



FAMILY ASSETS FOR
INDEPENDENCE
IN MINNESOTA

Policies and Procedures Manual
August 2023

FAIM Introduction

The Family Assets for Independence in Minnesota (FAIM) Program helps Minnesota low-wage earners build assets through homeownership, pursuit of a higher education, small business capitalization, or purchase of a primary personal vehicle. Accountholders place monthly savings into financial institution Family Asset Accounts (savings accounts), which will be matched upon completion of their contract agreement. Accountholders are required to complete 12 hours of financial management classes/coaching and 10 additional hours of asset-specific training.

Individual Development Accounts (IDAs) emerged in the early 1990s from recognition that poor and working-poor families are often excluded from financial opportunities for asset development traditionally available to middle- and upper-income families. FAIM was part of a national initiative to promote IDAs. Unlike other subsidized savings accounts such as Individual Retirement Accounts (IRAs) or 401(k) plans, IDAs target low-wage earners, provide subsidies through match rather than tax breaks, and require accountholders to complete financial management and asset-specific education.

Minnesota's IDA program, FAIM, is delivered by a statewide collaborative lead by West Central Minnesota Communities Action, Inc. (WCMCA) as the fiscal agent. The FAIM Council is made up of collaborative partners and serves as an advisory council to WCMCA. The Department of Human Services/Office of Economic Opportunity provides state funding for the program. The federal Assets for Independence (AFI) funding was discontinued in FFY2017.

To be eligible for FAIM the adjusted gross income of the household must be equal to or less than 200% of the poverty line (as determined annually by the federal Office of Management & Budget) or the earned income amount described in Section 32 of the IRS code of 1986 (taking into account the size of the household), and have total net assets of \$10,000 or less.

FAIM accountholders earn match on savings at a rate of \$3 for every \$1 deposited (3:1). To earn match, the deposits to FAIM savings must come from earned income and be completed within 24 months of first deposit to the account. Accountholders are encouraged to save on a regular basis. Total match earned by an accountholder's household may not exceed a \$6,000 lifetime limit.

FAIM is governed by Minnesota Statutes 256e.35 - <https://www.revisor.mn.gov/statutes/cite/256E.35>

As a network, FAIM uses statewide policies and procedures to operate the program. They are regularly reviewed and updated, and are posted on the FAIM website, www.minnesotafaim.org under the FAIM Coordinators tab (at the top left), then Resources.

Statement of Purpose

The Family Assets for Independence in Minnesota (FAIM) Program exists to help working Minnesotans build assets and long-term economic self-sufficiency. It is believed that the combination of developing assets and increasing income over time will sustain economic self-sufficiency.

The FAIM Program stimulates economic self-sufficiency and facilitates increased community stabilization by helping accountholders focus on short and long-term financial skills while encouraging savings and asset development. FAIM empowers individuals and strengthens the economic base of Minnesota communities.

Definitions

The following words and phrases when used in these guidelines shall have the meanings given to them in this section unless the context clearly indicates otherwise:

Assets for Determining Eligibility:

Assets are defined as \$10,000 or less in cash on hand, cash in checking and/or savings account, interest income of \$50 or more per quarter, liquid assets such as stocks and bonds.

NOT included as assets are interest income of \$50 or less, IRA's, 401k's & other retirement accounts, irrevocable trust funds held for any member of the household, owning a primary dwelling unit that is a family residence and one motor vehicle owned within the household.

Earned Income:

Only money derived from earned income may be deposited into Family Asset Accounts. Earned income, as reported to the Internal Revenue Service, is derived from employment or self-employment. Funds from Earned Income Tax Credit and the Minnesota Working Family Credit (income tax refunds) qualify as earned income and may also be deposited into a Family Asset Account.

- **Benefits received from the state, county, social security office, etc. are considered unearned income. These sources *MUST* be included when determining income eligibility, however, the funds *CANNOT* be used for deposits to the FAIM savings account.**
- Some examples of unearned income: unemployment, worker's compensation, child support, foster care stipend, cash assistance from any source, payments received from social security administration, pensions, wages earned while incarcerated.

Earned Income Tax Credit:

The Earned Income Tax Credit (EITC) is a refundable federal and state tax credit available to certain qualifying low-income workers.

Educational Institution:

An accredited post-secondary institution of higher education within the contiguous United States that is eligible to receive U.S. Federal Financial Aid.

Eligible FAIM Accountholder:

An individual or individuals whose household income is at or below 200% of the poverty guidelines (as determined by the United States Office of Management & Budget) with household net assets at/below \$10,000. The accountholder must be a US citizen or eligible non-citizen who is at least 18 years of age and is a current resident of Minnesota (living in the state with valid state-issued driver's license or photo ID card). The participant must continue to reside in Minnesota while enrolled in FAIM - from application through exit from the program.

Eligibility Disqualifications:

- An individual who has an IRS tax lien is not eligible to participate.
- An individual who is in default on student loans is not eligible to participate.
- An individual who is in arrears on child support is not eligible to participate.

Eligible Uses (Asset Tracks):

The Home, Business and Vehicle assets MUST be obtained/located within Minnesota. Education asset funds may be used at an accredited post-secondary education institution within the contiguous United States if the participant remains a MN resident.

- Post-secondary educational expenses may include tuition, fees, books, supplies, and equipment as **required** for courses of instruction.
- Home purchase expenses include down payment and/or closing cost assistance at time of closing on a home in Minnesota.
 - If the participant purchased a home after being fully enrolled in the program (approved by Admin and first deposit completed), principal only buy down of the mortgage may be completed.
- Business capitalization expenses include costs as stated within an **approved** business plan for use in start-up or expansion of the small business in Minnesota.
- Personal vehicle purchase expenses include the costs of obtaining a primary vehicle from an auto dealership including tax, license, title transfer, fees.

FAIM Coach:

Staff facilitating the FAIM program at a local participating agency.

Family Asset Account:

A custodial savings account owned and maintained by a FAIM accountholder in a financial institution partnering with the program's fiscal agent to host the accounts.

Family Asset Contract Agreement:

The contract agreement shall include the participant's saving goal amount, the scheduled amount to be deposited into the custodial savings account, and the intended use (asset) of the savings and match.

Fiduciary Organization (Local FAIM Participating Agency):

Under Minnesota Statutes 256E.35, a fiduciary organization is defined as a Community Action Agency (as recognized under 268.53), a federal community development credit union serving the seven-county metropolitan area, or a women-oriented economic development agency serving the seven-county metro area. Agencies providing FAIM to clients will be required to sign a Participating Agency Agreement each grant cycle.

Financial Institution:

Any federal or state-chartered bank, bank and trust company, savings bank, savings and loan association, trust company, or credit union, the deposits of which are insured under the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).

First-Time Homebuyer:

An individual and/or their spouse/partner who have had no ownership interest in a principal residence during the three-year period prior to enrollment in the project.

Household:

ALL individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

- An individual who is claimed as a dependent by another person for federal income tax purposes may not be a separate household for purposes of establishing a Family Asset Account.

Match Funds:

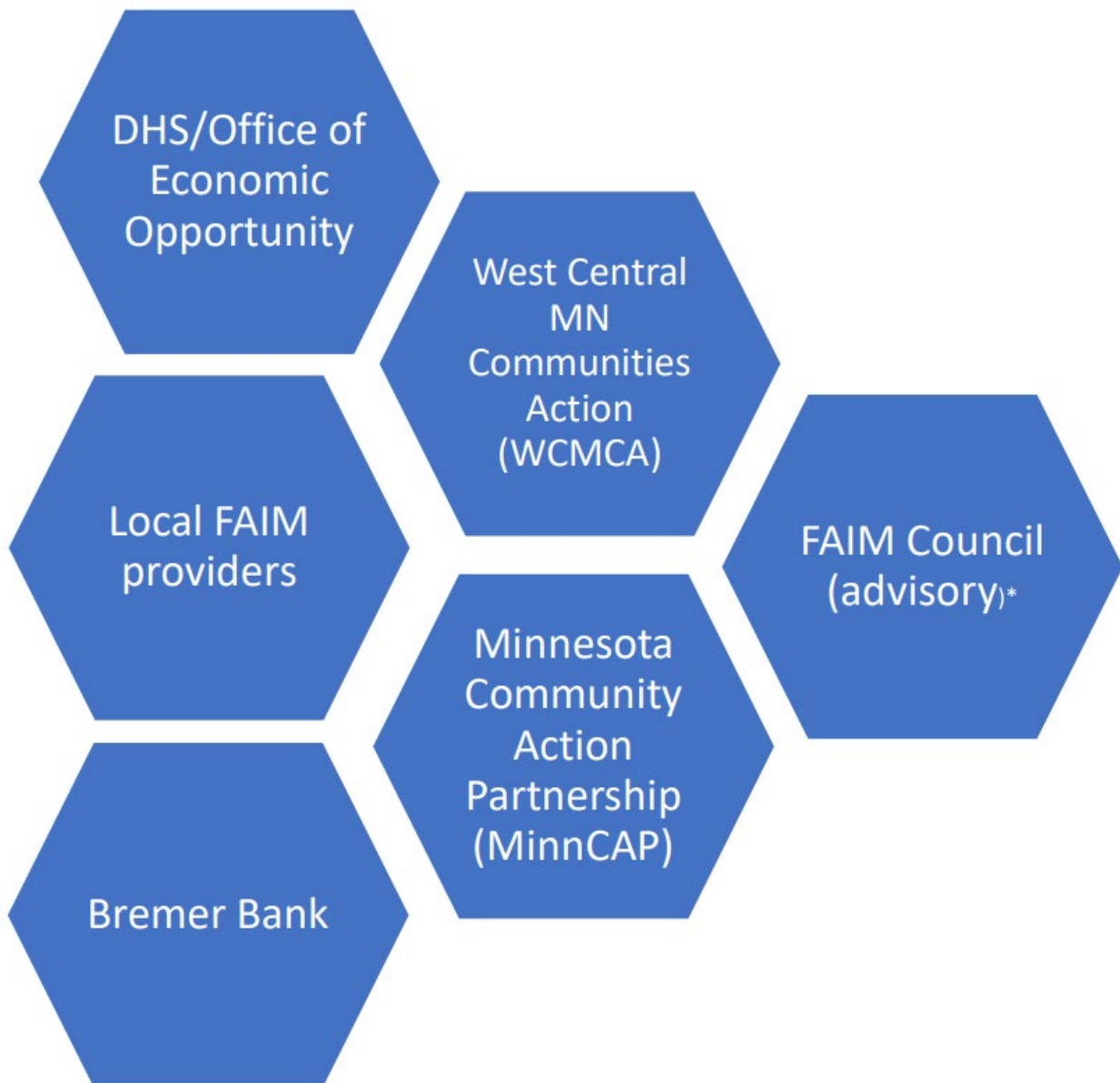
An amount equal to \$3 for every \$1 deposited into the participant's IDA account within the allotted saving period (24 months) which cannot exceed the household lifetime match limit of \$6,000.

Qualified Business Plan:

A detailed business plan with projected budget, and itemized list specifying use of program funds as approved by a qualified reviewer and the fiduciary organization.

FAIM Partnerships

FAIM relies on many partners to successfully deliver the program. Key partners include the following:



Additional partnerships include the Minnesota Asset Building Coalition, the Midwest Asset Building Conference, and Prosperity Now. FAIM also receives important resources, support and training from financial management curriculum providers and trainers (e.g., Lutheran Social Service's Four Cornerstones of Financial Wellness, FDIC's Money Smart for Adults, etc.), the Consumer Financial Protection Bureau, and Minnesota Extension.

Role of FAIM Council

The FAIM Council is an advisory committee that supports WCMCA with FAIM program administration. The council works closely with the Fiscal Agent and Statewide Coordination Team to implement the approved work plan and to provide support and guidance.

Tasks related to implementing the work plan include:

1. Assist in developing fundraising plans.
2. Guide policy for FAIM Program implementation.
3. Oversee results and evaluations of the Statewide-program and recommend appropriate action.
4. Advise on the distribution of matched funds to participating agencies.

The Council meets quarterly. Membership is comprised of representatives working on building assets in Minnesota.

Role of FAIM Statewide Fiscal Agent & Coordination Team

1. Provide Fiscal Services

- Apply for federal, state, and private grants for match funding.
- Apply for private sector funding for local coaching and statewide coordination.
- Open and maintain an escrow account for FAIM Match funding.
- Deposit and maintain other funding in a separate bank account.
- Allocate interest earned on monies to the local and statewide coordination funds.
- Monitor bank statements for match and coordination funds.
- Provide fiscal reports of expended funds by funding type. Statewide Coordination Team will prepare narrative reports to document results.
- Develop and implement fiscal procedures for payout of match funding for accountholders who have successfully completed asset purchase requirements.
- Implement Policies and Procedures as applied to program delivery and operations.
- Conduct annual audit of FAIM match and coordination funds. Provide a copy of the audit to FAIM Council and as required by funders.
- Use appropriate accounting procedures.

2. Provide Training Services

- Provide and arrange for ongoing training to FAIM coordinators and coaches.
- Provide program support to the local FAIM coaches.

3. Provide Data Collection Services

- Communicate with the financial institution to provide bank transaction information from FAIM accounts on a regular basis (done weekly).
- Upload data for client accounts to database regularly and notify the FAIM

network when monthly client statements are ready to be pulled for distribution to accountholders.

- Maintain the program's database and ensure information entered is timely, accurate and consistent for reporting purposes.
- Collect information for reporting as required.
- Help coordinate quantitative and qualitative evaluations as well as any research completed on the FAIM Program.

4. Provide Statewide Coordination

- Coordinate statewide fundraising efforts for current and future FAIM projects.
- Coordinate communications and disseminate information to the statewide network and national/regional organizations.
- Provide staffing assistance to the FAIM Council.
- Facilitate FAIM Council and statewide FAIM Coordinator meetings.
- Coordinate learning and establishment of best practices.
- Provide technical assistance to local FAIM agencies.
- Conduct negotiations with partner agencies, funders, financial institutions, and other interested parties for statewide program implementation.
- Coordinate media relations and public communications regarding FAIM.
- Participate in public debate to influence policy for continuance and/or expansion of FAIM and other asset building projects.

5. Maintain the FAIM website – <https://minnesotafaim.org>

Role of Local FAIM Participating Agencies

1. Identify staff who will implement FAIM locally. Duties include:
 - ✓ Maintain a FAIM wait list of interested clients.
 - ✓ Determine if clients are “asset ready”. Screen for eligibility, program readiness, and potential to save toward and obtain the asset chosen within program timelines.
 - ✓ Establish asset goals with accountholders.
 - ✓ Provide monthly check-in and 1:1 coaching to accountholders - review credit reports and create a plan to establish/repair/build credit, discuss income, savings, protecting assets, etc., and create a working budget.
 - ✓ Ensure client completion of financial management curriculum which may be supplemented with 1:1 financial counseling – minimum of 12 hours required.
 - ✓ Ensure accountholders complete a minimum of 10 hours in asset-specific training/classes (first-time homebuyer course; career development assessment/classes/counseling; creation of a detailed business plan and budget with assistance from a small business development center mentor; vehicle purchase/ownership training on financing, insurance, routine maintenance, repairs, etc.).
 - ✓ Establish a relationship with participating local financial institution(s).
 - ✓ Report to the Fiscal Agent (WCMCA) as required.
 - ✓ Create local marketing plans using statewide FAIM materials, to recruit participants and ensure full utilization of match funds.
2. Establish Family Asset Accounts at the participating financial institution set by the program. Secure written permission from accountholders to allow the financial institution to transfer account information to the Fiscal Agent. Encourage accountholders to establish a personal emergency savings account at a financial institution of their choice and set up regular deposits to it.

3. Send new agency staff to a FAIM 101 training session. If they may facilitate financial education classes, send to training such as: LSS Financial Counseling's Four Cornerstones of Financial Wellness, FDIC's Money Smart for Adults, etc.
4. Update accountholder files regularly. At a minimum, files will include:
 - application, valid Minnesota driver's license/MN photo ID card, utility bill/lease as address verification, documentation of income eligibility
 - contract agreement and beneficiary form
 - financial institution agreements: release of information, account opening certificate, and signature authorization for withdrawals
 - credit report(s)
 - Tennessee Warning (local agency privacy agreement)
 - Training completion certificate for 12 hours of financial management class participation which may include 1:1 financial coaching.
 - Training completion certificate for 10 hours of asset-specific education. For business and education assets - hours are documented on a tracking form.
 - case notes indicating progress and follow-up on the use of program funds.
 - If applicable, amendment to the accountholder contract agreement.
5. Document accountholder success stories and contribute information to statewide public communication materials and media events.
6. Participate in statewide coordinator meetings to receive program updates for effective implementation of FAIM, share best practices, lessons learned, success stories, etc.

Financial Institution

Financial institution working with the FAIM program must provide the following:

1. No minimum balance required for Family Asset Accounts but must be above \$0 to keep the account open.
2. No service charges for Family Asset Accounts.
3. Family Asset Accounts established under custodial arrangement between the non-profit agency or Tribe and the accountholder. The non-profit agency or Tribe will provide a form to the financial institution authorizing a client to open, withdraw from, transfer funds, or close a FAIM account.
4. The financial institution must agree to transfer savings information regularly to the Fiscal Agent.
5. It is preferred that monies transferred between the client and Fiscal Agent accounts be completed by internal electronic transfer.
6. The financial institution must provide contact information to the local FAIM agencies and Fiscal Agent.
7. Upon notification from the local FAIM coach or FAIM Admin at WCMCA that a participant is no longer enrolled in the program, the financial institution agrees to close an account and forward monies to the accountholder.

FAIM PROGRAM RULES & GUIDANCE

The FAIM program is governed by Federal (Assets for Independence Act, Public Law 105-285 –or- 42 USC 604) & State (Family Assets for Independence, MN Statute 256E.35) Statutes. Listed below is more specific guidance.

1. Non-Discrimination

No person shall, on the grounds of race, gender, age, creed, ethnic origin, disability, sexual orientation, familial status, be excluded from participation in, be denied benefits of, or be subjected to discrimination in the FAIM program.

2. Conflict of Interest

No official, employee, volunteer, or board member of any contractor or subcontractor may use any FAIM related materials for personal benefit.

If an employee or coach at a local participating agency would like to apply for FAIM, they must do so through another participating agency. Similarly, if the applicant is a friend/family of a local coach, they are to work with a different FAIM coach. If there is only one coach at the local agency, the applicant must contact another agency regarding enrollment.

3. Withdrawals

No withdrawals may be made from the custodial savings account without prior authorization from the program. Unmatched and/or unauthorized withdrawal of funds from the custodial savings account is not allowed and will result in termination of the accountholder from the program.

Matched withdrawals are contingent upon reaching the minimum enrollment requirement of the grant the client is enrolled in, making deposits to the custodial account, and completing the required trainings, and asset requirements. Depending on the grant, matched withdrawal may be allowed at: six months plus one day after the date of first deposit to a custodial savings account – or after reaching one year plus one day of enrollment after the date of first deposit to a custodial savings account.

One-time Emergency Withdrawal of savings may be allowed with FAIM Admin authorization due to 1) unexpected medical expenses of the participant or their household member; 2) loss of job/income - to cover living expenses; 3) a housing emergency - to prevent foreclosure or eviction. The participant must contact their coach to make the request, create a plan to replace the funds withdrawn and to continue making regular deposits to reach their saving goal within the match period. The coach will contact FAIM Admin to make the request and provide details for the emergency withdrawal. If approved, Admin will provide an authorization form for the emergency withdrawal.

Excess funds deposited in the custodial savings account over the participant's saving goal will be applied toward obtaining the asset. If necessary, a participant may contact their local coach to request withdrawal of excess savings in their custodial account. The coach will contact FAIM Admin with the request to withdraw excess savings. Admin will complete an authorization form and provide it to the coach.

4. FAIM Accounts Distribution

Match funds are distributed to agencies by the Fiscal Agent, under advisement of the FAIM Council. If an agency cannot maximize allocated match, it must be surrendered to the Fiscal Agent for redistribution.

5. Business Development

FAIM funds may be used to start or enhance/expand a for-profit small business within Minnesota. The participant is required to work with a mentor from a business development center to develop a detailed business plan, projected 12 to 24-month business budget, and itemized list for best use of program funds for the startup or expansion. The participant must also register their business with the State of MN, apply for an EIN from the IRS, complete a W9 form, and open a business checking account at an insured financial institution.

- ❖ *If a former FAIM participant requests a second enrollment in Business Development, they will be required to provide receipts for business purchases made using funds received from their previous enrollment in the program. If receipts are not provided, the program funds were not expended appropriately for the business, or the business is not in operation, the client will not be eligible for a second enrollment in the business asset track.*
- ❖ *If enrolled a second time for Business Development, the participant must complete the requirements again (work with a mentor from a business development center, create a new detailed business plan, new projected budget, itemized list for use of funds, etc.) for expansion of their business.*

6. First Time Homebuyers

The FAIM participant (and/or their spouse/partner) may not have owned a primary residence within the three years prior to enrolling. There are many types of homes available to first-time homeowners including manufactured homes, panel homes, single-family homes, duplexes, and modular homes.

- a. Program funds may not be used to purchase a mobile home/trailer, tiny home, etc.
- b. The home must be on a permanent foundation on land owned by the program participant.
- c. Contract for Deed is not allowed except for the following programs where the agency may hold the contract for a: MURL home, CLT home, or a Habitat for Humanity home.
- d. FAIM match funds may be used to cover the costs of acquiring a primary residence, including any usual or reasonable settlement, financing, or other closing costs.
- e. Acquisition costs of a principal residence cannot exceed 100 percent of the average area purchase price applicable to the residence determined according to section 143(e) (2) and (3) of the Internal Revenue Code of 1986.

Coaches must thoroughly pre-screen clients interested in home ownership to determine potential to purchase a home within the program's timeline.

- Review credit report for:
 - Current credit score – a score of 650+ will be required within 24 months or less to qualify for a mortgage.
 - Are there issues that need to be resolved - collections,

judgments, errors, late payments, etc.

- Does the applicant have ongoing sustained employment with income that can support mortgage repayment?
- Is the applicant receiving a subsidy, rental assistance, or had issues with paying monthly rent on time?

7. Post-Secondary Education

FAIM program funds may be used for higher education at an accredited (eligible to receive FAFSA) post-secondary educational institution within the 48 contiguous United States. The FAIM participant must contact their coach as soon as the class list and tentative billing statement are received so their coach can submit a Third-Party Billing to the school before the term drop/add date. Delay in contacting their coach may affect the program's ability to make payment for the term.

Matched withdrawals may be used for tuition, books, or equipment **required** to complete course studies.

- Documentation must be provided if equipment is required for the course.
- Required books/equipment must be obtained through the college bookstore and charged to the student's account.
- Program funds may not be used for study abroad or health insurance.
- FAIM payment must be applied to eligible cost of the courses (tuition, books, equipment). For this reason, FAIM must be listed first on the final billing before any other payment sources (financial aid, grants, scholarships, etc.).
 - If other funding sources are applied before FAIM on the final billing and there is no balance due or an overpayment was made on the student's account, no FAIM payment can be made.
 - If there was overpayment made on the student account, FAIM funds cannot be passed on to the student and cannot be held by the school – those funds must be returned to the program.

- FAIM matched withdrawal does NOT reduce the financial aid package of the accountholder as stated in Public Law 105 - 285 Title IV Assets For Independence Act Section 415 which states: Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this Act shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

8. Personal Vehicle Purchase

A vehicle may not be considered an asset due to decreasing in value rather than increasing, however, FAIM views vehicle ownership as an opportunity to build assets through having personal transportation to employment.

The vehicle purchase asset track is in place to assist a participant with purchase of personal transportation. The FAIM applicant for this asset track will be:

- a) someone without a vehicle in their household.
- b) someone who owns an unreliable vehicle which has required ongoing repairs that have been a drain on their finances and affected their ability to work.

- c) a household with two full-time working adults that share one vehicle.

FAIM funding can only be used to purchase a primary personal vehicle for the enrolled accountholder – the participant cannot purchase a vehicle for someone else. The FAIM Guide to Vehicle Purchase will be shared with participants in this asset track.

The following are important considerations for the local coach to review before taking an application for the vehicle purchase track:

- Does anyone in the applicant's household own a reliable vehicle?
- Does the applicant require personal transportation to retain employment?
- Does the applicant have a valid Minnesota driver's license?
- Does the applicant have motor vehicle violations that may prohibit or interfere with purchasing/owning a vehicle – DWI, revoked license, speeding tickets, etc.?
- Can the applicant's budget support the ongoing cost of vehicle ownership?
 - Insurance premiums
 - Full coverage – required if there is a loan on the vehicle.
 - Liability - minimum requirement if there is no loan.
 - Deductible if there is an accident.
 - License tab renewal
 - Regular maintenance – oil change, tire rotation, etc.
 - Larger repairs – brakes, tire replacement, etc.

FAIM ACCOUNT RULES

1. Eligibility: Accountholder must have earned income (wages or self-employment) at the time of entry and throughout enrollment. Household income must be at/below 200% of the current Federal Poverty Guideline (as published each year by the Department of Health and Human Services). Household net assets must be at/under \$10,000. A definition of income and assets can be found in the definitions section. Accountholder income and assets may change after FAIM enrollment.
2. Accountholders must be residents of Minnesota with a valid MN driver's license/MN photo ID card prior to FAIM enrollment and through completion/exit from the program. The FAIM accounts for Home, Business and Vehicle must be used to obtain the asset **within Minnesota**. Education asset funds may be used for costs related to courses at an accredited institute of higher education within the contiguous 48 United States, however, the accountholder must remain a resident of MN.
3. FAIM accountholders may save and acquire more than one asset during the program within the limits set by state and federal statute as described in #4 below.
4. FAIM accountholders have up to two years to deposit \$2,000 into the custodial savings account. The individual's savings (\$2,000 maximum) may be matched by the program at a rate of \$3 match per \$1 saved (3:1) up to \$6,000 match. The combination of accountholder savings and match may reach \$8,000 when combined. In 2023, the lifetime maximum match limit per household is \$6,000. (Minnesota Statute 256E.35).
5. Matched Withdrawals
 - No withdrawal is allowed during the first six months of participation which is based

- on the accountholder's date of first deposit to FAIM savings.
 - ❖ Unmatched withdrawal in the first six months of enrollment may result in termination from the program.
 - ❖ Matched withdrawal to obtain the chosen asset may be requested after 6 months + 1-day if all requirements have been met.
 - ❖ Participant must allow the program 21 days to process a payout request after contact is made with their local coach.
 - Accountholders must complete the requirements of their chosen asset, 12 hours of financial management training and 10 additional hours of asset-specific training prior to requesting a matched withdrawal.
 - Match funds not used for an eligible purpose by the close of the participant's contract agreement will be forfeited/returned to the match fund reserve account.
 - The Fiscal Agent reserves the right to provide a contract extension of the spending deadline only. Contract Extension requests will be reviewed by FAIM Admin on a case-by-case basis, only when deemed necessary and appropriate and are contingent on time remaining in the grant cycle to permit such extension.
6. FAIM accountholders are not allowed to make an unauthorized withdrawal from the custodial account. If an unauthorized withdrawal is made, the client will be terminated from the program. The termination may not necessarily prevent the accountholder from reapplying for enrollment in a future grant cycle, however:
- a. New applicants to the program may be given priority over re-enrollees.
 - b. Enrollment will be limited to two per person or full household match - whichever comes first.

FAIM accountholders shall be strongly encouraged to

- a. establish and maintain a separate personal savings account for emergencies.
- b. make regular deposits to the account and/or deposit a portion of their tax refund (Earned Income Tax Credit and MN Working Family Tax Credit), if applicable.

If a the FAIM savings account is closed at the discretion of the saver prior to completion of his or her contract, the match funds will be forfeited back to the program. Match funds in the reserve match account may be reallocated.

7. FAIM accountholders must designate a Family Asset Account beneficiary with their contract agreement. In the event of the FAIM accountholder's death, the beneficiary would be entitled to the individual savings/interest in participant's custodial account. Any allocated match will be forfeited back to the program - held in the reserve match account and may be reallocated.
8. FAIM participants are required to:
- Be courteous, respectful, and adhere to the contract agreement and program guidelines.
 - ❖ Disagreements will be addressed via the program's grievance policy.
 - ❖ Bullying will not be tolerated. If a participant's behavior toward staff is deemed threatening in any way, including coarse/abusive language, it will result in termination from the program with no potential for future enrollment.
 - Remain in regular contact with their FAIM coach and notify them of any changes to contact information – name, address, email, phone, etc.
 - ❖ The coach will document attempts to contact a participant. If there is no response to the coach after reasonable attempts to reach a participant, their enrollment will be terminated.
 - Participate in 1:1 financial coaching with review of credit report, addressing financial barriers, budgeting, etc.

- Complete a financial management course and asset-specific education.
- Sign a FAIM Program Contract Agreement and complete a beneficiary form.
- Agree to provide information requested by the program/coach during and after FAIM enrollment not limited to completing surveys and evaluations, and updating records.
- Open a Family Asset Account at the participating financial institution and make monthly deposits to the account.
 - ❖ Not making regular deposits (minimum of quarterly) to FAIM savings may result in termination of enrollment.
- FAIM accountholders are encouraged to establish direct deposit from payroll or automatic transfer from another personal account into their Family Asset Account.

Grievance Procedure

Step 1 – The participant shall discuss the grievance with their local FAIM coach and attempt to resolve it informally. The resolved grievance will be documented in writing and will be provided to the FAIM supervisor at the local agency and to FAIM Program Administration.

Step 2 – In the event that the grievance is not resolved in step 1, the grievance will be put into writing by the participant and provided to the local FAIM supervisor within 15 days after the date of the first event which gave rise to the grievance. The local FAIM supervisor shall review and submit a written decision to the participant within 10 days of the date the grievance was received from the participant.

Step 3 – In the event that the grievance is not resolved in step 2, it may be appealed to FAIM Program Administration within 10 days of the local decision rendered to the participant in step 2. FAIM Program Administration shall review the written grievance and submit a decision within 10 days of review. FAIM Program Administration decision shall be final.

Waiver – If a grievance is not presented within the designated time set forth above, it shall be considered “waived”. If the grievance is not appealed to the next step within the specified time limit or any agreed upon extension thereof, it shall be considered settled. If the local FAIM supervisor involved in step 2 or beyond does not answer a grievance or appeal, thereof, within the specified time limit the participant may appeal to the next step in the grievance procedure.

FAIM Payout Procedures

Payout request forms and supporting documentation are to be submitted to the Fiscal Agent 21 days prior to the payment being due (e.g., home closing date). Transfer of participant funds to the Fiscal Agent’s account must be completed before payment will be released to the third-party vendor.

The minimum participant savings transfer for payout is \$25 which will be matched with \$75 for a total minimum payout of \$100, **unless** it is the final withdrawal to spend out the participant’s account, or if prior approval from the Fiscal Agent has been acquired.

All checks prepared will be made payable to third-party vendor of the goods/services for the permissible use, as stated in MN State Statue 256E.35, Subdivision 6(2)(b). It may be

considered a service provided by the issuing financial institution when a client utilizes a credit card to pay for goods/services if no other billing option is available. A FAIM participating agency will not be considered a third-party vendor of goods/services.

Any errors in documentation will be directed back to the local FAIM coach for correction and/or completion. It is not the responsibility of the Fiscal Agent, or their staff, to correct errors in documentation. Payment will not be made to a vendor until the correct documentation is received by the Fiscal Agent.

FAIM Program Forms & Resources

All program forms and resources are posted under the FAIM Coordinators tab on the FAIM website, www.minnesotafaim.org. Forms and resources are updated as needed and posted to the website where coaches may access the current documents.

Regarding payment for education asset, a participating FAIM agency may make a promise of payment to an educational institution after confirmation of match funds is made with the Fiscal Agent. The local FAIM agency must communicate with the educational institution and complete a Third-Party Billing (TPB) arrangement between the institution and the Fiscal Agent.

Upon written request from the local FAIM coach or discretion of FAIM Admin, the Fiscal Agent may send the third-party vendor's check to the participant's local FAIM agency for disbursement to the vendor(s).

The Fiscal Agent may expedite delivery of paperwork or checks with the expense of such to be paid by the agency that made the request. That agency will be invoiced for the delivery fee, and they can determine if they will seek reimbursement from the client.

The Fiscal Agent processes accounts payable and cuts checks once per week. Special runs are not allowed without prior authorization from WCMCA's CEO and Fiscal Director and are contingent on staff availability. The Fiscal Agent's office is closed most federal holidays which may affect time needed to process and complete the payout. Unless expedited delivery is requested, checks are sent to the vendor by first-class postal mail. The post office is closed on federal holidays which may affect delivery time.

Forms Needed for Payout to Occur

1. All payout requests require the coach to complete the following payout forms: Matched Withdrawal Form, Savings Transfer Request Form, Education Notes Form. Supporting documentation required with the payout forms must be collected from the participant and/or vendor by the coach. The coach will submit payout forms and supporting documents together in one email to the FAIM Administrator. FAIM Admin will review the payout and notify the coach of the status or request follow up, if needed. FAIM Admin will submit the Savings Transfer Request Form to the financial institution when appropriate.
2. FAIM Admin will verify if the vendor is active in the Fiscal Agent's accounting system. If the vendor is new or inactive, FAIM Admin will contact the local coach and ask them to follow up with the vendor for completion of the W9 form. The coach will submit the W9 to FAIM Admin who will pull the SAM report and complete forms needed by the Fiscal Agent. If the vendor is disqualified per the SAM report, no payment may be made to them.
3. Vendor Invoice – all expenditures require an invoice to verify eligible charges and then a receipt to document the payment was applied correctly.
 - a. Home Purchase: the invoice shall be the Loan Estimate and the Closing Disclosure is the receipt. A copy of the Loan Estimate is required with the payout request. Within 7 days after closing, a copy of the final Closing Disclosure with program funds listed must be submitted to the Fiscal Agent. If the program's full payment amount was not listed on the final Closing Disclosure, a letter from the title company or lender noting that the funds were applied to closing costs and/or down payment may be accepted - in addition to the Closing Disclosure.
 - If the Closing Disclosure amount is less than what was dispersed and the Fiscal Agent is not reimbursed by the vendor, the Agency that is working with the participant will be responsible to pay the Fiscal Agent the difference.
 - Any other payout checks for the participant will be held until the Closing Disclosure is submitted. If the Closing Disclosure is not provided the participating agency working with the account holder is required to repay the match funds to the Fiscal Agent.
 - b. Post-secondary Education: the invoice shall be the class list and tentative term billing. The receipt shall be the final term billing submitted by the college to FAIM Admin after the drop/add date has passed. The local coach must verify the participant's available savings/match with the Fiscal Agent or program database.
 - A **Third-Party Billing form (TPB)** will be generated by the local coach and sent to the school as a promise of payment.
 - The coach will submit the payout request forms, TPB and supporting documents to FAIM Admin for processing.
 - Based on the TPB, the school will invoice the Fiscal Agent after the drop/add date has passed.
 - Final charges will be verified for eligibility by FAIM Admin before payout may be completed. FAIM Admin will contact the local coach if there are any changes to the program payment amount.

- c. **Business Development:** the detailed business plan and itemized list for intended use of program funds serve as both the invoice and receipt. A business plan may be used to apply for a loan and shall answer the who, what, where, when, why, how of the business.
- The participant shall select a name for the business rather than doing business under their own name (John Doe dba John Doe).
 - The business plan must include: 1) business name, location, contact information, hours of operation and owner's name with contact information; 2) participant's business experience/knowledge and timelines for start and expansion; 3) details on goods/services being offered for sale; 4) personnel/staffing; 5) marketing plans; 6) details of how program funds will be used for start/expansion including an itemized list of intended purchases; and 7) an itemized 12 to 24-month projected budget of business income and expenses.
 - The participant will compile and provide an itemized list for the intended use of the full savings/match for the business.
 - Expenses such as ongoing rent, childcare, cash reserves, cash on hand, working capital, miscellaneous, etc. and/or recurring monthly expenses (utilities), are not allowable use of funds.
 - The final business plan and budget must be approved by a qualified reviewer – mentor from a financial institution, a micro-enterprise development organization (business development center), or a nonprofit loan fund having demonstrated fiduciary integrity.
 - The participant must register the business with the MN Secretary of State and provide documentation of such.
 - The Fiscal Agent requires the account holder to obtain a business Employer Identification Number (EIN) assigned by the IRS/Department of Treasury – even if operating as a sole proprietor. A copy of the EIN assignment letter is also required.
 - The participant must open a business checking account at an insured financial institution (bank or credit union) for the business related to this payout.
 - The participant will deposit the FAIM check into the business account and use the funds for the approved purchases noted in their business plan/use of funds.
 - The participant must retain receipts for the approved purchases made using program funds for a period of at least seven (7) years in case of tax and/or program audit/review.
- d. **Personal Vehicle Purchase:** the following documentation must be provided to the coach by the participant and/or the dealership regarding the vehicle being purchased:
- Copy of the participant's valid Minnesota driver's license.
 - Copy of the participant's valid car insurance or quote for coverage.
 - Fair market value printout from KBB.com or NADA.com showing the vehicle's value falls within the range noted.
 - Copy of a Vehicle Inspection Report
 - Any repairs noted will require a repair estimate.
 - W9 form completed by the dealership.

- Copy of the title (both sides) and lien release (if applicable).
 - Copy of the tentative Vehicle Purchase Contract/Agreement.
 - If applicable - copy of the loan documents showing terms, interest rate, monthly payment.
 - Copy of the Carfax or AutoCheck report - if available from the dealership at no cost to the participant.
 - After the purchase, the FAIM coach will follow up with the participant and/or dealership and provide a final copy of the Vehicle Purchase Contract/Agreement with program payment listed or an itemized receipt for the program funds – AND a copy of the title transfer document that will be filed with the DMV to document the FAIM participant is the sole owner of the vehicle.
4. The local coach must submit payout requests with supporting documents to FAIM Admin by 2:00pm Thursday for processing to get a check cut and mailed the following Thursday. Incomplete requests or those submitted after 2pm may not be paid the next week. Holidays, inclement weather, and availability of staff within the Fiscal Agency may affect processing and payout of the request.

Upon receipt of the forms mentioned in section 3 above, FAIM Admin within the Fiscal Agency will verify the following information BEFORE a payment(s) will be processed:

- a. Participant has completed the required 12 hours of financial management and 10 additional hours of asset-specific training.
- b. Verify that the participant has met the minimum enrollment requirement. Enrollment timelines are based on the date first deposit was made to the participant's FAIM savings account.
- c. Verify that the participant's portion of the payout (savings) has been electronically transferred from their account at the financial institution of the Fiscal Agent's account.
 - If electronic transfer of funds is not available and a check is issued by the financial institution to the Fiscal Agent, the check must be included with the payout forms and will be deposited into the Fiscal Agent's account.
- d. Review the program database, or contact the financial institution, to determine the participant's available savings and eligible match for the payout.
- e. If follow-up is required for a payout, FAIM Admin will email the local coach to request. If the coach does not respond to Admin within 2 business days, their supervisor may be contacted. If the follow-up issue cannot be resolved within 5 days after contacting the coach and/or their supervisor, the payout request may be denied.
- f. The local FAIM participating agency working with the account holder will be responsible for repayment of match to the Fiscal Agent if:
 - Any portion of the FAIM funds were applied incorrectly without a refund issued to the Fiscal Agent
 - Follow-up documentation is not provided verifying program funds were fully applied to the approved asset purchase.

Fiscal Procedures

A. Cash Disbursement Procedures

1. All forms and supporting documents for a payout request must be submitted by the local coach to FAIM Admin by 2:00pm on Thursday for tentative payment to be processed and mailed the following Thursday.
 - **Exceptions to this include holidays, weekends, weather-related closures, and staff availability due to illness or personal time off.**
2. FAIM Admin must submit all payout paperwork (forms, supporting documentation, and account holder savings) to the Fiscal Agent's accounting office by 9:00am on Tuesday for a check to be mailed on Thursday of that week. Any accounts payable paperwork turned in after 9:00am Tuesday will not be processed until the next accounts payable period.
 - **These dates are subject to change due to holidays, weekends, and staff availability. See B: Exceptions.**
3. **Lost Checks:** The vendor must allow two (2) weeks for delivery after the check was mailed by the Fiscal Agent. If, after two (2) weeks, the vendor has not received the check, a Void Check form will be completed by FAIM Admin and sent to the vendor for signature. The vendor will return the form to the Fiscal Agent and a replacement check will be prepared and mailed to the vendor during the third week. If the initial check surfaces, the vendor must immediately return it to the Fiscal Agent. **See B: Exceptions.**

B. Exceptions to Cash Disbursements:

1. **Holidays:**
 - When Tuesday is a holiday, all accounts payable must be turned in by 5:00pm on the last business day prior to the holiday.
 - When Thursday is a holiday, accounts payable will be processed and mailed on Wednesday.
2. **Late requests / special run:** Any accounts payable turned in after the Fiscal Agent's cutoff day/time that requires it be processed that week will only be completed with approval of the Executive Director and/or Fiscal Director.
3. **Holding checks:** The Fiscal Director, with the Executive Director's knowledge, has the authority to hold any check for reasons such as missing documentation, invoice or participant funds, incomplete documentation, etc. The Fiscal Director will notify FAIM Admin when a check is held. FAIM Admin will notify the local coach. When the issue is resolved, the check will be released.
4. **Lost checks:** If a check needs to be replaced prior to the three-week waiting period, it will require approval from the Fiscal Agent's Executive Director and/or Fiscal Director.
5. **Staff availability:** Fiscal Agent staff availability can affect the processing of payouts and check runs. FAIM Admin will do their best to provide the network with advance notice of personal leave that may affect the payout process.

Participant Spending Period Extension

All FAIM participants must strive to complete the program and exit within their enrollment timeline (typically 30 months but may vary by grant and/or availability of funds). This is especially true of participants enrolled for Business Development and Personal Vehicle Purchase which have limited outside factors affecting completion. Participants enrolled for Home Purchase or Post-secondary Education must also strive to spend within their enrollment periods but may experience circumstances beyond their control such as a competitive housing market or being limited by the college term or course availability.

If a participant attempted to spend within their enrollment timeline but outside factors interfered, an extension beyond the 30-month limit may be considered. The participant must contact their coach and work together to complete a Contract Extension Request form least 30 days prior to their spending deadline.

To participant must have completed their required training hours (12 hours of financial management and 10 additional hours of asset-specific training) and any other requirements of their chosen asset track. The participant will work with their coach to complete the Contract Extension Request form – including 1) reason(s) why they were not able to spend and require the additional time; 2) create a plan with their coach detailing the steps necessary to spend by their new deadline (typically 60-90 days). The participant and coach will each sign/date the form, and the coach will submit the extension request form to FAIM Amin for review and approval/denial.

- Extensions will be considered on a case-by-case basis and **are not guaranteed**. If approved, FAIM Admin will provide the coach a signed copy of the extension to be placed in the participant's file. If denied, the coach will be notified by email.
- An extension is contingent on time **and** funds remaining in the grant. If the request for additional time exceeds the end of the grant, it cannot be approved. If time and funds are available, an extension of 90 days beyond the participant's original spending deadline may be considered.

A participant's saving/match period cannot be extended – no exceptions. Any deposit made to a participant's FAIM account after their 24-month saving period has ended will NOT be matched - even if the final day of the saving period falls on a weekend or federal holiday.

FAIM SCREENING TOOL

Household income must be at or below 200% of the current Federal Poverty Guideline (FPG). The current FPG is available on the program's website: www.minnesotafaim.org. Household net assets must be at or below \$10,000.

ELIGIBILITY SCREENING CRITERIA:

The applicant must have current earned income (wages or self-employment) for deposits to FAIM savings, and their household income must be at or below 200% of the current year's Federal Poverty Guideline. Child support, Social Security Administration benefits, county benefits, foster care stipend, unemployment benefits, worker's compensation, etc. do not qualify as earned income, but must be included in the household annual gross income calculation.

Verification of income is required from **all adults in the household**. Options are:

- **Current federal 1040 tax return – preferred method.**
 - If there was income from a business, Schedule 1 and Schedule C are needed.
 - If there was other income noted (unemployment, social security, etc.), the Schedule 1 form is also needed.
 - If it is early in the tax season and the applicant has not filed their return yet, the previous filing may be accepted.
- If the Federal 1040 is not available, use one of the following options:
 - Previous year's W-2's, 1099's, etc. from all jobs **AND** documentation of income from any other sources.
 - Previous three full three months of pay stubs from date FAIM application was signed by applicant **AND** documentation from any other sources of income.
 - Self-employment worksheet **AND** documentation from any other sources of income

NET ASSETS OF THE FOLLOWING CANNOT BE OVER \$10,000

- Funds in savings and/or checking accounts
- Interest income over \$50 per year
- Liquid assets such as stocks and bonds
- Real estate/property in addition to principal residence
- Business value minus business loan balance
- Vehicle value minus vehicle loan balance (allowed 1 vehicle per household)
- Recreational vehicles in the household (ATV's, RV's, motorcycles, boats, etc.)

NOT CONSIDERED AN ASSET:

- Interest income under \$50
- Retirement accounts that have a substantial penalty for early withdrawal
- Irrevocable trust held by any member of the household.
- Ownership of a primary residence
- One vehicle per household (not per person)

(When determining net worth, the aggregate market value minus the loan balance/obligations are considered in the asset test)

PROGRAM AUTOMATIC DISQUALIFIERS:

- Default on student loan payment
- Government tax lien
- Arrears on child support

Asset Limitations

- Applicants for Home Purchase Asset Track:
 - Ongoing sustained employment, income to support loan repayment, and a credit score of 650+ will be needed to be pre-approved by a lender for a mortgage.
 - The applicant and/or their spouse/partner can't have owned a primary residence within three years prior to applying for FAIM.
 - If an applicant has financial issues that may prohibit purchasing a home within the program's time limit (typically 30-months), they may not be enrolled. Some examples may include: low credit score, gaps in employment, inconsistent or insufficient income that will not support loan repayment, significant debt, judgments/collections/late payments noted in their credit report, etc.. Instead of taking an application, the local coach shall place the applicant on their wait list and work with them to resolve barriers/build readiness for potential future enrollment.
- Applicants for Personal Vehicle Purchase Asset Track:
 - Are not eligible if there is a reliable vehicle in their household.
 - Cannot already own a reliable vehicle.
 - Are not allowed to use their account to purchase a vehicle for someone else.

TEN CORE FINANCIAL MANAGEMENT SKILLS FOR FAIM PARTICIPANTS

1. Creating a working budget by developing income, spending, saving, and debt reduction plans, and preparing/saving for emergency and non-monthly expenses.
2. Understanding the importance of asset-building to build wealth, and the role of needs versus wants in meeting asset goals.
3. Determining net worth, applying strategies to build it, and understanding the difference between useful debts (e.g. - mortgage) and draining debts.
4. Reviewing credit report annually, knowing how to repair a negative credit report and how to maintain a positive credit rating.
5. Understanding debt-to-income ratios and how to implement a debt reduction plan using a range of personal and community resources.
6. Knowing how to select and use financial institutions and financial products, and how to resolve problems with them.
7. Keeping accurate and easily accessible financial records.
8. Understanding relevant tax issues (EITC – Earned Income Tax Credit, WFC – MN Working Family Credit, renter’s rebate or property tax refund, child tax credit, K-12 education credit, etc.) and basic insurance terms and needs (medical, vehicle, home, disability, life).
9. Understanding the basic tools of saving and investing for retirement (IRA’s, 401k’s, etc.).
10. Avoiding common predatory financial practices (sub-prime lending, payday loans, rent-to-own) and being aware of consumer protection remedies.