



**PROGRAM POLICY MANUAL**  
LANDLORD RISK MITIGATION FUND



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## Landlord Risk Mitigation Fund Program Overview

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The Landlord Risk Mitigation Fund (LRMF) is a program of the Fargo-Moorhead Coalition to End Homelessness (Coalition). LRMF is a formal partnership among housing providers, property owners and managers, service providers, and persons with barriers to accessing housing. The goal is to create access to housing through a 'Housing First' approach that emphasizes rapid placement and support in housing. The Fund should help persons who have housing barriers to meet screening criteria and maintain compliance with fair housing laws.

The Landlord Risk Mitigation Fund provides an incentive for landlords to rent to individuals and families who are homeless and face significant impediments to housing. Essentially, landlords agree to rent to people who would not qualify under standard screening criteria – in return for a commitment by the participant and a partner agency to access coverage through a landlord guarantee fund.

The program aims to:

- Mitigate the traditional risks associated with less stringent screening criteria.
- Meet the needs of persons who otherwise could not access housing.
- Protect the interests of landlords.

The Landlord Risk Mitigation Fund will reimburse up to three thousand dollars (\$3,000) for physical and operational losses for up to two (2) years after move-in. The fund could cover the following expenses:

- Damages caused by participant (tenant) in excess of normal wear and tear to the unit which exceeds the security deposit.
- Up to two (2) months of non-payment of rent if the participant (tenant) does not vacate the apartment in good standing.
- Court costs and attorney fees where necessary, up to five-hundred dollars (\$500), to terminate a tenancy and remove a participant for nonpayment of rent for other serious and repeated violations of the lease in accordance with state law. (Landlords seeking reimbursement must provide evidence that they took reasonable steps to avoid eviction and that a legal proceeding was necessary to avoid greater financial hardship).

What the program is not:

- A cosigner.
- A rental assistance program.
- An emergency assistance program.
- A direct financial benefit to the tenant.
- Guaranteed money for the landlord.
- Meant to upgrade the property.

Program funds are held by the Coalition as a 501c3 charitable organization. Additional funds also be held by other organizations in formal partnership of LRMF.

All policies for the LRMF are approved by the Coalition Board of Directors in consultation with and upon recommendation from the Advisory Board.

# Landlord Risk Mitigation Fund Program Policy

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## **PROGRAM OVERSIGHT AND ADMINISTRATION**

### **Advisory Board**

The Advisory Board is appointed by the FM Coalition Board of Directors to provide oversight and administration of the LRMF program.

- Review and grant approval of applications and claims submitted for the fund.
- Approval of payments, and the determination of appropriate levels of compensation.
- Recommends policy to the Board of Directors and procedure to the program manager.
- Responsible for the policies and procedures, implementation and evaluation of the LRMF program, and for communicating relevant concerns to the Fargo-Moorhead Coalition to End Homelessness (herein referred to as the Coalition) Board of Directors.
- To review completed applications for the fund and make a determination.
- To give feedback to the Board of Directors about the performance of the program manager.
- To determine the policies and procedures by which the fund is administered.
- To receive claims against the fund and make a determination as to its validity and the amount to be paid, if any.
- With the support of the program manager, evaluate the program, and communicate the results of such evaluation.

### **Advisory Board Responsibilities**

- **Makeup:** The Advisory Board is comprised of no less than six (6) and no more than eight (8) members appointed by the Board of Directors of the Coalition. It is recommended that the Board of Directors should strive for balance in the makeup of the Advisory Board in gender and expertise including housing experts drawn from the nonprofit community, the business community, the faith community, and city government.
- **Term:** Each appointed member shall serve a term of three (3) years. Terms will be staggered to maintain consistency on the board. Each member shall be eligible for re-election to up to two (2) terms.
- **Vacancies:** Vacancies occurring on the Advisory Board shall be filled, as soon as reasonably possible, by appointment of the Coalition Board. Persons appointed to fill an unexpired term shall serve out the unexpired term of his or her predecessor in office and be eligible to stand for election for two (2) full terms.
- **Attendance:** Attendance at meetings is strongly encouraged and can be either in-person or electronic.
- **Removal:** An appointee who consistently fails to attend or participate may be removed and replaced by the Coalition Board of Directors at the request of the Advisory Board.
- **Officers:** Officers will include a Chairperson, Vice-Chairperson, and Secretary/Treasurer. Officers will be elected by a simple majority of the Advisory Board. Officers will serve a one-year term and may be re-elected.
- **Duties of the Chairperson:** The Chairperson shall preside at the Advisory Board meetings. The Chairperson has the right to vote if they are an elected member of the board.
- **Duties of the Vice-Chairperson(s):** In case of the death or absence of the Chairperson, or the inability from any cause to act, the Vice-Chairperson shall perform the duties of the Chairperson.
- **Duties of the Secretary/Treasurer:** To review the minutes of the Advisory Board meetings and the financial reports and report them to the membership. In the case of the death or absence of

the Chairperson and Vice-Chairperson, the Secretary/Treasurer shall perform the duties of Chairperson.

- Meetings: In-person meetings will be held monthly, unless otherwise specified, at a time and location decided by the Advisory Board. When possible, an electronic option for attendance will be available.
- Discussion to obtain consensus will be the prevailing procedure used at meetings. Process for consensus decision-making will be determined by members of the Advisory Board.
- Meeting minutes will be recorded for each meeting by the Program Manager or appointed designee. They will be distributed and stored in such a way as to protect the participant's confidentiality.
- Voting Members: All appointed Advisory Board members shall have one (1) vote. Coalition staff shall not vote but may advise.
- Electronic Voting: At the discretion of the Chairperson, electronic voting is allowed to ease the challenge of making leadership decisions between meetings or when timing or travel is unrealistic for one or more members. The voting period and required response date shall be prominently posted in the request for vote.
- Quorum: A quorum for the transaction of any business by the Advisory Board or shall be a simple majority of the non-vacant seats on the Advisory Board.

### **Conflict of interest Policy**

It is important for each member to be aware that both real and apparent conflicts of interest or dualities of interest sometimes occur in the course of conducting business of the LRMF Advisory Board and that the appearance of conflict can be troublesome even if there is, in fact, no conflict whatsoever. Conflicts occur because the many persons associated with LRMF program should be expected to have, and do in fact generally have, multiple interests and affiliations and various positions of responsibility within the community. In these situations, a person will sometimes owe identical duties of loyalty to two (2) or more organizations. Therefore, the following general principles have been established:

- Each member of the Advisory Board has a duty of loyalty. The duty of loyalty generally requires a member to prefer the interests of LRMF program over the member's interest or the interests of others.
- In the event any Advisory Board member or a member of his or her family has a personal or business interest in, or is involved in any way with, an organization with which the Board is considering a grant request or business contract, such interest or involvement must be disclosed to the Board. In such an event, the interested member shall neither vote nor participate in the discussion of the matter. However, any member who is excluded from voting or discussion pursuant to this policy may answer pertinent questions of other Board members and be present during the discussion.
- The minutes of the meeting shall indicate that the interested member disclosed the interest or involvement in the matter being considered by the board, recused herself/himself from the discussion, and abstained from voting on the matter.

### **Program Manager**

The Program Manager is the Executive Director of the Coalition. Coalition staff can be designated by the Executive Director or Advisory Board to serve as Program Administrator. The manager provides general operational oversight of the program including:

- Receiving applications and claims and presenting them to the Advisory Board.
- Processing payments when claims are approved.

- Maintaining program files and data collection.
- Provides staff assistance to the Advisory Board and may make recommendations on applications, claims, finances, policy, and procedures.
- Providing program reports to the Advisory Board, Board of Directors, and general Coalition.

### **The Fund**

Program funds are held by the Coalition. Additional funds may be held by other organizations in formal partnership and support of LRMF.

- Administration of the fund is provided for through the Coalition budget approved annually by the Board of Directors.
- Donations to the fund are received by the Coalition, with a minimum of ten percent (10%) being appropriated for administration of the program, unless otherwise directed by the donor.
- The Advisory Board or Program Manager may waive or increased the administrative percentage.

### **Data Standards**

A database of participants will be kept by the Program Manager. At a minimum, the following data is kept up to date on each participant:

- Participant name.
- Participants start and end dates in the program.
- Original and current service provider/worker.
- Original and current property company or landlord.
- Detailed information on file: Move-in photos, move-in checklist, landlord information agreement, claim forms, application agreement, ROI, and landlord risk certificate.
- VI-SPDAT score.
- Program status.
- Claim status and amount paid.

The Program Manager provides regular reports on the status of the program to the Advisory Board and the general membership of the Coalition as requested or deemed appropriate by the manager. This report includes, but is not limited to:

- Available openings in the program.
- Applications year-to-date (YTD).
- Active applications in process.
- Approved applications YTD.
- Denied applications YTD.
- Participants currently under lease.
- Participants currently searching for housing.
- Claims filed YTD.
- Balance of program funds.

### **Program Eligibility**

To be eligible for the LRMF, a household must be experiencing homelessness and be receiving services from a reputable service provider such as a homeless housing program or mental health provider.

Service providers apply for the program on behalf of the household. Service providers must currently work for a government, non-profit or other service agency that has a history of providing supportive service, coordination, and/or case management services and is a member in good standing of the FM Coalition to End Homelessness.

## **Policy Approval**

All policy for the LRMF is approved by the Coalition Board of Directors in consultation with and recommendations from the Advisory Board.

## **ROLES AND EXPECTATIONS OF PARTNERS**

### **Participant (Tenant)**

Participants are individuals approved to participate in the program. The participant or tenant is considered the Head of Household.

### **Participant (Tenant) Expectations**

1. All participants are expected to follow the terms of their lease agreement.
2. Maintain regular communication with both their service provider and landlord.
3. Participant is responsible for all activities associated with the tenancy and charges incurred as a result of their tenancy.
4. If the Head of Household withdraws, is terminated from the unit or exits the program any additional family members will also be considered withdrawn or exited from the LRMF program.

### **Service Providers**

Support organizations are to be the first point of contact with people and families in need. The organizations will provide screening to find individuals and families that qualify for LRMF, apply on behalf of the potential participant, provide case management when a participant is leased in a unit, and act as needed as the communication bridge between landlord and participant. Support organizations must be members of the Coalition in good standing to access/participate in LRFM.

### **Service Provider Expectations**

The service provider must provide supportive services to the household while they are enrolled in the Landlord Risk Mitigation program including, but not limited to, the following provisions:

1. Provide referrals to tenant education, financial literacy, and basic home maintenance.
2. Provide education regarding the tenants' lease.
3. Use risk management and harm reduction models to decrease destructive behaviors.
4. Provide no less than monthly home visits for the first twelve (12) months of enrollment and quarterly for the remainder of the program. If the participant or tenant does not continue contact with the Service Provider, the participant will be withdrawn from the LRMF program.
5. Report to LRMF participant noncompliance.
6. Make no less than quarterly contact with the landlord: immediate, if a situation warrants.
7. Make contact with Coalition no less than quarterly.
8. Assist tenant and landlord in doing a thorough check-in and check-out procedures, including pictures and documentation of rental unit's condition.
9. Assist tenant with ensuring documentation of rent paid and maintenance requests.
10. Provide a copy of the lease and inspection form to the Coalition upon completion.
11. Obtain signed releases of information for the future landlord and the Fargo-Moorhead Coalition for Homeless Persons.
12. Contact fund administrator about any changes in service providers.
13. Coordinate with the fund administrator regarding any potential claims.

14. Should the service provider not be able to fulfill responsibilities, the provider agency will be responsible to find other suitable providers within the agency or from another source.

### **Property Owners & Managers (Landlords)**

Landlords participating in the program are pivotal to the program's success. These companies may set aside a portion of their housing units that will be specifically dedicated to the Landlord Risk Mitigation Fund. They may be asked to provide evaluations of the program as they gain experience with claims. The Coalition and the Service Provider will not publish or distribute, in any fashion, the landlord's name or participation in the Landlord Risk Mitigation Fund except as expressly directed by the landlord.

### **Landlord Expectations**

1. Sign a lease with the tenant and provide a copy of the lease to the tenant, the services provider, and the FM Coalition staff person.
2. Make and keep a copy of the tenant's LRMF certificate.
3. If the tenant defaults on the lease or damages the property in excess of the damage deposit, contact the service provider and the FM Coalition to End Homelessness.
4. Landlords applying for reimbursement of physical repair costs must document the condition of the LRMF unit in writing at move-in. This is necessary to document the condition of the unit at the beginning of the tenancy to determine the damage caused by the LRMF tenant.
5. In the event of suspicion of excessive damages, lease violation, abandonment, etc., the landlord must contact the service provider and/or fund administrator.
6. Submit to inspection of the unit by a fund designee.
7. Provide any and all pertinent documentation of damages, monies owed, insurance, mediation, etc., relating to the fund participant.

## **PROGRAM ELEMENTS**

### **Program Application**

1. The service provider applies to the program on behalf of the prospective participant.
2. The service provider fills out the application with the knowledge and assistance of the participant.
3. Prospective participant agrees to receive ongoing housing case management for up to two (2) years as part of the program.
4. Service provider agrees to provide up to two (2) years of housing case management.
5. Service provider agency submits the application electronically to designated Coalition staff noting LRMF application in the subject line.
6. The Advisory Board reviews all applications and makes recommendations and decisions about program participation.

### **Certificate of Acceptance**

1. Upon approval of the application by the Advisory Board, the service provider receives a certificate of acceptance that includes the tenant's name, start date of the certificate, expiration date of the certificate, overview of the program, and Coalition contact information.
2. The certificate expires after ninety (90) days from the date of issue and eligible for renewal if housing isn't secured by that time.
3. Renewal for a second ninety (90) day certificate is made by verbal or written request of the Program Manager or Program Administrator.



4. Additional renewals after six (6) months of the first certificate issue date must be requested of the Advisory Board in writing with an update on the status of the participant and demonstration of continuance in the program.

### **Searching Status**

1. Upon being issued a certificate, participant and service provider locate a landlord willing to rent to the participant within the parameters of the LRMF Program.
2. Service provider or participant provide the landlord with a copy of the certificate.
3. Service provider is responsible for explaining the program to the landlord and participant. Landlord contacts the Coalition staff if with any questions.

### **Leased Status**

1. Upon the landlord's approval to become a tenant, the service provider submits the proper documentation that includes:
  - a. Copy of lease.
  - b. Written documentation unit condition prior to move in, such as move-in checklists and any additional documentation provided by the landlord.
  - c. Photo documentation of the condition of the unit.
  - d. Signed documentation of landlord participation.
  - e. The Service Provider must notify the Coalition of the tenant's move-in and must provide a copy of the lease, LRMF Application, and Landlord Agreement or Landlord Information Sheet within fifteen (15) days of lease signing.
2. Electronic documents are preferred.
3. Service provider fulfills housing stabilization efforts for the duration of the program.
4. Landlords relate and communicate with the tenant as they would with any other tenant. Should the need arise, the landlord may utilize the assistance of the service provider or mediation services to maintain a positive tenant-landlord relationship.

### **Moving While on the Program**

1. Should the participant need to move for any reason during the term of the program, the balance of the remaining time can transfer.
  - a. Service Provider will notify the Coalition within fifteen (15) days of the tenants' housing relocation if the participant wishes to continue to participate in the LRMF program. The Service provider will include updated documentation, which includes:
    - i. New copy of the lease.
    - ii. LRMF Application.
    - iii. Claim Form.
    - iv. Move-in photographs and Checklist.
    - v. Landlord Information Agreement.
    - vi. A letter or email from Service Provider explaining the purpose of the move.
    - vii. Any Prior Claims, if not already provided.
  - b. To another unit/property under the same landlord.
  - c. To another landlord, providing the new landlord agrees to participate in the program.
2. Only the balance of unused time and claim funds follow the participant to a new unit/property.
  - a. Service provider can request of an additional amount of indemnification funds or eligible time to be allocated to the tenant's continued participation in the program.

### **Claims**

LRMF can indemnify two (2) types of claims through the Risk Mitigation Fund: physical and operational. While the initial claim form for each of these claims is the same, the documentation required, and the cost reasonableness evaluation procedure differs.

The amount eligible from the fund will be reduced by the amount that could be recovered from an insurance claim when the after-deductible benefit amounts to three thousand dollars (\$3,000) or more. The decision of whether to actually file a claim is up to the landlord.

### **Physical**

DEFINITION: These are claims for physical damage to a LRMF unit, caused by a LRMF tenant. It is assumed that all unit turnovers require a certain amount of repair (cleaning, painting, and some carpet replacement would not be unusual).

1. LRMF tenant causes physical damage to their unit and/or elsewhere on the property. These costs qualify may be covered by the Risk Mitigation Fund.
  - a. Physical claims could include the following:
    - i. Excessive cleaning, including carpet cleaning.
    - ii. Debris removal and disposal.
    - iii. Repair of doors, walls, cabinetry.
    - iv. Other damages in excess of those arising out of normal wear and tear.
    - v. Damage to common areas by LRMF tenant may qualify, depending on the circumstances.
  - b. Physical items not included are:
    - i. Normal wear and tear.
    - ii. Normal turnover costs.

### **Operational**

DEFINITION: Operational claims are claims related to lost rent revenues or excessive operating losses. LRMF is not a rent subsidy program.

1. Claims for excessive operational expenses could include:
  - a. Legal costs related to evictions, up to five-hundred dollars (\$500).
  - b. Rent that is owed but not collected, not to exceed sixty (60) days.
  - c. Rent during the vacant turnover time when a tenant has broken the lease and that period exceeds thirty (30) days.
  - d. Other items such as utilities might be included, depending on the circumstances.
2. Claims not eligible for reimbursement include:
  - a. Any increase in insurance premiums.
  - b. Lost rent during initial lease-up period.
  - c. Operational costs that are considered normal business expenses for operating the rental unit.

In general, all claims are to be submitted after termination of the lease has occurred. The fund may also be used to prevent a termination in certain circumstances when a physical claim is filed but must be approved by the advisory board on a case-by-case basis.

### **Filing a Claim**

1. Claims can only be filed for units covered that have been approved for coverage by the Advisory Board.
2. Proper documentation must be submitted with each claim.

3. Landlords applying for reimbursement of physical repair costs must document the condition of the LRMF unit in writing at move-in. This is necessary to document the condition of the unit at the beginning of the tenancy to determine the damage caused by the LRMF tenant.
4. The fund administrator should be contacted immediately and may do an emergency inspection by a fund designee and walk the landlord through the claims process.
5. Landlords will be required to complete a claim form.
6. For all types of claims, documentation must include:
  - a. Landlord, project name and address, unit number, statement that the unit is being used as a LRMF unit, claim amount requested, type of claim (could be more than one for a single unit/incident), reductions for reimbursement from other sources (deposits, insurance, or other programs, collected rent for period etc.), explanation of reason for claim request and a certification that all costs are actual costs and not being reimbursed from other sources.
7. For physical damage claims only:
  - a. In addition to completing a claim form, claimants must attach a description (work order or contract) of the proposed repairs including quantities, materials, unit prices, an estimate, and a bid or invoice for repairs (including material and labor). Photos of damage should be provided.
  - b. LRMF will use the landlord's standard move-out accounting and documentation on claims for security deposits as a way of determining when repairs are beyond normal wear and tear.
8. For operational losses only:
  - a. Landlords must complete a separate claim form for Operational Losses as well as provide a brief explanation of what occurred and what actions the landlord took to try to limit losses.
  - b. Landlord must attach the standard move-out accounting and documentation used to make claims against security deposits.

### **Claim Review**

1. The LRMF Claim Form (must be completed and signed by the tenant and the Landlord.
2. All claims will be reviewed by the LMRF Advisory Board, who will determine that the unit is eligible, that the application is complete, that the repairs are necessary, and the cost of the repairs is reasonable.
3. The LRMF Advisory Board will determine the amount of claim to be paid. Third-party verification may be requested.

### **Appeals**

1. Appeals on claims may be made first to Advisory Board, then fund administrator, and last to Coalition Board of Directors for final decision.
2. The advisory board will have an opportunity to see the appeal decisions, in their regular program reviews to look at potential program changes or challenges.

### **Disbursement of Funds and Statute of Limitations**

1. Claim checks will be issued and sent to the landlord within thirty (30) business days of the completed application submission and Advisory Board approval.
2. The claims form and required accompanying materials must be submitted to LRMF within sixty (60) days from the time the damage or loss occurred.

3. An exception to this requirement is if pending insurance determination that would prevent the claims form from being complete. In these instances, LRMF must be notified of the intent to file a claim within sixty (60) days of the occurrence.