A bill for an act

relating to housing; adding definitions; amending Minnesota Housing Finance Agency provisions; changing eligibility and selection criteria for agency funding; amending Minnesota Statutes 2010, sections 462A.03, by adding subdivisions; 462A.07, by adding subdivisions; 462A.209, subdivisions 1, 2, 3, 5.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2010, section 462A.03, is amended by adding a subdivision to read:

Subd. 24. **Counseling, education or training certification, or licensing entity.** "Counseling, education or training certification, or licensing entity" includes the agency, the United States Department of Housing and Urban Development (HUD), the Minnesota Home Ownership Center, the Minnesota Mortgage Foreclosure Prevention Association, the AARP program, including an organization administering the program under an agreement with HUD, and NeighborWorks America.

Sec. 2. Minnesota Statutes 2010, section 462A.03, is amended by adding a subdivision to read:

Subd. 25. **Authorized counseling agency.** (a) "Authorized counseling agency" means:

(1) a political subdivision that provides counseling services, education, or training; or

(2) a nonprofit organization or nonprofit third-party individual that provides counseling services, education, or training and is:

(i) a HUD-approved housing counseling agency as determined by HUD under Code of Federal Regulations, title 24, part 214;

(ii) a recipient of funds, scholarships, or fee waivers for counseling services, education, or training from the agency, HUD, NeighborWorks America, or the Minnesota Mortgage Foreclosure Prevention Association; or

(iii) certified, accredited, or licensed through a certification or licensing entity to provide those specific types of counseling services, education, or training identified in the certification or accreditation.

(b) For purposes of this subdivision, "counseling services, education, or training" means programs and services, education, or training for an individual or group of individuals related to housing, including but not limited to topics on homelessness, all phases of buying a home and homeownership, foreclosure prevention, mortgages and reverse mortgages, finances, and credit.

Sec. 3. Minnesota Statutes 2010, section 462A.03, is amended by adding a subdivision to read:

Subd. 26. **Disadvantaged nonprofit organization.** "Disadvantaged nonprofit organization" means a nonprofit organization that:

(1) provides services or administers programs related to housing, including but not limited to matters of homelessness, all phases of buying a home and homeownership, foreclosure prevention, mortgages and reverse mortgages, finances, and credit;

(2) serves disadvantaged, culturally and linguistically specific, unserved, and underrepresented populations as a primary constituency for the organization's services and programs, including but not limited to minority populations, refugees, and veterans;

(3) is not a HUD-approved housing counseling agency as determined by the United States Department of Housing and Urban Development under Code of Federal Regulations, title 24, part 214;

(4) has not received sufficient financial assistance for housing-related purposes in a previous fiscal year from a state or federal agency, including but not limited to the Minnesota Housing Finance Agency;

(5) requires financial assistance from a state agency in order to qualify for federal housing-related funds identified and sought by the organization; and

(6) has an annual operating budget of no more than $3,000,000 as reported in the organization's most recent financial statements.

Sec. 4. Minnesota Statutes 2010, section 462A.07, is amended by adding a subdivision to read:

Subd. 17. **Information on Web site.** The department shall provide on its Internet Web site a link and contact information for each counseling, education or training certification, or licensing entity's list of certified or licensed counselors and counseling agencies with designations for the nonprofit counselors and organizations.

Sec. 5. Minnesota Statutes 2010, section 462A.07, is amended by adding a subdivision to read:

Subd. 18. **Capacity-building; education and training opportunities.** The agency shall assist disadvantaged nonprofit organizations in developing capacity to provide housing-related services and programs and achieve eligibility to receive federal housing-related funds. The agency shall waive fees for disadvantaged nonprofit organizations to attend education and training opportunities provided or sponsored by the agency.

Sec. 6. Minnesota Statutes 2010, section 462A.209, subdivision 1, is amended to read:

Subdivision 1. **Full cycle homeownership services.** The homeownership education, counseling, and training program shall be used to provide funding to community-based nonprofit organizations, authorized counseling agencies, and political subdivisions to assist them in building the capacity to provide and providing full cycle homeownership services to low and moderate income home buyers and homeowners, including seniors. The purpose of the program is to encourage private investment in affordable housing and collaboration of nonprofit organizations, authorized counseling agencies, and political subdivisions with each other and private lenders in providing full cycle homeownership services.

Sec. 7. Minnesota Statutes 2010, section 462A.209, subdivision 2, is amended to read:

Subd. 2. ~~**Definition**~~ **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "Eligible organization" means a community-based nonprofit organization, an authorized counseling agency, or a political subdivision; and

(2) "Full cycle homeownership services" means supporting eligible home buyers and home owners through all phases of purchasing and keeping a home, by providing prepurchase home buyer education; prepurchase counseling and credit repair; prepurchase and postpurchase property inspection and technical and financial assistance to buyers in rehabilitating the home; postpurchase counseling, including home equity conversion loan counseling, mortgage default counseling, postpurchase assistance with home maintenance,

entry cost assistance; foreclosure prevention and assistance; and access to flexible loan products.

Sec. 8. Minnesota Statutes 2010, section 462A.209, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) The agency shall establish eligibility criteria for ~~nonprofit organizations and political subdivisions~~ an eligible organization to receive funding under this section.

(b) The eligibility criteria must require the ~~nonprofit organization or political subdivision~~ eligible organization to provide, to build capacity to provide, or support full cycle homeownership services for eligible home buyers. The agency may fund ~~a nonprofit organization or political subdivision~~ an eligible organization that will provide full cycle homeownership services by coordinating with one or more other organizations that will provide specific components of full cycle homeownership services. The agency may make exceptions to providing all components of full cycle lending if justified by the application. If there are more applicants requesting funding than there are funds available, the agency ~~shall award the funds on a competitive basis~~ shall prioritize funding to first provide assistance to disadvantaged housing service organizations and also assure an equitable geographic distribution of the available funds~~.~~ based on the needs of the population. The agency shall consider the service area of an organization applying for funding and the ability of the organization to serve disadvantaged, culturally and linguistically specific, unserved, and underrepresented populations including but not limited to minority populations, refugees, and veterans. The eligibility criteria must require the ~~nonprofit organization or political subdivision~~ eligible organization to have a demonstrated involvement in the local community and to target the housing affordability needs of the local community or to have demonstrated experience with counseling older persons on housing, or both.

(c) The eligibility criteria may include:

(1) a requirement for specific training provided by designated state or national entities~~. The agency may also include an eligibility criteria that requires~~; and

(2) a requirement for counselor certification or organizational accreditation by specified organizations which provide certification or accreditation services. The agency may not impose the eligibility criteria under this paragraph for an authorized counseling agency that is certified through a counseling certification entity for the specific type of counseling services for which funding under this section is requested, and authorized counseling agencies may not require certification from a particular or specified counseling certification entity.

(d) Partnerships and collaboration with innovative, grass roots, or community-based initiatives shall be encouraged. ~~The agency shall give priority to nonprofit organizations and political subdivisions that have funding from other sources for full cycle homeownership services.~~ Applicants for funds under section 462A.057 may also apply funds under this program.

Sec. 9. Minnesota Statutes 2010, section 462A.209, subdivision 5, is amended to read:

Subd. 5. **Selection and prioritization criteria.** (a) If there are more applicants requesting funding than there are funds available, the agency must prioritize funding to first provide assistance to disadvantaged housing services organizations.

(b) The agency shall take the following criteria into consideration when determining whether to award funds to an eligible organization:

(1) the extent to which there is an equitable geographic distribution of funds among program applicants based on the needs of the population;

(2) the prior experience and documented familiarity of the organization, as may be applicable, ~~in establishing, administering, and maintaining some or all of the components of full cycle homeownership services~~ in providing services to disadvantaged, culturally and linguistically specific, unserved, and underrepresented populations including but not limited to minority populations, refugees, and veterans;

(3) the reasonableness of the proposed budget in meeting the program objectives, a demonstrated ability to leverage program money with other sources of funding, and the extent of the leveraging of other sources of funding;

(4) the extent to which efforts are targeted towards households with incomes that do not exceed 80 percent of the state or area median income or underserved segments of the local population; and

(5) the extent to which program funding does not duplicate other efforts currently available in the local area and will enable, expand, or enhance existing activities~~.~~; and

(6) the extent to which program funding provides services to disadvantaged, culturally and linguistically specific, unserved, and underrepresented populations including but not limited to minority populations, refugees, and veterans.