



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

May 29, 2014




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**Our Mission:**

*Minnesota Housing finances affordable housing for low- and moderate-income households while fostering strong communities.*




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**Introductions**

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## History of NFMC



- July 2008
  - Start of NFMC
- \$16,370,122.50
  - Total NFMC Grant Award including Rounds 1-8
- 39,169
  - Number of households served through NFMC since Round 1

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## History of NFMC



- 19
  - NFMC sub-grantees under Minnesota Housing
- 35%
  - NFMC's portion of our network's foreclosure counseling budgets (Round 6)
- 3<sup>rd</sup>
  - Minnesota Housing has received the 3<sup>rd</sup> highest award amount over all NFMC Rounds behind CA and PA.

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## of NFMC

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## Round 8 Award Overview

Overall Goal	Timeline	Level 1 Units	Level 2 Units	Metro MSA	Greater MN
\$605,400 counseling dollars	Now through December 31, 2014	2,374	831	67%	33%

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## Round 8 Important Dates

Performance Period – December 31, 2014

Evaluation Period – December 31, 2016

Extension?

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## Client Files

- Client Eligibility and Ineligible Activities
  - Sec. 2.03 and 2.07 of NFMC Procedural Manual (pgs. 6 & 8)
  - Duplicate Reset: Cases billed to NFMC prior to **January 1, 2014** may be billed to Round 8 if conditions met:
    - Conduct new counseling session, collect all required documents, and note on Action Plan the change in client's circumstances.
  - Clients billed to the MHA Project or EHLP Level 5d cannot be billed to NFMC. Similar restrictions exist under the HUD Housing Counseling Grant.

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## Clarification for Round 8 Client Billing Eligibility

- Agencies should not submit subordinate liens for a homeowner whose primary lien was already serviced by the counselor and where there is no change in circumstance for the borrower or change in work-out options available.
- Client files should not be resubmitted because it has taken longer than expected to counsel or to receive a final outcome.

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## Client Files

- Counseling Costs
  - Sec. 2.05 of NFMF Procedural Manual (p. 7)
    - Level 1: \$150 (“Basic” Counseling)
    - Level 2: \$300 (“In-Depth” Counseling)
  - Client File Compliance Requirements can be found in Chapters 3 (pgs. 9 – 12) of the NFMF Procedural Manual: [http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa\\_008303.pdf](http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_008303.pdf)

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## Client Intake

- Intake Required for Both Levels

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## Disclosure Forms

- Obtain client's consent to information disclosed in the **Foreclosure Mitigation Counseling Agreement/Disclosure Form**
- Required for Both Levels
  - Fillable form available on our website: [http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa\\_008299.pdf](http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_008299.pdf)
  - Use form dated 5/1/13

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## Disclosure Forms

- Obtain client's consent to information disclosed in the **Combined Privacy Act Notice and Tennesen Warning**
- Required for Both Levels
  - Fillable form available on our website: [http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa\\_008298.pdf](http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_008298.pdf)
  - Use form dated 5/1/13

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## MHA Eligibility Checklist

- Required for Both Levels
  - Available on [www.nfmcmembers.org](http://www.nfmcmembers.org) and [http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa\\_009228.pdf](http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_009228.pdf)
  - Form dated 5/1/13
- Supplement this form by staying up-to-date with MHA
  - [www.hmpadmin.com](http://www.hmpadmin.com)
  - [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)

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## Subgrantee Checklist

- Required for Both Levels.
  - Sub-grantee Checklist for Individual Client Files available on our website:  
[http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa\\_009226.pdf](http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_009226.pdf)
  - Dated 05/01/2014

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## Round 8 Client File Changes Level 4a and 4b

Due to the recent changes with borrower post-modification counseling, billing of Level 4a and 4b cases is no longer allowed under NFMC.

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## Client Files

### Service vs. Non-Service Related Findings

Service Related Findings	Non-Service Related Findings
Intake Form (Level 1 or 2)	Other Client File Findings (Level 1 or 2)
Client Budget (Level 1 or 2)	Programmatic Findings
Action Plan (Level 1 or 2)	
Budget Verification (Level 2)	
Steps Taken on Action Plan (Level 2)	

- Service-Related Findings may result in funds recapture.
- Either type of Finding may restrict MN Housing's ability to upload cases and process disbursements, and/or impact future funding awards & level of Monitoring.

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## Round 7 Monitoring

### Top Client File Issues

- Agreements/Disclosures
  - Out of date forms used
- Making Home Affordable Eligibility Determination Checklist
  - Out of date form used
  - Certification section not completed



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## Round 7 Monitoring

### Top Client File Issues

- Action Plan
  - Some were missing all the necessary information (property condition, goals, property value, etc.)
  - MHA Eligibility Checklist completion not noted
- Steps Taken Upon the Action Plan
  - Correct documentation not included in the client file

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# Questions?

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## Financials

### NFMCC Round 8 Procedural Manual Sections

- 2.02** • Budget and Funds Tracking
- 2.06** • Eligible uses of Program-Related Support
- 4.03** • Disbursement schedule
- 4.02** • Quarterly Expenditure Report

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## NFMCC Program

### Disbursement Schedule

TOTAL	Initial Draw (Contract Execution)	Draw 2 (25% of allocation billed)	Draw 3 (60% of allocation billed)	Draw 4 (100% of allocation billed)	Final Draw
Counseling \$10,000	\$3,500 (35% of Counseling allocation disbursed)	\$3,000 (30% of Counseling allocation disbursed)	\$3,000 (30% of Counseling allocation disbursed)	\$250 (2.5% of Counseling allocation disbursed)	\$250 (2.5% of Counseling allocation disbursed)
PRS \$1,000	\$700 (70% of PRS allocation disbursed)	\$150 (15% of PRS allocation disbursed)	\$150 (15% of PRS allocation disbursed)	N/A	N/A

See Exhibit A of the grant agreement for further details.

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## Review of Requirements



- Review your NFMC Grant Agreement and all referenced documents for all requirements related to the NFMC Program

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## Review of Requirements

- The following documents are a sampling of program requirements for further discussion:
  - Records Retention Policy
    - Use the language word-for-word from your grant agreement in your policy
  - Client Information Security Plan
    - See Protection and Disposal of Client’s Personal Information Memo - MHFA website
  - On-the-Job Training Plan
    - See Natl. Industry Standards for HO Counseling

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## Review of Requirements Continued

- Client Satisfaction Survey Process and Survey
  - See Client Satisfaction Survey Sample and Protocol
    - Must contact every client served, address how survey results are reviewed and utilized, etc.
- Translation Services
  - Dialog One through the MN Home Ownership Center or MOU with other service provider
    - Contact Dana Snell for further information about Dialog One
    - Translation Referral Policy

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## Review of Requirements

### Oversight Plan

- How does management assess the quality of performance of the NFMC Program over time?
- How does management communicate, and attempt to correct, deficiencies in NFMC Program delivery or in reaching goals?
- What is your Organization's current protocol for reporting outcomes on client cases?

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## Review of Requirements

### Oversight Plan-continued

- What process does your Organization use to ensure that clients are counseled immediately when possible, and at a minimum, receive acknowledgement of inquiry within 48 hours of initial contact?
- Identify the name of the person, their title and the process your agency has in place to ensure that the files that are being uploaded to the Data Collection System are eligible under NFMC Round 8.

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## Why Compliance is Important

- Not being in compliance could mean:
  - Re-capture of Funds
  - Delayed Disbursements
  - Negative Impact on Future NFMC Funding

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## MN Housing Monitoring

- Programmatic files
- Client Files
- Box.com
- Timeline

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## Mayer Hoffman McCann Audit (MHM)

- NFMC Rounds 4 and 5 were audited
- 4 sub-grantees were selected for an onsite audit
- The audit consisted of the following:
  - Client File Reviews
  - Programmatic File Reviews
  - Client Appointment Observations
- Final disbursements were held until all findings are addressed
- NFMC Rounds 6 & 7 audits will start soon

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## Audit Readiness

Any or all of the following may be requested of your agency in an audit. This list is subject to change:

- Mode of Counseling
- Client Management System
- Audits
- Financials
- Records Retention Policy
- Disposition of client's personal information
- Translation Services
- Counselor Certifications

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## Audit Readiness (continued)

Any or all of the following may be requested of your agency in an audit. This list is subject to change:

- Accessibility – ADA
- Contracted Services
- Counselor Payroll Receipts
- Authorization to do Business
- No Exclusivity Contracts
- Free Services
- HUD's Housing Counseling Approval

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## Compliance Tips

- Procedural Manual – rev. date 05/2014
- Oversight
- Monthly Uploads

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## NFMC/EHLP/MHA Project Conference Calls

It's **mandatory** that at least one counselor or manager from each organization participate on these calls.

Dial-in number:  
888-742-5095

Conference code:  
6848244658



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## Resources

- HOC calls
- Technical Assistance as needed
- NFMC Web Exes
  - [www.nfmcmembers.org](http://www.nfmcmembers.org)
- Minnesota Housing and NeighborWorks websites
  - [www.mnhousing.gov](http://www.mnhousing.gov)
  - [www.hocmn.org](http://www.hocmn.org)

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## Reports on the Benefits of NFMC Counseling

- NeighborWorks 9<sup>th</sup> Report to Congress
  - [http://www.nw.org/network/foreclosure/nfmc/congressional\\_reports.asp](http://www.nw.org/network/foreclosure/nfmc/congressional_reports.asp)
- Urban Institute Report
  - <http://www.urban.org/uploadedpdf/412475-National-Foreclosure-Mitigation-Counseling-Program-Evaluation.pdf>

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## Reports on General Foreclosure and Delinquencies

- Minnesota Housing Quarterly Foreclosures In Minnesota Report
  - This foreclosure report provides key findings about the current state of the foreclosure crisis in Minnesota for the most recent quarter. To monitor the evolving crisis, Minnesota Housing has purchased statewide data on the delinquency, and foreclosure status of residential mortgages by zip code. The data will help Minnesota Housing and its partners target their prevention and remediation efforts.
- Minnesota Homeownership Center Annual Foreclosure Prevention Report

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Questions?

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