



Enhanced Financial Capacity Homeownership Program Manual

April 21, 2023



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Introduction

Mission Statement

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

Background

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

Enhanced Financial Capacity Homeownership Program

Minnesota Housing offers funding through a Request for Proposal (“RFP”) to eligible organizations that deliver enhanced financial education and one-on-one financial coaching to Black, Indigenous, and People of Color (BIPOC) communities and low-income households.

The goal of the Enhanced Financial Capacity Homeownership Program (“the Program”) is to increase the probability of successful homeownership and household stability through intensive financial empowerment coaching and homeowner education.

Chapter 1 – Responsibilities and Warranties

1.01 Manual

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

Minnesota Housing reserves the right to:

- Alter or waive any of the requirements herein;
- Impose other and additional requirements; and

Rescind or amend any or all materials effective as of the date of issue.

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

1.02 The Grant Contract

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

Chapter 2 – Fair Housing Policy

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

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

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

3.01 Fraud

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

3.02 Misuse of Funds

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

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

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

3.03 Conflict of Interest

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

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

Organizational conflicts of interest occur when:

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

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

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

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

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

3.04 Suspension

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

3.05 Disclosure and Reporting

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

- Minnesota Housing's chief risk officer
- Any member of Minnesota Housing's [Servant Leadership Team](#)
- [Report Wrongdoing or Concerns \(mnhousing.gov\)](#)

Chapter 4 – Grant Administration

4.01 Data Privacy, Authorization and Disposal

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

4.02 Records Retention

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

4.03 Fee for Service

The Grantee is compensated a Fee for Service for meeting each [Program Performance Threshold\(s\)](#), obtaining required documentation and entering Client data into the Data Collection System. As the Program Performance Threshold(s) are achieved, additional fee(s) may be disbursed to the Grantee. Please refer to the Grant Contract for the Fee for Service disbursement structure, the maximum potential fee earnings and the Program Performance Thresholds(s) which will be required to release each Fee for Service.

4.04 Disbursement Schedule

Grantee will be disbursed the [Fee for Service](#) according to the Program Disbursement Schedule, which is outlined in the Grant Contract.

4.05 Narrative and Data Collection Reports

See the Reporting Schedule outlined in the Grant Contract to determine when the Narrative and Data Collection Reports are due to Minnesota Housing.

4.06 Incentive Funds

The Incentive Fund may provide additional funding for Grantees who have met their original Clients served goals, per the Grant Contract. Incentive Funds are contingent on availability of resources and may vary each Program Term. Grantee may apply for the Incentive Fund if available during the Program Term. Eligibility criteria are outlined in the [Incentive Fund Application Form](#). The Disbursement Schedule for the Incentive Funds is outlined in the Grant Contract.

4.07 Monitoring

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

4.08 Electronic Signatures

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

Chapter 5 – Program Eligibility and Requirements

5.01 Eligible Grantee Organizations

- Local units of government and political subdivisions;
- A nonprofit organization as defined in Minn. Stat. 462A.03 Subd. 22, as such may subsequently be amended, modified or replaced;
 - A housing and redevelopment authority,
 - A partnership, joint venture, corporation, or association established for purpose not involving monetary gain to the members, partners, or shareholders,
 - A private nonprofit corporation (established under and in compliance with Chapter 317A).
- Proof of Eligibility:
 - Grantee must have a current 501(c)(3) determination letter from the Internal Revenue Service;
 - Grantee must be in good standing and authorized to do business in Minnesota.

5.02 Grantee Staff Certification

- At least one staff member per Grantee must have achieved a financial capability or empowerment certification by the end of the Program Term;
 - Certification by a HUD-approved certifying entity must be obtained when available;
 - A copy of the certification or proof of certification must be provided to Minnesota Housing upon request;
- Continuing education is optional. If taken, continuing education should be relevant to financial empowerment, coaching, homeownership or effective education methods;
 - It may include diversity, equity and inclusion training applicable to the Program;
 - It may be provided by a non-HUD-approved certifying entity;
- Certification or continuing education not sponsored by Minnesota Housing will be at the expense of the Grantee, unless an exception is provided in writing by Minnesota Housing.

5.03 Eligible Program Services

Financially empowered means:

- Knowing when and how to find reliable information to make financial decisions
- Knowing how to process financial information to make financial decisions
- Knowing how to execute financial decisions and adapt as necessary to stay on track

There are three eligible Program Services:

- Financial Education
- Financial Coaching
- Post-Completion Services

Financial Education

Financial Education may assist with the Clients' knowledge of current and ongoing financial obligations, their ability to feel secure in their financial future and more empowered to make financial choices that allow them to enjoy life.

Financial Education may be delivered in person, phone or online in a group setting. Topics must be discussed more general, be culturally relevant and allow for peer sharing.

Financial Coaching

Financial coaching must be individualized based on the unique needs of each Client and their financial goals. Financial Coaching is non-judgmental, supportive and encouraging while providing the Client with tools to make informed financial decisions.

Financial Coaching may be delivered in person, phone or online and focus on the Client's progress toward reaching their financial goals.

The Financial Coaching session(s) should be culturally relevant to the Client(s) and may include, but are not limited to, the following topics:

- Financial goal attainment
- Money management skills
- Improved savings, debt levels and credit scores
- Financial confidence
- Other financial empowerment services could include or be referred for the following, as applicable:
 - Workforce or career development
 - Entrepreneurship opportunities
 - Educational opportunities
 - Other services needed as identified by the Client

Post-Completion Services

Post-completion services are continued Financial Education or Financial Coaching after the Client had reached [Program Completion](#) or an [Outcome](#). It may include educational opportunities specific to post-home purchase (e.g., home maintenance basics, home insurance coverage, home equity, home sale, etc.) as well as continued one-on-one Financial Coaching regardless of the Outcome. Post-completion is recommended for any Client interested in continued services and may be delivered to Clients in person, phone or online.

- Other financial empowerment services could include or be referred for the following, as applicable:
 - Workforce or career development
 - Entrepreneurship opportunities
 - Educational opportunities
 - Other services identified by the Client

5.04 Eligible Client(s)

Upon [Intake](#), a Client is eligible to receive [Program Services](#) if they meet all of the below:

- Reside or intend to reside in Minnesota;
- Have expressed an interest in obtaining homeownership or improving their homeownership potential as a goal;
- Have demonstrable barriers to achieving homeownership and have a likely path to addressing such barriers within three years of working with Grantee;
- Have adequate income needed to support homeownership or will achieve adequate income through the support of [Program Services](#); and
- Are willing to make a commitment to working with Grantee in a timeframe agreed upon by the Client and provider to increase Client's financial empowerment and the probability of successful homeownership;

5.05 Program Delivery

The Grantee must:

- Maintain a conflict of interest policy and submit it to Minnesota Housing upon request;
 - Not engage in exclusivity agreements with Clients seeking [Program Services](#) or interested parties such as servicers or lenders;
 - Not engage in practices which exclude other Program Grantees from working with its Clients that willingly seek assistance from another Grantee;
 - Not provide Program Services in any capacity under the Program and vice versa, if staff is also providing loan origination services;
 - If a conflict exists, it must be fully disclosed to the Client on the Coaching Agreement/Disclosure Form. The Coaching Agreement/Disclosure Form must meet all the requirements outlined in the [Housing Counseling Grantee Disclosure & Privacy Act Notice](#);
- Have offices and services that are accessible to people with disabilities or have a referral list for Clients that need accessibility if Grantee's building does not provide access;
- Have the ability, through bi/multi-lingual staff or through the use of translation services, to provide services for non-English speaking Clients;
- Charge fees to Clients for Program Services that are reasonable and only to pay for actual expenses (not marked-up) that are not covered by the [Fee for Service\(s\)](#);
- If it charges fees to Clients, the fee policy must be provided to and approved by Minnesota Housing;
- Provide [Program Services](#) for the duration of the Program Term and beyond for any Clients still actively participating in Program Services;
- Communicate to Minnesota Housing in writing if changes to the Program Services are anticipated. Minnesota Housing reserves the right to accept or deny those changes at its sole discretion.

Chapter 6 – Program Performance Thresholds and Data Collection System Requirements

The descriptions below outline the Coaching and Client Performance Thresholds (the “Program Performance Thresholds”) and must be followed by all Grantees.

- Intake
- Program Completion
- Program Outcome

The Program Performance Thresholds all have the option to enter a Client as “Client Stopped Communication” at any point after the Intake. The [Program Services](#) are to be provided until the Client reaches Program Completion or Outcome, which may extend beyond the Program Term identified in the Grant Contract.

6.01 Intake

The Financial Coach determines that the Client is an [Eligible Client](#). The Client completes the Intake and obtains the required documentation with the Grantee for participation in the Program. For additional guidance, refer to the [Client File and DCS Reporting Chart](#), where it outlines the required Client File documentation and Data Collection System (DCS) entry fields.

6.02 Program Completion

Program Completion is when a Client has achieved financial empowerment or is no longer progressing towards their financial goal. Clients will either be:

- Pursuing homeownership
 - If the Client is pursuing homeownership, they must be referred to pre-purchase homebuyer education and counseling.
- Not pursuing homeownership
 - If the Client is not pursuing homeownership, a Program Outcome should still be reported if the Client is [financially empowered](#).
 - If the Client is not pursuing homeownership and if the Client is not [financially empowered](#), an Outcome should not be entered.

Program Completion can occur any time after Intake. For additional guidance, refer to the [Client File and DCS Reporting Chart](#), where it outlines the required Client File documentation and Data Collection System (DCS) entry fields.

6.03 Program Outcomes

The Financial Coach must continue to engage with the Client until one of the following Outcomes occur:

- Client is financially empowered and purchases a home.
- Client is financially empowered and is pursuing homeownership one year after Program Completion.
- Client is financially empowered and decided not to purchase.

Supporting documentation for “Client is financially empowered and purchases a home” is required. Program Outcome can occur up to 12 months after Program Completion. For additional guidance, refer to the [Client File and DCS Reporting Chart](#), where it outlines the required Client File documentation and Data Collection System (DCS) entry fields.

6.04 Client Stopped Communication

At any point after Intake, a Client may be entered as “Client Stopped Communication.” This option should only be selected once the Financial Coach has made a minimum of two attempts to reach the Client after at least three months of no communication with the Client. The two attempts must be within 30 days. The communication attempts must be documented in the case notes and retained in the Client File.

If the Client was listed as “Client Stopped Communication” under the Program at any time and wishes to start receiving [Program Services](#) six months after the date listed for “Client Stopped Communication,” the Grantee may consider that Client as a new Client and enter them as such in the DCS.

If the Client re-engages within six months of the “Client Stopped Communication” date, the Grantee must contact Minnesota Housing to remove the “Client Stopped Communication” status in the DCS so the Grantee can continue to report in the existing Client file.

6.05 Client File and Data Collection System (DCS) Requirements

Grantee agrees to:

- Track and report each [Program Performance Threshold](#) in the [Homeownership Capacity Data Collection System](#) (“the DCS”). Each Program Performance Threshold will vary depending on the Client.
- [Program Performance Threshold](#) data should be reported into the DCS within 60 days. If the data or supporting documentation is older than 60 days from the DCS date, new data must be collected, reported in the DCS and retained in the Client file.
- Satisfy reporting requirements for Clients from any Program Term that have not exited the Program. Client file and DCS reporting requirements outlined in this Manual should be followed for all Clients, including those from previous Program Terms.
- Retain all supporting documentation for the data reported in the DCS in the Client file. Grantees are not required to use the forms provided by Minnesota Housing but must meet the Client file documentation requirements should they choose to use their own forms.

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- Client file documentation may be stored electronically or hard copy. Follow the [Data Privacy, Authorization and Disposal guidance](#) and [Records Retention Policy](#).
- Follow the [Homeownership Capacity Data Collection System User Guide](#) for DCS assistance.
- Use the [Client File and DCS Reporting Chart](#) to guide each client file and data to be collected.

Appendix A: Definitions

Term	Definition
Fee for Service	The amount the Grantee will receive for each Program Performance Threshold achieved.
Client(s)	An Individual(s) receiving Program services.
Data Collection System (DCS)	The web-based data reporting tool required for use by Grantees.
Grantee(s)	A nonprofit or a governmental entity recipient of funds awarded under the Program and with which Minnesota Housing, in its sole discretion, enters a Grant Contract for local administration of the Program.
Financial Coach	An Individual providing Program services on behalf of the Grantee. A trained professional who collaborates and guides Clients to reach their financial goals. The process is personalized and non-judgmental. Financial Coaches provide support, encouragement, accountability, and tools to help the Client make informed decisions.
Incentive Fund	Grant Funds set aside for Grantees who exceed the original goal stated in the Grant Contract and have additional Clients that could be served in the Program Term.
Manual	The Enhanced Financial Capacity Homeownership Program Manual.
Minnesota Housing	Grantor of Grant Funds.
Program	The Enhanced Financial Capacity Homeownership program.
Request for Proposal	The process by which the Single-Family Division of Minnesota Housing solicits grantee applications to receive funds under the Program. The application is prepared and submitted by a Grantee, who will agree to accept conditions, restrictions, or limitations contained in the Grant Contract.

Appendix B: Forms

The forms listed below are available on [Minnesota Housing's Homeownership Capacity webpage](#).

Housing Counseling Grantee Disclosure & Privacy Act Notice
Action Plan (template)
Program Performance Process
Outcome Data Form
Spending Plan (template)
Client File and DCS Reporting Chart
Homeownership Capacity Data Collection System (DCS) User Guide
Incentive Fund Application Form