disclosure Form
  - A fully executed Combined Privacy Act Notice and Tennesen Warning
- Update the written Action Plan outlining steps to a solution.
- The Counselor must take appropriate action upon the steps outlined in the Action Plan and maintain documented evidence of “action” taken on behalf of the Client. The Counselor notes alone will not suffice. Examples of actions taken on behalf of the Client include, but are not limited to, the following:
  - Draft and submit to the servicer a hardship letter that describes the Client’s situation, the reason for delinquency, factors that were considered when developing a work-out plan, and an estimate of the housing cost affordable to the Client.
  - Document attempts to contact the servicer or lender. If a work-out is possible, complete and submit all forms required by the servicer to move forward with a work-out plan, loan modification, or other available program option.
  - Complete and submit application(s) for local resource options including refinance programs or rescue funds.
  - Assist in situations where the Client elects to pursue sale options and document the assistance provided. A referral list of realtors for a short sale or other options must include at least three realtors and the Client’s signature stating the Client received the list. An e-mail to the Client with the realtor list is sufficient in the absence of a Client’s signature. The signed referral list or e-mail should be retained in the Client file. Referring a Client back to the servicer or lender without any other action is unacceptable for billing at this level.
  - Collect and send the documentation required for Making Home Affordable Program refinance or modification decisions, if dictated by the Action Plan.

Neither counselor notes nor telephone logs satisfy the requirement for documenting verification of action taken, as neither provides verifiable proof that any action took place. The Counselor must document the steps taken using Counseling notes that indicate the dates the Counseling occurred and retain them in the Client file along with fax transmission sheets, e-mails, mail receipts, screenshots of portal communication, or other signed verification that any action took place in any of the above-noted examples.

Before billing for Level 2 Counseling activities, the required Subgrantee Checklist for Individual Client Files must be used to make sure all six of the following fully executed documents are in the file:

- A fully executed Foreclosure Mitigation Counseling Agreement/Disclosure Form (if not already in file)
- A fully executed Combined Privacy Act and Tennesen Warning (if not already in file)
- An updated budget form
- Any copies of supporting documentation used to verify the budget
- A completed Action Plan (if not already in file)

- Any documentation of steps taken based upon the Action Plan

Close-Out Documentation is not required. However, it is a good practice to document when an outcome is maintained and a file is closed.

### **3.03 Making Home Affordable/Post-Mitigation Counseling**

Due to changes issued by the Department of the Treasury concerning Making Home Affordable Post-Mitigation Counseling requirements, the Counseling Agency may no longer submit post-mitigation Counseling (Level 4) production. The Counseling Agency, with any questions regarding this policy, including instances where potential Clients request post-mitigation Counseling, should contact Minnesota Housing.

## Chapter 4 – Reporting and Disbursement Schedules

### 4.01 Monthly Reporting Requirements

#### Monthly Data Reports

The Counseling Agency must provide Minnesota Housing, electronically through the Minnesota Homeownership Center using *CounselorMax*, monthly reports detailing Client level data and aggregate overall Program and production data.

Exhibit 2 lists the data points that must be collected with the reports.

### 4.02 Quarterly and Final Reporting Requirements

#### Quarterly Narrative Reports

Quarterly narrative reports are due to the Minnesota Homeownership Center, in a format established by the Center, on the last day of the quarter or the following business day if the last day of the quarter falls on Saturday, Sunday, or a holiday. (For example, the report for the period of October through December 2016 is due January 2, 2017.)

#### Quarterly Expenditure Reports

Quarterly expenditure reports must detail:

- The Counseling disbursements received and expenses incurred during the quarter
- The Program-Related Support disbursements received and expenses incurred during the quarter
- The interest earned during the quarter
- The percentage estimates of Program-Related Support funds used by an eligible Activity

The Grantee must provide quarterly expenditure reports to Minnesota Housing in accordance with the chart below.

Reporting Period	Due Date
October 1, 2015 to September 30, 2016	October 15, 2016
October 1, 2016 to December 31, 2016	January 13, 2017
January 1, 2017 to March 31, 2017	April 14, 2017
April 1, 2017 to June 30, 2017	July 14, 2017
October, 1 2015 to September 30, 2017	October 31, 2017

A Quarterly Expenditure Report template is available on Minnesota Housing’s website.

#### Final Reporting Requirements

Final reporting requirements are specific to each Grantee. Minnesota Housing will provide more information once the Grantee has uploaded all of its Counseling units as of September 30, 2017.

Through the final report, Minnesota Housing and NeighborWorks® collect data covering the entire NFMC round and the Counseling Agency’s foreclosure Counseling program. The Grantee may be required to report on the following:

- Expenses funded by NFMC funds for Counseling and Program-Related Support

- Expenses funded by non-NFMC sources
- Interest earned
- Percentage estimates of Program-Related Support funds used by eligible Activity

The Grantee is required to report a breakdown of the source of funds (HUD, state, private foundations, etc.).

Final reporting requirements are subject to change and the due date of the report will be determined at a later date. Minnesota Housing will notify the Grantee of the due date by electronic mail.

### 4.03 Disbursement Schedule

Minnesota Housing’s funding disbursement schedule corresponds with NeighborWork’s® funding disbursement schedule. In Round 10, the Grantee will receive awarded funds through a reimbursable structure. Funds are disbursed as follows:

<b>Disbursement Number</b>	<b>Disbursement as a Percentage of Counseling Grant Award</b>	<b>Disbursement as a Percentage of Program-Related Support Award</b>	<b>Performance Threshold to Receive Disbursement</b>
<b>Disbursement #1</b>	15% of Total Counseling Award	15% of Total Program-Related Support Award	Grantee must have uploaded 15% of the total Counseling award
<b>Disbursement #2</b>	20% of Total Counseling Award	20% of Total Program-Related Support Award	Grantee must have uploaded 35% of the total Counseling award
<b>Disbursement #3</b>	20% of Total Counseling Award	20% of Total Program-Related Support Award	Grantee must have uploaded 55% of the total Counseling award
<b>Disbursement #4</b>	20% of Total Counseling Award	20% of Total Program-Related Support Award	Grantee must have uploaded 75% of the total Counseling award
<b>Disbursement Number</b>	<b>Disbursement as a Percentage of Counseling Grant Award</b>	<b>Disbursement as a Percentage of Program-Related Support Award</b>	<b>Performance Threshold to Receive Disbursement</b>



<b>Disbursement #5</b>	20% of Total Counseling Award	20% of Total Program-Related Support Award	Grantee must have uploaded 95% of the total Counseling award
<b>Disbursement #6</b>	2.5% of Total Counseling Award	2.5% of Total Program-Related Support Award	Grantee must have billed 100% of the total Counseling award. Subgrantee must have uploaded and approved all final reports.
<b>Disbursement #7</b>	2.5% of Total Counseling Award	2.5% of Total Program-Related Support Award	Grantee must fulfill all evaluation requirements and be in compliance with all terms of the Agreement
<b>Total Counseling Award</b>	100%	100%	n/a

Disbursement schedules are tied to production. However, after the first disbursement, the Grantee is not permitted to receive additional disbursements unless they are current on the quarterly programmatic and expenditure reports.

Minnesota Housing reserves the right to adjust disbursement schedules and amounts. In addition, if substantial production is not demonstrated, Minnesota Housing, in its sole discretion, reserves the right to recapture or de-obligate Program funds.

## Appendix A: Definitions

All terms in the Procedural Manual use mortgage industry standard definitions except the following:

TERM	DEFINITION
Action Plan	A Client-specific plan which outlines steps to resolve the Client’s delinquency.
Activity	A permitted or prohibited use of funds received under the Program.
Agreement	The Grant Funding Agreement executed between the Counseling Agency and Minnesota Housing.
Client	An Individual(s) seeking assistance through the National Foreclosure Mitigation Counseling Program.
Counseling	Refers to the Program Activities carried out by the Counseling Agency as identified in Chapter 2 and described in Sections 3.01 and 3.02 of this Procedural Manual.
Counseling Agency	A nonprofit, incorporated organization, or a governmental entity with which Minnesota Housing, in its sole discretion, enters into a Grant Funding Agreement for local administration of the Program.
CounselorMax	Software required for electronic reporting.
Data Collection System (DCS)	Refers to the data system used by Minnesota Housing and the Minnesota Homeownership Center to report Counseling Activities to NeighborWorks® America.
Grantee	The recipient of funds awarded under the Program.
Grant Funding Agreement	Refers to the Agreement executed between Minnesota Housing and the Grantee for the Program.
Loan Modification	A permanent change in one or more of the terms of a mortgage loan, allowing the loan to be reinstated, and resulting in a payment the mortgagor can afford.

<b>TERM</b>	<b>DEFINITION</b>
Making Home Affordable	Further information regarding this program can be found at <a href="http://www.makinghomeaffordable.gov">www.makinghomeaffordable.gov</a> .
NFMC Grant Funds	The Counseling Agency's grant funds.
Partial Claim	Funds advanced by the mortgagee on behalf of a mortgagor in an amount necessary to reinstate a delinquent loan.
Program-Related Support	Funds to support direct costs associated with increasing the effectiveness and efficiency of a Counseling Agency's ability to provide quality foreclosure Counseling.

## **Appendix B: Forms List**

- #1 - Action Plan
- #2 - Combined Privacy Act Notice and Tennesen Warning
- #3 - Foreclosure Mitigation Counseling Agreement/Disclosure Form
- #4 - Making Home Affordable Program Eligibility Checklist
- #5 - Subgrantee Checklist for Individual Client Files
- #6 - NFMC Counseling Program Quarterly Expenditure Report

## **Exhibit 1**

### **Foreclosure Intervention Counseling Recommended Content for Written Action Plan Recommended Features of Action Plan**

- State briefly why the Client is delinquent or in danger of becoming delinquent, including:
  - The involuntary ability to pay
  - An unexpected increase in expenses
  - A decrease in income
  - A loan interest rate reset
  - Other factor(s)
- Include an assessment of the property's condition and a discussion and calculation of equity, if any.
- Include a financial assessment that leads to the recommendations for resolving the delinquency (assuming the Client wants and can afford to keep the house). Otherwise, discuss foreclosure in general, sale of the property, deed in lieu, short sale, and possible tax consequences or deficiency judgment issues.
- State the steps the Client will take to resolve the delinquency and the steps the counselor will take to assist in the process.
- Include contact information for other community referrals that may assist the Client.
- Issue within 24 hours of Counseling session (immediately if face-to-face).
- Include a notation that the Client was screened for Making Home Affordable Programs using the Making Home Affordable Eligibility Determination Checklist. This is only required through December 31, 2016.

## Exhibit 2

### Foreclosure Counseling Program Client Level Data Submitted Monthly

The following data points must be collected each month for the Counseling program. If, upon implementation of the Program, NeighborWorks® realizes that a significant number of Grantees are unable to transfer certain data points in the manner in which they were designed, NeighborWorks® will notify all Grantees and expect that the details are in the Client files rather than submitted electronically.

- Counseling Agency Identification Number (assigned by the Grantee – could be HUD ID sub-grant number)
- Client Identification Number (assigned by the Grantee)
- Counseling level (Level 1, Level 2, Level 4a, or Level 4b)
- Counseling Intake Date
- Mode of Counseling (telephone, face to face, internet video conference, or other)
- Client's Name (first and last)
- Client's Age
- Client's Race
- Client's Ethnicity (Hispanic Y/N)
- Client's Gender
- Household Type:
  - Single adult
  - Female-headed single parent household
  - Male-headed single parent household
  - Married without dependents
  - Married with dependents
  - Two or more unrelated adults
  - Other
- Household Family Income
- Household Income Level:
  - Less than 50% of Area Median Income (AMI)
  - 50 – 79% of AMI
  - 80 – 100% of AMI
  - Greater than 100% AMI
- Property Street Address (do not use PO Box):
  - House Number
  - Street Name
  - City
  - County
  - State
  - Zip
- Total individual foreclosure Counseling hours received

- Total group foreclosure education hours taken
- Name of originating lender (if available):
  - FDIC number
- Original loan number (if available)
- Name of current servicer:
  - FDIC number
- Loan number assigned by current servicer
- Credit Score at intake
- If No Credit Score:
  - Client Refused to authorize credit report pull
  - NFMC Counseling Agency analyzed credit report that did not contain score
  - NFMC Counseling Agency does not analyze credit report for this level of service
  - NFMC Counseling Agency does not have relationship with credit reporting bureau
  - Foreclosure expected within 14 days
- Source of Credit Score:<sup>2</sup>
  - Trans Union
  - Equifax
  - Experian
  - Tri-Merge
- PITI at intake
- Loan being reported on (First/Second)
- If first loan, does Client have second loan (Y/N)
- Type of first loan product at intake:
  - Fixed rate under 8%
  - Fixed rate 8% or greater
  - ARM under 8%
  - ARM at 8% or greater
  - Fixed rate under 8% as a result of Loan Modification in last six months
  - Fixed rate at 8% or greater as a result of Loan Modification in last six months
  - ARM under 8% as a result of Loan Modification in last six months
  - ARM at 8% or greater as a result of Loan Modification in last six months
  - Client did not disclose
- Interest Only Loan (Y/N)
- Hybrid ARM (Y/N)
- Option ARM (Y/N)
- FHA or VA Insured Loan (Y/N)
- Privately Held Loan (Y/N)
- If the loan is an ARM, has the interest rate already reset? (Y/N)

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<sup>2</sup> This data point is important for Program evaluation purposes but we recognize not every agency routinely pulls credit reports for Level 1 Counseling. If pulling a credit report would present a hardship for your agency, you must request in writing, before Counseling, an exemption from this data point for Clients that receive Level 1 Counseling and no Level 2 Counseling.

- Primary reason for default:
  - Reduction in income
  - Poor budget/management skills
  - Loss of income
  - Medical issues
  - Increase in Expenses
  - Divorce/Separation
  - Death of Family member
  - Business Venture Failed
  - Increase in loan payment
  - Other
  - Client is not yet in default
- Loan status at first contact:
  - Current
  - 30 - 60 days late
  - 61 - 90 days late
  - 91 - 120 days late
  - 121+ days late
- Outcome (if known at time of report/disbursement request):
  - Initiated forbearance agreement/repayment plan
  - Executed a deed-in-lieu
  - Mortgage foreclosed
  - Received second mortgage
  - Other
  - Counseled and referred to another social service or emergency assistance agency
  - Partial Claim loan from FHA lender
  - Bankruptcy
  - Withdrew from Counseling
  - Negotiating with servicer; outcome unknown
  - Referred Client to servicer with Action Plan and no further Counseling Activity; outcome unknown
  - Foreclosure put on hold or in moratorium; final outcome unknown
  - Brought mortgage current with rescue funds
  - Brought mortgage current without rescue funds
  - Mortgage refinanced into FHA product
  - Mortgage refinanced into non-FHA product
  - Mortgage modified with PITI less than or equal to 38% with at least a 5 year fixed rate
  - Mortgage modified with PITI greater than 38% or interest rate fixed for less than 5 years and appears sustainable
  - Mortgage modified with PITI greater than 38% or interest rate fixed for less than 5 years and appears unsustainable
  - Client(s) sold property (not short sale)



- Pre-foreclosure sale/short sale
- Counseled on debt management or referred to debt management agency
- Home lost due to tax sale or condemnation
- Counseling Outcome Date
- For Level 4a Counseling:
  - DTI Ratio at time of Level 4 intake
- For Level 4b Counseling:
  - Updated DTI Ratio at time of second visit
  - Updated loan status at time of second visit
  - Updated reason for default, if Client is in default, at time of second visit