



Program Guidelines Content Requirements

Effective January 1, 2026

The fully executed Program Guidelines, Reservation Memorandum, and Grant Agreement will supersede the application in its entirety. The application will not be treated as a compliance eligible document, and the grant agreement will supersede it in its entirety.

MI Neighborhood Program Goals/Purpose/Desired Outcomes - MI Neighborhood intends to promote local service area engagement and closely monitor subrecipient intake and selection practices to facilitate equitable outcomes, including economic and racial equity. MI Neighborhood is in response to regional action plans and will provide strategic alignment with the Statewide Housing Plan.

Ultimately, Program Guidelines protect the subrecipient from claims of discrimination, favoritism, or other unfair treatment. Program Guidelines should spell out in plain terms the substantive requirements of the program, so that if an applicant is denied, the reason is clearly supported by the written rules of the program. Program Guidelines should also be directed towards and provided to potential participants of the MI Neighborhood Program.

Grantee Attachment Submission Checklist Form

Agency Name: _____

Grant Number: _____

Date: _____

I have completed all required box selections and data entries for the general provisions outlined within items 1-18.

In addition, checked below are the local attachments provided:

- Item 1: L1 – Reservation Memo Verification or Adjustments.
- Item 2 - L2 – Owner Contribution
- Item 3 - L3 – Local Fair Housing Policy *Fair housing contact information required entry
- Item 4 - L4 – Local Conflict of Interest Policy
- Item 5 - L5 – Local Fraud Prevention Plan
- Item 6 - L6 – Local Complaint Resolution Process Items (1-5) Required L6 Form
- Item 7 – L7 - Household Income Eligibility – Part A and B
- Item 8 - L8 - Rehab Only – Part A and B (Items 1-4) Required L8 Form
- Item 9 – L9 - New Unit Only – Part A and B
- Items 10-12 – L10-12 - Historic Review/Lead Based Paint/Asbestos/Developer Fee
- Item 13 – L13 - Local Contractor / Developer/ Vendor Selection and Procurement Provisions
- Item 14 – L14 - Monitoring Parameters
- Item 15 – L15 - Local File Retention/Confidentiality Protocol
- Item 16 – L16 - Lien Restrictions – Part(s) A – E
- Item 17 - L17 - Michigan MI Neighborhood Version BABA (Build America Buy America)
- Item 18 – Certifications



MI Neighborhood 3.0 Program Guidelines

Program Guidelines are a requirement for the Neighborhood Development Division’s (NDD’s) MI Neighborhood (MIN) Program funds. They are used by NDD subrecipients as an outline of program offerings, program and compliance requirements, eligibility requirements, selection criteria, complaint procedures, and program processes. They are intended to inform potential participants of the program’s rules, expectations, and requirements. All items below must be completed in their entirety.

1. Are any Reservation Memo (Attachment 1) Adjustments needed? – Check one of the boxes below.

Yes or No If yes, provide an explanation labeled Attachment L1 for adjustments needed to:

- Activity Project Description (accurate project work scope)
• Program Location (regions served and site boundaries and/or parcel numbers/addresses)
• Leveraged Resources (dollar amount(s) and source(s) – Notes, MIN funds will be released on a leveraged funds percentage ratio.

2. Owner Contribution – Check one of the boxes below. Funds must be placed in subrecipient’s escrow account prior to project starts. Lines of credit are not secure or acceptable. (Can be nullified by the time project starts.) MI Neighborhood funding cannot be used to cover relocation costs. Project cost overruns are the responsibility of the subrecipient. All owner contribution dollars are required to be paid out prior to disbursement of non-initial advanced MIN funds.

Applicable – Specify and Describe Account Status in Attachment L2 or Not Applicable

3. Fair Housing/Equal Employment Opportunity/Non-Discrimination

Agency Fair Housing Contact Name/Title:

Email Address: Phone Number:

- Our organization is adopting the Attachment A MSHDA's Fair Housing Policy
OR
I have attached a local policy that matches MSHDA'S Minimum standard labeled Attachment L3.

4. Conflict of Interest Policy - Subrecipient Program Guidelines must include a plan regarding conflict of interest.

- I have read and will adhere to the Conflict-of-Interest Policy, and our organization is adopting MSHDA's policy Attachment B.
OR
I have attached a local policy that matches MSHDA minimum standards labeled Attachment L4.

5. Fraud – Subrecipient Program Guidelines must include a plan regarding the prevention of fraud.

- My organization is adopting the MSHDA fraud prevention plan Attachment C.
OR
My organization has a fraud prevention plan and has attached a copy labeled Attachment L5.

6. Complaint Resolution Process - Subrecipient must include Review Committee, Procedures, Filing Complaints/Appeal Process, Response, Dispute Resolution, a complaint resolution plan/procedure.

- I am attaching agency specific procedures labeled Attachment L6 PLUS I am adopting the MSHDA complaint resolution plan/procedure Attachment D.

7. Eligibility of Applicants – Household Income Self-Certification Form and Supporting materials must be received and approved by the grantee based on household income limits.

PART A - Household Income Limits (All Activities must select a box below)

We will strictly use [2025 income guidelines](#) as outlined in the MSHDA approved grant agreement.

OR

We will use annually adjusted income guidelines for 2025, 2026 and 2027 activities as posted on the MIN website.

AND

PART B – The non-homeowner occupied units being assisted are

Existing Occupied Households Selected **or** Households Not Selected Yet

If Occupied was selected above, a completed and fully executed [household income certification form](#) for each unit must be attached to this document and labeled L7. Written pre-approval from MSHDA is required if household income is identified as zero dollars.

8. Rehab Only Activity Applicable or Not Applicable

If Applicable, complete Part A and Part B below:

PART A - insert Minimum/Maximum Levels of Assistance in box.

Minimum Assistance Amount Per Property Address/Unit: \$

Maximum Assistance Amount Per Property Address/Unit: \$

AND

PART B - Application Process and Applicant Selection - The application process must be free, fair and open to all area residents that fully meet qualifications outlined within the MI Neighborhood program materials. Subrecipients will be required to provide a list of all assisted households and collect property address specific information. Each applicant must provide a local Application and Applicant Selection Process Narrative on the template form provided and then attach and label it as **Attachment L8**.

9. New Unit (Includes Unoccupied Rehab Units – not existing currently)

Applicable **or** Not Applicable

If Applicable, complete Part A and Part B below:

PART A - the following documents are required to be attached:

- Proforma - Labeled as L9A
- Sworn Statement (Part 1) and Sworn Statement (Part 2) – Labeled as L9B
- Timeline – Labeled as L9C

AND

PART B - A marketing strategy and buyer/tenant selection parameters which must include the statement “The Subrecipient Agency and MSHDA are committed to providing meaningful access.” – Labeled as L9D

10. Historical Property – Local Historic Review

All historic structures activities must be historically sensitive and local historic authorization must be secured prior to activity taking place.

Applicable or Not Applicable - No local Historic Review will be required.

Local historic review and approval is required prior to disbursement of funds.

11. Lead-Based Paint/Asbestos Compliance

Environmental Related Treatments and Standards – The following environmental rehabilitation component standards shall be part of a holistic rehabilitation activity. **No stand-alone environmental activities are allowed.**

PART A - Lead Paint: EPA’s Lead Renovation, Repair and Painting Rule (RRP Rule) requires that firms performing renovation, repair and painting projects that disturb lead-based paint in homes built prior to 1978 have their firm certified by EPA. When lead painted surfaces are disturbed during a MI Neighborhood rehabilitation activity, sub-recipients must use certified renovators who are trained by EPA-approved training providers and follow lead-safe work practices.’

Applicable or Not Applicable

AND

PART B - Asbestos: Only EPA asbestos certified specialist, workers along with a supervisor can carry out asbestos abatement tasks. Asbestos activities must be associated with an approved rehabilitation activity.

Applicable or Not Applicable

12. Developer Fee

Applicable or Not Applicable

Developer Fee is tied to the project budget and grant agreement. No changes can be made after the application is submitted and Board approval secured accordingly. The developer fee project budget in the grant agreement cannot exceed 5% of the total grant or \$5,000, whichever is greater.

13. Contractor/Developer/ Vendor Selection and Procurement Provisions

Grantee is hiring a Contractor/Developer/Vendor

OR

Grantee is solely operating in a Contractor/Developer/Vendor role.

AND

I certify to undertake ensure the following construction/procurement provisions are met and understand that all supporting back up documentation must be provided upon request.

- Utilize Procurement/Small Purchase Procedures for Contractor/Vendor Solicitation to ensure cost reasonableness
 - For bids, a minimum of two weeks’ notice to respond is required.
 - Scope of Work Descriptions and Cost Estimates must be documented. A minimum of two quotes is required unless there is more than a 25% difference between them, in which case a third quote is required and/or it will be reviewed by MSHDA’s Construction Manager.
- Contractor Verification of Eligibility (State Licensing, Insurance Certifications)

- Contract Approval, Award, and Notification, and formal issuance of a Contractor Notice to Proceed – must be completed in writing after the notice to proceed is issued – no work can be billed or performed prior to the release date.
- Pre-Construction Meeting held (if determined locally to be applicable)
- Contractor Performance Oversight
 - Change Orders (Subrecipients will be required to update the Sworn Statement and Change Orders cannot exceed 10% post contract execution without prior approval from MSHDA)
 - Permits and Inspections/Notification Procedures in place to ensure each MIN activity must bring the assisted component up to federal, state, or local code conditions, whichever is stricter.
 - Construction and Contractor Payment Provisions require notarized sworn statements submitted through IGX for reimbursement.
 - Contract Extensions cannot exceed grant term – no time extensions allowed.
 - Responsibility for damage(s) caused by Contractors and/or Subcontractors must be stated within the written fully executed and dated contract that identifies the funding source.

If anything, add additional document(s) labeled L13.

14. Monitoring

Our organization will adopt the MSHDA MIN Monitoring Plan *Attachment E*

OR

I have attached a local monitoring plan that matches MSHDA'S Minimum standard labeled **Attachment L14**.

- Monitoring of files at the local level will not occur until after the first draw and prior to close-out.
- Additional on-site monitoring may be required if drastic deficiencies/issues are found during file monitoring visit(s) and/or the timeliness progress benchmarks outlined below are not met.
- Notification will be provided to MSHDA regarding any applicable audit documentation related to the grant number within 30 days of receipt.
- **Cost overruns and/or overall budgeting issues beyond the grant award amount are the responsibility of the subrecipient and cannot be covered by MSHDA.**

MI Neighborhood Awards: Refer to program implementation for benchmarks outlining Timeliness Guidelines below. Failure to perform in a timely manner will result in sanctions resulting in recapturing 25% of the funds awarded incrementally if a subrecipient agency has not demonstrated activity through meeting minimum benchmark dates as outlined. A flat amount of 25% of the funding awarded will be taken back each benchmark month, unless at least 25% progress is demonstrated. The calculation of the percentage will be the total and/or initial award only if multiple phases of funding are awarded until the new funding amount via amendment occurs. All timelines are tied to the grant execution date.

TIMELINESS IMPLEMENTATION PROGRESS CHART GUIDELINES FOR NEW UNIT AND/OR UNOCCUPIED REHABILITATION:

Benchmark (months)	Requirement Description	Percentage of Project Completed
6	Formal Site Control or All Addresses Selected	25%
12	Contract(s) Executed for All Construction	50%
18	Construction Must be Underway	75%
24	All Construction/Project Activities 100% Complete and Submitted in IGX	100%

TIMELINESS IMPLEMENTATION PROGRESS CHART GUIDELINES FOR OCCUPIED REHABILITATION:

Benchmark (months)	Requirement Description	Percentage of Project Completed
6	Written Application Documents and Construction Documents Finalized	25%
12	Construction Contract(s) Executed of at least 50% of units being assisted and 50% of awarded dollars contractually obligated	50%
18	Construction of at least 50% of units must be underway	75%
24	All Construction/Project Activities 100% Complete and Submitted in IGX	100%

NO GRANT TERM EXTENSIONS WILL BE APPROVED PAST 24 MONTHS

15. All grantees must maintain Confidentiality of Files, Records, PII Security actions, and have an organizational file retention policy. Records and Financial Statements must be retained until **December 31, 2033**, and recipients must provide or make available the records and financial statements upon request within three business days.

Our organization will adhere to the file requirements above.

OR

I have attached a local policy that matches MSHDA'S Minimum standard labeled **Attachment L15**.

16. Lien Restrictions:

Part A: For MSHDA Units New Construction and Unoccupied Rehab

Our organization will adopt the MSHDA Lien Requirements as outlined in the MIN 3.0 MSHDA policy and compliance handbook. **I UNDERSTAND THAT THE BELOW DOCUMENTS ABOVE MUST BE PROVIDED IN FINAL FORMAT FOR RECORDING AT TIME OF RESERVATION MEMO EXECUTION AND WILL BE REQUIRED TO BE RECORDED BY THE GRANTEE AT THE TIME OF GRANT EXECUTION PRIOR TO ISSUANCE OF A NOTICE TO PROCEED.**

AND

I have attached the applicable lien documents labeled as **Attachment L16** below:

Future Advance Construction Note (wet-signed original version mailed to Trenton Mitchell's

attention)

AND

- Future Advance Construction Mortgage (recorded at County Register of Deeds, then mailed or e-mailed to Trenton Mitchell (MitchellT13@Michigan.gov))**

Note that in order to receive the construction mortgage discharge the following must be provided:

- 1) Certificate of Occupancy must be provided to MSHDA**
- 2) Regulatory Agreement must be in place and recorded**

AND/OR

Part B: For Occupied Rehabilitation

- Applicable / Beneficiary has been selected or Not Applicable/ Beneficiary has not been selected yet.

AND

- We certify, our organization will adopt the MSHDA Lien Requirements as outlined in the MIN 3.0 MSHDA policy and compliance handbook. **I UNDERSTAND THAT THE DOCUMENTS BELOW MUST BE PROVIDED IN FINAL FULLY EXECUTED (Mortgage and Note signed and dated) FORMAT FOR RECORDING PRIOR TO EXECUTION OF A CONSTRUCTION CONTRACT AND RECORDED PRIOR TO RELEASE OF MORE THAN 75% OF THE PROPERTY ASSISTANCE.**

AND

I have attached the applicable lien documents labeled as **Attachment L16** below:

- Rehabilitation Note (wet-signed original version mailed to Trenton Mitchell's attention at MSHDA office)**
- Rehabilitation Mortgage (recorded at County Register of Deeds, then mailed or e-mailed to Trenton Mitchell (MitchellT13@Michigan.gov))**

AND/OR

Part C: For Rental Properties

- Applicable or Not Applicable

If applicable, the following actions will be required prior to first occupant and/or release of more than 25% of funding:

- 1) Rental Regulatory Agreement (wet-signed original version mailed to Trenton Mitchell's attention at MSHDA office)**
 - 2a) Reviewed by MSHDA Legal**
 - 2b) signed & dated by MSHDA Legal**
 - 2c) notarized by MSHDA Legal**
 - 2d) sent to County Register of Deeds for recording**
- 3) Provide copy of Rental Agreement**

AND/OR

Part D: For Homebuyer

Applicable or Not Applicable

If applicable, the following actions will be required prior to closing.

1) Homebuyer Regulatory Agreement (wet-signed original version mailed to Trenton Mitchell's attention at MSHDA office)

2a) Reviewed by MSHDA Legal

2b) signed & dated by MSHDA Legal

2c) notarized by MSHDA Legal

2d) sent to County Register of Deeds for recording

3) Provide completed copy of MSHDA Pre-Closing Form, with requested attachments

AND/OR

Part E: For Non-MSHDA Units

Applicable (Liens Required) * or Not Applicable (No Liens Required)

*If a subrecipient chooses to require liens on non-MSHDA units, local procedures apply.

17. MICHIGAN MI NEIGHBORHOOD VERSION BABA (Build America Buy America)

Each grantee must verify that each MIN funded good and/or service is selected based on the evaluation and selection of each item based on the MSHDA MIN preference review guidelines outlined below.

First Preference is to utilize Michigan/Veteran products and/or Services.

1. Michigan business manufactured materials
2. Michigan business owned services

And/or

1. Veteran operated business manufactured materials.
2. Veteran owned and/or provided services.

If no competitively priced and comparable quality materials are identified within a-d above, then **Second Preference consist of American products and/or services.**

If no competitively priced and comparable quality materials are identified within, a-e above then **Third Preference consists of foreign goods and/or services.**

Note: Utilization of the third preference will require a formal written procurement explanation to be uploaded into the IGX grant notes section and MSHDA pre-approval.

The FSR submission will require self-disclosure identifying what preference actions were undertaken (First, Second and/or Third) for each MIN billed line item. If multiple preferences are tied to a line item then the one with the highest dollar amount for reimbursement should be selected.

18. Certifications

- *I certify and acknowledge that all items identified above will be carried out in a compliant manner.*
- *I certify to utilize the MI Neighborhood Program Policy and Compliance Handbook for compliance and understand that all Subrecipient Program Guidelines are subject to MSHDA approval based on the signature below.*
- *I also certify that if unforeseen staff turnover occurs, MSHDA will be immediately notified via mshda-ndd@michigan.gov and that an existing and/or new grant administrator, authorized signer and/or authorized official will immediately be identified, and paperwork completed for IGX adjustments and that the new employee will secure all necessary trainings as needed to prevent implementation delays.*

Subrecipient Printed Name

Subrecipient's Signature

Date

Based on MSHDA approval of a fully executed grant agreement your agency will issue a written notice to proceed within the IGX notes section. Note: If any modifications and/or deviations are necessary, a formal amendment through the IGX grant system is required and is subject to MSHDA pre-approval. The amendment must be fully executed in IGX to be valid. If activities are undertaken outside of the approved guidelines, then no reimbursement of MIN funds can occur and/or repayment deemed necessary.

Attachment A

If opting to attach a local policy that matches MSHDA's minimum standards which must include a Statement of the Subrecipient's Policy, Identity of Contact Person, and Contact Information. MSHDA will require all subrecipients, as part of the agency-specific program guidelines outlining MI Neighborhood's procedures, to obtain data and/or be supplied data about the demographic composition of their selected area(s). Based on this data, the subrecipient agency will gain insight into which residents are historically under-served, marginalized, or adversely affected groups that can be served within their jurisdiction. Marketing efforts must contain a documented and demonstrated methodology to notify **all** residents of the MI Neighborhood grant opportunity. If there is a population within the area that is predominantly non- English speaking, marketing materials will need to be prepared in the applicable language.

MSHDA FAIR HOUSING POLICY STATEMENT

Equal housing opportunity for all persons, regardless of race, color, national origin, religion, age, sex, familial status, marital status, or disability, is a fundamental policy of the Michigan State Housing Development Authority. MSHDA is committed to diligence in assuring equal housing opportunity and non-discrimination to all aspects of its housing financing activities. As a state-created housing financing agency, MSHDA has an ethical as well as legal imperative to work aggressively to ensure that MSHDA financed housing programs comply fully with all state, and federal fair housing laws.

If you believe you are the victim of housing discrimination you can contact the **Michigan Department of Civil Rights** at <http://www.michigan.gov/mdcr/1,1607,7-138-4953-6202--,00.html> or call their Fair Housing hotline number at **1-800-482-3604**.

If you live in a MSHDA financed development or are applying to live in a MSHDA financed development, and you believe you are the victim of housing discrimination, you can contact Geoffrey Ehnis-Clark at EhnisClarkG@michigan.gov or call him at **(517) 241-2996**.

Michigan Fair Housing agencies:

Fair Housing Center of Western Michigan

20 Hall Street, SE Grand
Rapids, MI 49507 (616)
451-2980
(616) 451-2657 fax
www.Fhcwm.org

Fair Housing Center of Southeastern Michigan

P.O. Box 7825
Ann Arbor, MI 48107
(724) 994-3426 or 1-877-979-FAIR
(734) 665-2974 fax
www.Fhcmichigan.org

Fair Housing Center of Southeast & Mid-Michigan (FHC)

209 East Washington, Suite 234
Jackson, MI 48903
1-877-979-FAIR (3247)
www.Fhcmichigan.org

Fair Housing Center of Southwest Michigan

410 E. Michigan Ave

Kalamazoo, MI 49007

(269) 276-9100

(269) 276-9101

www.fhcswm.org

RESOURCES:

Fair Housing Act as Amended (Title VIII)

<http://www.usdoj.gov/crt/housing/title8.htm>

Frequently asked questions about the Fair Housing Act

<http://www.usdoj.gov/crt/housing/faq.htm>

HUD's Office of Fair Housing and Equal Opportunity

<http://www.hud.gov/offices/fheo/aboutfheo/aboutfheo.cfm>

People with Disabilities <http://www.hud.gov/offices/fheo/disabilities/sect504.cfm>

<http://www.hud.gov/offices/fheo/disabilities/index.cfm>

<http://www.usdoj.gov/crt/ada/adahom1.htm>

Accessibility Requirements for Buildings

<http://www.hud.gov/offices/fheo/disabilities/accessibilityR.cfm>

MSHDA's Affirmative Fair Housing Marketing plan form, for MSHDA financed developments.

<https://www.michigan.gov/mshda/fairhousing>



ATTACHMENT B

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

CONFLICT OF INTEREST POLICY

The following conflict of interest standards apply to all recipients of and participants in any program administered by the Michigan State Housing Development Authority (the "Authority") using MI Neighborhood (the "MIN" Program), including, but not limited to, officers and employees of the Authority and any vendors, agents, contractors, and subcontractors working with the Authority in connection with the MIN Program.

Conflict of Interest

A conflict of interest occurs when an employee that either works on the MIN Program (i.e.: participates in the selection, award, or administration) or is receiving an award from the MIN Program (this includes both permanent or limited term and contract employees; collectively, "Employee") or an immediate family member of the Employee has a direct, actual financial or ownership interest in a development, program or matter pending before the Authority. In such a case, the Employee or immediate family member must either withdraw from the interest that creates the conflict or remove the matter from the Authority's consideration. Conflict of interest will be subject to the Authority's Code of Ethics and may be reviewed by the Authority's Ethics Committee.

A conflict of interest may also occur if friends, family members, or business associates of an Employee apply for and receive program benefits. To avoid such a conflict, the Employee must disclose any family, friend, or business associate relationship with a program applicant to the Authority's Director of the MIN Program and/or Operations Manager and must not participate in the processing, approval, underwriting, or administration of such application for assistance, or any other related decision-making.

A conflict of interest may also occur if an Employee or an Employee's immediate family member receives a gift, gratuity, favor, loan of money, or other thing of value from a person or organization applying to a MIN Program or otherwise doing business with the Authority. An Employee or an Employee's immediate family member may not solicit or accept any money, gift, loan, services, goods, or other thing of value from a person or organization applying to, or doing business with, the Authority except under the following circumstances:

- a. A *de minimis* gift of \$20 or less in value.
- b. Meals or beverages paid for by a person or organization doing business with the Authority if incidental to a business meeting, seminar, training session, or other organized function that has a purpose beyond the providing of the meal or beverage.

A conflict of interest may also occur based on the appearance of a conflict, whether or not an actual conflict exists. An Employee must treat any apparent conflict in the same manner as an actual conflict.

If you believe a conflict or potential conflict or the appearance of a conflict exists, please report in writing to the Authority's Director of the MIN Program and/or Operations Manager, the Authority's Director of Legal Affairs, and the United States Department of the Treasury.

Employee and Immediate Family Member Participation in MIN Programs

An Employee of the Authority or the MIN Program and/or that Employee's immediate family member may apply for assistance through a MIN Program. To avoid any actual or perceived favoritism or conflict of interest, the Employee and the Authority must observe the following principles and guidelines:

- a. The Employee and/or the Employee's immediate family member must meet all eligibility criteria required of program participants.
- b. The Employee cannot supervise or participate in the processing of their application.
- c. The Employee's direct subordinates cannot participate in the approval of the Employee's application or in any decision or recommendation regarding the Employee's participation.
- d. The Authority's Director of the MIN Program and/or Operations Manager, the Authority's Director of Legal Affairs, and the United States Department of the Treasury may require additional documentation.
- e. The Authority's Director of the MIN Program and/or Operations Manager must approve the Employee's participation in writing.

Before an Employee and/or the Employee's immediate family member applies for any MIN Program, the Employee must follow the following procedures:

- The Employee must notify the Authority's Director of the MIN Program and/or Operations Manager and the Authority's Director of Legal Affairs of their intent to apply for assistance prior to submitting an application.
- The Employee must follow all program application procedures. The Authority's MIN Program staff will review and process the Employee's application, with a recommendation to the Authority's Director of the MIN Program and/or Operations Manager and the Authority's Director of Legal Affairs regarding approval.

Definitions

In interpreting the foregoing provisions, the following definitions apply:

- a. "Immediate family member" means an employee's grandparent, grandchild, parent, parent-in-law, stepparent, sibling, spouse, child, or stepchild¹
- b. "Family member" means an Employee's relative by blood, marriage, partnership or adoption, including an employee's spouse, partner, parent, sibling, grandparent, child, grandchild, aunt or uncle, or cousin, and step-, half- or in-law relations of the same types of family members.
- c. "friend" means an individual not related by blood, marriage, or partnership with whom an Employee enjoys a close personal relationship.
- d. "Business associate" means a person associated with an Employee to achieve a common financial objective.

¹ The Authority acknowledges that the Michigan Civil Service Commissions Rule 2-8 does not include grandchild in its definition of immediate family member and the United States Department of Treasury does not include a grandparent in its definitions of immediate family member for 12 CFR 26.2 and 12 CFR 161.25. Out of an abundance of caution, the Authority recommends including both grandchild and grandparent in the definition of immediate family member.

ATTACHMENT C

These organization specific program guideline parameters are designed to assist with developing a formal written approach to deter, detect and hopefully prevent and/or mitigate the risk of fraud occurring within this state and/or federally funded program.

- Agencies need to establish and implement an effective and engaging audit/finance process to review and inspect certain documents associated with individual beneficiary activities on an informal ongoing basis and formally on a quarterly basis.
- Agencies need to establish a code of ethics/structural overview including both formal guidelines of the specifies acceptable applicant intake criteria utilization MSHDA software and clearly define applicant award parameters. This overview is designed to provide transparency to applicants and minimize gray areas of the review, selection and award process.
- Agencies need to adopt a formal fraud policy that identifies procedures to be followed for suspected fraud and the methodology employees should utilize to report the suspicions. Note: MSHDA has a fraud hot-line and electronic form that can be utilized.
- Agencies must ensure that affective internal controls are in place and enforced. At a minimum, two check signatures must be required and safeguards must be in place to ensure adequate oversight and separation of duties is being conducted on a regular basis. Entities that have been cited for internal control issues within the past 5 years must disclose that to MSHDA as part of the organizations/ financial review process.
- Agencies should be licensed independent body audit financial statements for the MI Neighborhood expenditures and receipts.
- Agencies must have a formal written document retention policy and records containing Personally Identifiable Information (PII) must be carefully stored in an area accessible only to necessary staff. All records must be retained until 12/31/2033, according to the MI Neighborhood written agreement requirements.
- Agencies must have whistleblower procedures in place to encourage reporting without fear of retaliation and/or establishment of an anonymous methodology of reporting concerns.

ATTACHMENT D

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY NEIGHBORHOOD DEVELOPMENT DIVISION

Subject: COMPLAINT PROCEDURE

Effective Date: November 1, 2018

The purpose of this policy bulletin is to outline requirements for NDD Subrecipients to establish a client complaint procedure for consistent resolution of conflicts. Complaints may come from applicants for assistance, owners dissatisfied with work, participating contractors, or other interested parties.

A SUBRECIPIENT'S CLIENT COMPLAINT PROCEDURE MUST BE PROVIDED AS ATTACHMENT L6

This policy covers the following processes:

- The subrecipient's client compliant procedure (Attachment L6)
- Referrals to Dispute Resolution Services
- MSHDA review of complaint
- Resolution determined by MSHDA (if there is no resolution at the local level)

REFERRAL TO DISPUTE RESOLUTION SERVICES REQUIRED IF CONFLICT NOT SATISFACTORILY RESOLVED

Should the above listed efforts fail to resolve all outstanding issues, subrecipients must seek the services of the closest Dispute Resolution/Mediation Program. The costs, if any, for using mediation to seek resolution of the dispute are eligible administrative costs under MSHDA's Neighborhood Development Division written agreements. A list of Community Dispute Resolution Program (CDRP) Mediation Centers may be found at <http://courts.mi.gov/administration/scao/officesprograms/odr/pages/community-dispute-resolution-program.aspx> . Attached is a process map for a typical complaint procedure.

MSHDA will review complaints only after the L6 form process is completed and the dispute is still unresolved.

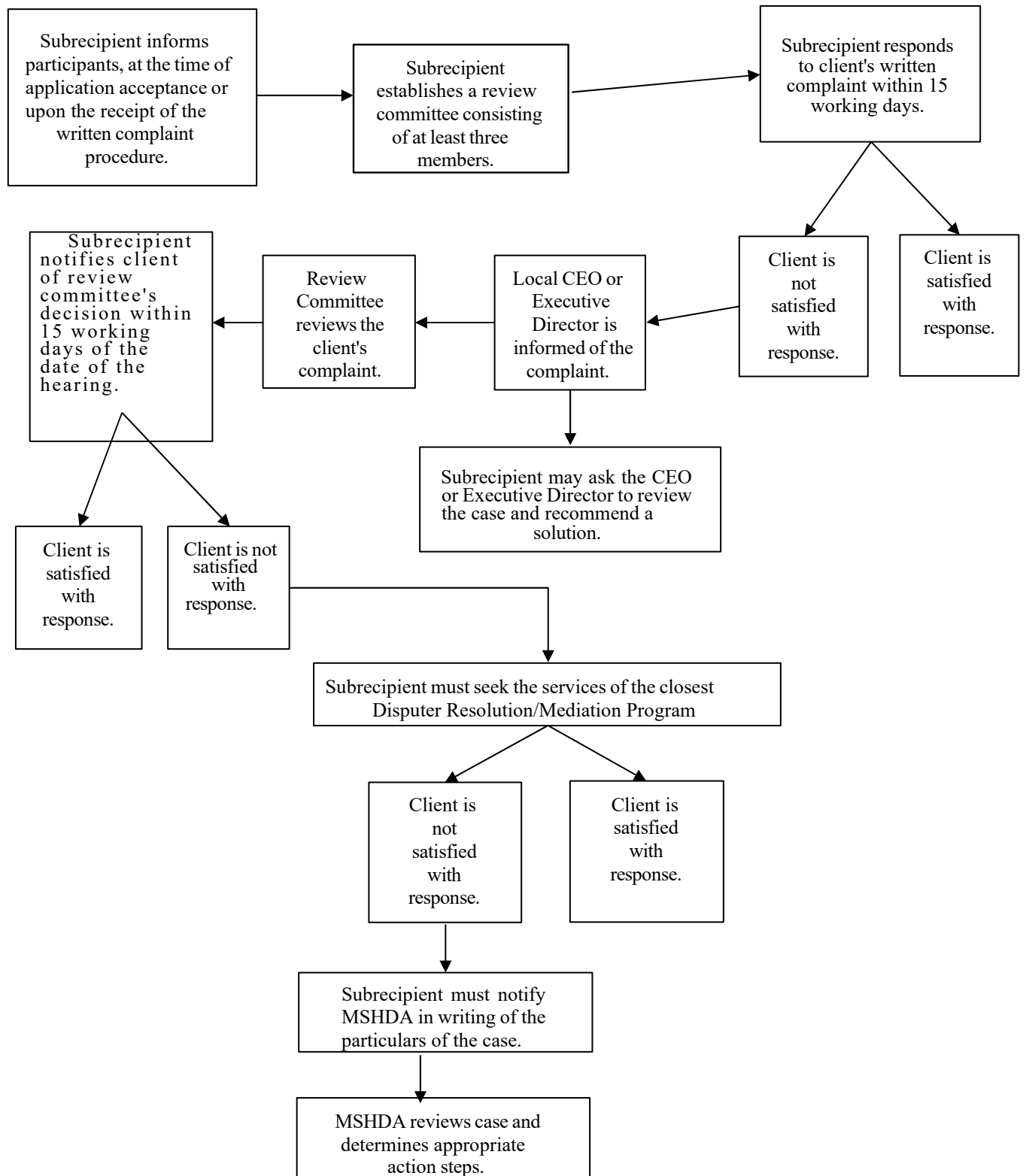
In the event that MSHDA is contacted directly by a complainant, they will be referred to the subrecipient for implementation of the policy procedures. After all, previously outlined steps have failed to resolve the complaint, the subrecipient may contact MSHDA in writing, detailing the complaint and verifying its compliance with the above-mentioned steps.

NOTE: All liability to third parties, loss or damage as a result of claims, demands, costs, or judgments arising out of activities, such as direct service delivery, to be carried out by the subrecipient in the performance of its NDD funded written grant agreement shall be the responsibility of the subrecipient, and not the responsibility of the Authority, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act on the part of the subrecipient, any subcontractor, anyone directly or indirectly employed by the subrecipient, provided that nothing herein shall be construed as a waiver of any governmental immunity that has been provided to the subrecipient or its employees by statute or court decisions.

If you have questions, contact your Champion.

ATTACHMENT D

CLIENT COMPLAINT PROCEDURE



ATTACHMENT E

Michigan State Housing Development Authority Neighborhood Development Division 2025/2026 MONITORING PLAN

The Neighborhood Development Division (NDD) is responsible for ensuring that funds are committed and expended in accordance with the program requirements of NDD's funding source -- MI Neighborhood State Housing and Community Development Fund (HCDF).

NDD's 2025/2026 Monitoring Plan identifies monitoring objectives, ongoing monitoring procedures, and criteria for on-site monitoring of program participants. This annual monitoring plan serves as a strategy for determining compliance as well as guidance for NDD housing staff.

MONITORING OBJECTIVES

Ensure Production and Accountability.

NDD staff will monitor subrecipient performance to ensure state and/or federal funds are used to provide housing and housing-related services for low to moderate income residents; all assisted housing units must meet, at a minimum, HUD's Housing Quality Standards (HQS), if applicable; and program funds are expended in a timely manner.

Ensure Program Compliance and other Federal Requirements.

NDD is responsible for ensuring funds are spent for eligible program purposes and in accordance with all applicable Federal regulations and state and local laws.

Evaluate Organizational and Project Performance.

NDD will monitor how efficiently and effectively services are provided. NDD will evaluate whether an organization has an effective flow of work, and has incorporated checks and balances into its operations, so that compliance is built into the standard operating procedures.

MONITORING STRATEGY

To ensure successful performance and compliance in every program and project, NDD adopts the following monitoring strategy for all active grants:

- Conduct on-going monitoring reviews of all active grants with a balance by evaluating the monitoring objectives throughout the grant term.
- Perform On-Site Monitoring Reviews when applicable and deemed appropriate by the on-going monitoring performed throughout the grant term.
- Conduct follow-up activities as needed.
- State MI Neighborhood Monitoring Oversight - On-going desk reviews and technical assistance will be observed throughout the grant term.
 - After the initial draw of twenty-five percent (25%) a technical assistance visit (either in person or remote) will be performed by a MI Neighborhood staff member on an as needed basis.
 - After the second draw of an additional fifty percent (50%) a formal site visit may be conducted based on a program level risk assessment by MI Neighborhood staff including site visits to assisted properties by the MI Neighborhood Program Manager for construction purposes. Risk monitoring is based on the amount of grants above \$500,000, grant has multiple activities, had a repeat in MIN 1.0, MIN 2.0 and MIN 3.0 awards, and if there is an ongoing compliance concern(s) within the NDD portfolio. By the first Friday of each month, a percentage of completion reports will be given to MSHDA's third party monitor. The process is to perform a desk monitoring 100% of High Risk subrecipients files and 20% of IGX Activity Monitoring subrecipient files.
 - Desk monitoring includes reviewing all data entry and documents uploaded into IGX following the Project Specific Checklist for Subrecipients. Any incomplete or

inconsistent documentation is flagged. MSHDA staff will contact subrecipients and request additional information. Subrecipients must respond to this request within 7 business days. A review of the requested information will be conducted, and a determination will be made on whether the additional information complies with the monitoring requirements. If not, the appropriate monitoring determination is made and documented in the third party written monitoring Report to MSHDA.

- The third-party contractor will submit a monthly monitoring report to MSHDA Construction Manager or delegate.
- The Construction Manager or delegate will perform on-site inspections of at least three addresses per subrecipient. The monitoring report will list every address for which a desk monitoring was conducted. The possible result for each address will be one of the following:
 - Full Compliance – no issues
 - Findings – deficiency based on the following:
 - State statutory, regulatory, or program requirement
 - NDD Policy Bulletin
 - Subrecipient’s Program Guidelines
 - Finding example: No income verification documentation
 - Concerns/Recommendations – deficiency not based on a statutory, regulatory, or other program requirement.
 - Upon the final draw (including the remaining 10% holdback) the closeout process will be prepared by MI-Neighborhood staff and submit to the Closeout Specialist for closeout. NDD Grant and Project Documentation In addition to information obtained from MSHDA’s database system(s), ongoing monitoring involves a review of hard copies of documents that are submitted directly to this office:
 - Grant agreement
 - Income verification/Household Self Certification Forms
 - Project specifications (before and after photos, pre-approval forms, invoices)
 - Mortgage/Note/ Regulatory Agreement
 - Third party rental property management broker’s license and tenants’ rental management plan/agreement (if applicable)
 - Audits (if applicable)

ON-SITE MONITORING Subrecipients are selected for on-site monitoring visits based on the status of the on-going monitoring of each active (open) grant with a balance or when an on-site monitoring visit is determined necessary.

Then the following steps will be taken for an On-site Monitoring Review:

1. Set up monitoring date with subrecipient and Third-Party Administrator (if applicable).
2. Send Confirmation of Monitoring Visit letter enclosing copies of the forms to be used.
3. Conduct on-site monitoring using the following documents:

Monitoring Checklist - Required Documents Checklists sufficient to review project files:

1. Follow-up Letter is prepared by the Housing staff that communicates the results of the grant monitoring including any recommendations or findings.

Definitions

1. Recommendations. A deficiency in program performance is not based on statutory, regulatory, or other program requirements. Sanctions or corrective actions are not authorized for concerns. However, Housing Specialist should bring the concern to the program participant's attention and, if appropriate, may recommend (but cannot require) actions to address concerns and/or

provide technical assistance.

2. Findings. A deficiency in program performance based on a federal statutory, regulatory or program requirement, NDD Policy Bulletin or subrecipient's Program Guidelines for which sanctions or other corrective actions are authorized. Such sanctions or actions are generally subject to NDD discretion.

On-Site File Review

1. Complete On-Site Monitoring Review Checklist for all compliance sections and the relevant grant component sections. If a third party is administering the grant, the review must include a visit to both the subrecipient and to the third-party administrator with monitoring questions directed to the responsible party as outlined in the Third-Party Management Plan. Regardless of how grant management responsibilities are divided between the subrecipient and the grant administrator, the subrecipient of record has ultimate responsibility for compliance with the terms of the grant agreement.
2. Complete a Required Documents Checklist review of at least 3 project files (if applicable).
3. Verify household eligibility based on income/asset verifications and calculations compared to relevant MSHDA or HUD Income Limits.
4. Review project files for the units that are not visited to inspect required documentation which is completed and located in the files.

FOLLOW UP

1. Review the On-Site Monitoring Review Checklist for comprehensiveness and clarity adding comments to substantiate subrecipient responses to a third-party reviewer (NDD Management and/or HUD).
2. The On-Site Monitoring Review Checklist, when finalized, becomes the Grant Monitoring Report, and is retained in the grant file.
3. Within 30 days of the date of the monitoring visit, send an On-Site Monitoring Follow-Up Letter to the chief elected official or nonprofit board chairperson of the subrecipient with a copy to the housing official with whom the monitoring visit was conducted. The follow-up letter should identify findings, recommendations, requests for information, and any other required action allowing 30 days for a response. A copy of the On-Site Monitoring Follow-Up Letter is forwarded to NDD's Manager.
4. Enter monitoring information in the MSHDA Grants System on the grant menu screen under comments.
5. Clear findings within 30 days of receipt of adequate documentation. Record resolution of findings in the MSHDA Grants System.
6. Prepare the Findings Cleared letter and mail to subrecipient, third party administrator, etc. If all findings are not cleared, additional correspondence is required with subrecipient until all are resolved.
7. If there is no response to the Follow-Up Letter within the 30-day deadline, contact subrecipient to determine the status and how much additional time is needed. Keep written notes of efforts to clear findings in the file. Withhold further grant payments if finding is unresolved 60 days after agreed upon or re-negotiated deadline. After this time period the subrecipient is considered not to be in good standing with MSHDA.

ADDITIONAL MONITORING REQUIREMENTS

Additional monitoring requirements will be considered and incorporated where appropriate. At the subrecipient level a minimum of twenty percent (20%) of the self-certifications by contractors/ subcontractors will need to be validated.

NDD SUPPLEMENTAL AUDIT GUIDE

Purpose: This Audit Guide is designed to assist the Michigan State Housing Development Authority's (MSHDA) Neighborhood Development Division (NDD) grantees and their respective auditors in completing audits for NDD-funded grants. Grantee audits are the primary source used during the review and closeout of completed NDD grant programs. They are also used to help NDD assess grantee capacity at the time of grant application.

Form L6: Subject: COMPLAINT PROCEDURE

- 1. Subrecipient's Program Guidelines. Complaint Procedure Process.** Outline how clients and contractors will be informed of the complaint procedure when they are selected to participate in the program or upon receipt of a written complaint.

- 2. Establish a timely response.** Ensure that a client's initial complaint is responded to by the program administrator within 15 working days of the date of the complaint.

- 3. Require that the Chief Executive Officer (CEO) or Executive Director** of the subrecipient be informed of any complaint the program administrator fails to resolve. The subrecipient (at its option) may ask the CEO to review the case and recommend a resolution.

- 4. Provide for the establishment of a review committee,** to be comprised of at least three people, which must hear all cases that cannot be successfully resolved by the program administrator (and CEO if he/she is part of the complaint procedure). It is recommended that the committee members serve a specified number of years. **The review committee should be comprised of:**

- A person with building/construction expertise (completely separate from the contractor who is part of the complaint);
- A local community representative; and
- A representative of the subrecipient (but should not be administrator or staff member of housing program)

The claimant may choose to make a presentation or submit a written description (including documentation) to the committee for review.

- 5. Establish process to notify the client in writing of the review committee's decision** within 15 working days of the date of the hearing.

Form L8: Subject: REHAB ONLY

1. Describe the application, marketing, and intake process. Formal review criteria and the selection process undertaken at the local level. Identify local staff and their roles within the process.

2. Describe the project/property selection process /pre-inspections, i.e., site selection, prioritization of properties, etc. NOTE: Photographs are required before and after with similar angle/location/reference and contain the address.

3. Applicant Prioritization Selection Process: Subrecipients must identify how applicants are encompassing all of the community/ region boundaries being served and actions undertaken for selection tied to: Income level; zip code preferences; activity need; demographics/ long-time resident; owner vs non owner occupied; activity tied to weatherization/ deferral item, etc.

4. Describe the applicant selection process. From the selected applicant pool, if a method other than lottery/random sample selection is undertaken, the assisted households must fall within 50% of the composite neighborhood demographics and resemble neighborhood resident population to ensure equitable distribution of funds. Applicant data will be reported each quarter, and a formal analysis will be undertaken at MSHDA to ensure that fair and equitable distribution of the resources is actively undertaken.