



National Foreclosure Mitigation Counseling Program  
Funding Announcement for  
**Round 10 and Supplemental Grant Funds**

**Significant changes or clarifications since Round 9 are in red font throughout this document.**

**January 11, 2016**

**Updated on 05.04.2016**



# National Foreclosure Mitigation Counseling Program Round 10 and Supplemental Grants Funding Announcement January 11, 2016

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# National Foreclosure Mitigation Counseling Program Round 10 and Supplemental Grants Funding Announcement January 11, 2016

## Background

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On December 18, 2015, the President signed into law the Consolidated Appropriations Act of 2016. The bill allocates \$40 million for the National Foreclosure Mitigation Counseling (NFMC) Program's tenth round of grant and program activities. Understanding the demand for funds to support foreclosure counseling across the nation, NeighborWorks will move forward quickly with a NFMC Program Round 10 application process now that the appropriations bill has passed and the NFMC Program funding has become law. Supplemental Grants may also be made under this Funding Announcement as a result of recaptured or underutilized NFMC Program funding made available from previous grant rounds, from future appropriations, or otherwise.

With this Funding Announcement, NeighborWorks notifies eligible Applicants about the ability to request available NFMC Round 10 and NFMC Supplemental Grant funds from a variety of sources – including the Consolidated Appropriations Act of 2016; funds available due to recapture, de-obligation, and roll-over of funds from previous grant rounds; future appropriations; or any other funding source or mechanism. Accordingly, all program requirements stated in this Funding Announcement are subject to change based on the discretion of NeighborWorks America.

The performance period for NFMC Round 10 is October 1, 2015 to June 30, 2017. The expectation is that all NFMC Round 10 funds shall be expended by June 30, 2017.

The start date of the performance period for NFMC Supplemental Grants will be determined at the date of the award but shall have a performance period not greater than twelve calendar months. NeighborWorks reserves the right to vary performance periods for Supplemental Grants by Grantee based on factors such as award size and spend-down rates.

## Purpose of Funding

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The NFMC Program is designed to support the provision of foreclosure intervention counseling services on a short-term basis by HUD-Approved Housing Counseling Intermediaries (Intermediaries), State Housing Finance Agencies (HFAs), NeighborWorks organizations (NWOs), and other housing counseling agencies with whom they contract. Funds will be awarded to Applicants with Demonstrated Experience in foreclosure intervention and loss mitigation counseling.

To date, the statutory authority for the NFMC Program mandates that the majority of the awarded funds be prioritized for use in “Areas of Greatest Need.” These are defined as areas experiencing a high rate of defaults and/or foreclosures (see [Exhibit 1](#) for a list of geographies defined as Areas of Greatest Need and Areas of Extraordinary Need). Collectively, Grantees will use the funds to provide mortgage foreclosure intervention and loss mitigation counseling assistance primarily in the defined Areas of Greatest Need and Areas of Extraordinary Need – the metropolitan statistical areas (MSAs) and rural areas of states with high rates of defaults and/or foreclosures. Some of the grant funds may be utilized outside Areas of Greatest Need and Areas of Extraordinary Need.

NFMC Program funds must by existing statute, be used for delivering foreclosure counseling only to owner-occupants of single-family (one- to four-unit) properties with mortgages in default or in danger of default. Tenants, heirs, owners who do not have a mortgage on the subject property, and owners (including investors) who do not live in the subject property are not eligible to receive counseling through the NFMC Program.

The program recognizes that a variety of strategies may be used to intervene in a default and prevent foreclosure. Eligible Applicants must have the ability to deliver foreclosure intervention counseling activities including but not limited to: analysis of the client's financial situation; evaluation of the current value of the home that is subject to the mortgage; review of options such as the assumption or purchase of the mortgage by a non-federal third party; other restructuring and refinancing strategies; and the approval of a workout strategy by all interested parties. While the goal is to assist homeowners in retaining their homes with a mortgage they can afford, in some instances curing a default may require sale of the home.

The intent of NFMC Program funding is to expand and supplement counseling services available to families facing default and foreclosure. It is expected that eligible Applicants will make every effort to receive reimbursement for counseling services from other sources, such as investors and/or servicers, to increase the sustainability of these services. NFMC Program funds are not meant to replace current or future fee-for-service arrangements between counseling agencies and servicers, lenders, or other interested parties. **Counseling agencies receiving NFMC Program funds are required to keep a separate foreclosure program budget and must keep a record of all reimbursements received and costs of implementing the agency's foreclosure counseling program.** NeighborWorks shall have the right to request copies of such records at any point during the grant period and the subsequent evaluation and record retention period.

Details about the NFMC Program, including the statutory language that governs the program, can be found at [www.neighborworks.org/nfmc](http://www.neighborworks.org/nfmc). NeighborWorks reserves the right to make exceptions to the guidelines set forth in this Funding Announcement. Please direct any questions about the program or this Funding Announcement to [nfmc@nw.org](mailto:nfmc@nw.org).

## Definitions

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1. **Affiliate.** An “Affiliate” is defined as a nonprofit organization participating in the NFMC Program through a HUD-Approved Housing Counseling Intermediary or State Housing Finance Agency. The Affiliate organization is incorporated separately from the national or regional HUD-Approved Housing Counseling Intermediary or State Housing Finance Agency. An Affiliate is: (1) duly organized and existing as a tax-exempt nonprofit organization, (2) in good standing under the laws of the state of the organization, and (3) authorized to do business in the states where it provides or proposes to provide housing counseling services.
2. **Applicant.** “Applicant” refers to a HUD-Approved Housing Counseling Intermediary, State Housing Finance Agency, or NeighborWorks organization applying directly for NFMC Program funding.
3. **Branch.** A “Branch” or “Branch Office” is an organizational and subordinate unit of a NeighborWorks organization, HUD-Approved Housing Counseling Intermediary or State Housing Finance Agency, not separately incorporated or organized. A Branch or Branch Office must be in good standing under the laws of the state where it provides or proposes to provide housing counseling services.
4. **Contracted Counseling Entity.** A “Contracted Counseling Entity” (CCE) is a Housing Counseling Agency that a NeighborWorks organization Grantee has contracted with to deliver NFMC Program-funded counseling services.

As part of their executed Grant Agreement, NeighborWorks organization Grantees must furnish a list of CCEs which includes the organization name, address, contact person name, e-mail and telephone number. These Grantees may amend their CCE list after awards are made by submitting a written request to NeighborWorks. All active CCEs that counsel NFMC Program clients must have unique Branch identification numbers in the Data Collection System.

5. **Demonstrated Experience.** “Demonstrated Experience” refers to an Applicant’s successful and recent track record in providing foreclosure intervention counseling services. Demonstrated Experience must be shown in order to qualify for funding. To qualify as having Demonstrated Experience, an Applicant that has not previously received NFMC Program funding must certify that it (and, if applicable, each of its Sub-grantees, Branches, Affiliates or CCEs that will receive funding) has:
  - A. worked successfully with financial institutions and servicers, and with clients facing default, delinquency, and foreclosure; AND
  - B. documented counseling capacity, outreach capacity, past successful performance and positive outcomes with documented counseling plans (including post-mortgage foreclosure mitigation counseling), loan workout agreements, and loan modification agreements; AND
  - C. certified that at least one of the following is true for it and each Sub-grantee, Branch, Affiliate or CCE that will receive NFMC Program funding:

- 1) provided foreclosure intervention counseling services that included documented Action Plans to at least 50 people during the past year or 20 people during the most recent quarter; OR
- 2) 75 percent or more of the service area is in a rural area (if your organization is serving a community that is eligible for USDA Rural Development programs and services as of December 1, 2015, your organization may count that community as rural for the purposes of this application), AND your organization provided foreclosure intervention counseling services which included documented Action Plans to at least 25 people during the past year or 10 people during the most recent quarter; OR
- 3) provided foreclosure counseling services which include documented Action Plans to at least 12 people during the past year AND has at least one comprehensively trained and qualified foreclosure counselor on staff.

If the supervisor or counselors who achieved the outcomes in 5.C. above are no longer on staff or volunteering, Applicants may be asked to explain how they or their Sub-grantees, Branches, Affiliates or CCEs will achieve goals related to this grant, including how they will recruit and train new staff or volunteers. NeighborWorks reserves the right to ask Grantees to provide documentation of their Demonstrated Experience and the Demonstrated Experience of any Sub-grantees, Branches, Affiliates or CCEs as a condition of the award or at any point during the grant period or subsequent evaluation period.

6. **Grantee.** “Grantee” refers to the Intermediary, State HFA or NWO that directly receives awards in the NFMC Program.
7. **Housing Counseling Agency (HCA).** For the purpose of this Funding Announcement, a “HCA” provides foreclosure counseling through the NFMC Program but is not a NeighborWorks organization. It either has received HUD approval as a counseling agency or meets the minimum standards for HUD approval, and serves as a Sub-grantee of an Intermediary or State HFA. A local HCA may have a main office and one or more Branch Offices.
8. **HUD-Approved Housing Counseling Intermediary (Intermediary).** An “Intermediary” is a regional or national HUD-approved organization that provides housing counseling services directly and/or indirectly through its Branches or Affiliates, for whom it exercises control over the quality and type of housing counseling services rendered. A national Intermediary provides, in multiple regions of the United States: (a) housing counseling services directly and/or indirectly through its Branches or Affiliates or both; and (b) administrative and supportive services to its network of Branches or Affiliates, including but not limited to oversight, pass-through funding, training and technical assistance. A regional Intermediary is an organization which operates in a generally recognized region within the United States, such as the Southwest, Mid-Atlantic or New England, and provides: (a) housing counseling services directly and/or indirectly through its Branches or Affiliates or both; and (b) administrative and supportive services to its network of Branches or Affiliates, including but not limited to

oversight, pass-through funding, training and technical assistance. Intermediaries must have received HUD-approval on or before February 12, 2016 (the application due date) to be considered for funding.

9. **NeighborWorks organization (NWO).** For the purpose of this Funding Announcement, a “NWO” is a chartered member of the NeighborWorks network and can apply for NFMC Program funds directly if it does not have a provisional charter. All other Housing Counseling Agencies must apply through an Intermediary or State HFA.
10. **State Housing Finance Agency (HFA).** A “State HFA” or “HFA” is defined as the public body, agency or instrumentality created by a specific act of a state legislature, empowered to finance activities designed to provide housing and related services, (for example land acquisition, construction, or rehabilitation) throughout an entire state. HFAs may provide direct counseling services or sub-grant housing counseling funds, or both, to affiliated Housing Counseling Agencies within the HFA's state. “State” includes the States, Puerto Rico, the District of Columbia, Guam, the Commonwealth of the Northern Mariana Islands and the U.S. Virgin Islands.
11. **Sub-grantee.** “Sub-grantee” refers to an organization to which an Intermediary or HFA Grantee awards a sub-grant, and which is accountable to the Grantee for the use of the funds provided. A Sub-grantee may be separately incorporated or organized, but connected with an Intermediary or State HFA for purposes of responding to this Funding Announcement. All Sub-grantees must either be a HUD-approved Housing Counseling Agency or meet the minimum standards for receiving this approval. Intermediaries and HFAs will be held responsible for ensuring that all Sub-grantees, Branches and Affiliates adhere to the standards set forth in this Funding Announcement and agree to oversee the quality of services and adequacy of record keeping for each.

As part of their executed Grant Agreement, Intermediary and HFA Grantees must **furnish an electronic list** of Sub-grantees, Branches and Affiliates which includes the organization name, address, contact person name, e-mail and telephone number. Grantees may amend their Sub-grantee list after awards are made by submitting a written notice to NeighborWorks and submitting a revised Sub-grantee list to [NFMCUUpdates@nw.org](mailto:NFMCUUpdates@nw.org).

## Funding Available

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The available funds will be awarded through a competitive grant process and disbursed upon execution of a Grant Agreement, as outlined in this Funding Announcement. Of the available funds, at least 51% will be targeted to Areas of Greatest Need and/or Areas of Extraordinary Need.

In the event that additional funds become available for the NFMC Program (**whether through a future federal appropriation, through recaptured or de-obligated funding made available from a previous grant round, or through any other source or mechanism**), NeighborWorks reserves the right to award those additional funds as Supplemental Grants, giving priority to applications that



were reviewed and accepted as fundable under this Funding Announcement. Availability of Round 10 and NFMC Program Supplemental Grants might be restricted to certain Grantees on the basis of NFMC Program priorities (for example, the need to serve a specific geographic area).

**In the event that additional supplemental grant funds become available through recapture, de-obligation or any other mechanism, NeighborWorks will replicate its scoring methodology used to award funds during the NFMC Program Round 10 and NFMC Program Supplemental Grant award process to award the additional funding opportunity.**

NeighborWorks reserves the right to modify this process based upon actual usage/spend-down of funds awarded to Grantees in NFMC Program Rounds 9 or 10 or other relevant factors. NeighborWorks may publish a Supplemental Funding Announcement, which will also make funding available to eligible Applicants that did not apply under this Funding Announcement. Note, however, that to be eligible for additional Supplemental Grant funds, if available, NFMC Program Round 10 and Supplemental Grantees must complete and submit to NeighborWorks an “Expression of Interest” letter as described below. In addition, Grantees that may receive additional Supplemental Grant funds will be required to align with all other requirements that govern the awarding of NFMC Program Round 10 and Supplemental Grant funds.

NFMC Program Grantees that are awarded funds during the NFMC Program Round 10 and NFMC Program Supplemental Grant award process will receive an e-mail from [nfmc@nw.org](mailto:nfmc@nw.org) with a document attached titled, “Expression of Interest in NFMC Program Supplemental Grant Funds.” Grantees must follow the instructions and meet the requirements provided in the letter to be considered for NFMC Program Supplemental Grant funding.

#### **Request Amount Limitations**

No more than 15% of the total funds awarded shall go directly to NWOs. These groups have been specifically named as eligible Applicants in the authorizing legislation.

Depending on total demand for available funding, NeighborWorks reserves the right to establish award limits lower than both the maximum and minimum request amount during the grant review and award process. NeighborWorks also reserves the right to award Applicants less than their full funding request.

**NFMC Program Round 10 Funding Criteria: Recognizing the extreme demand for these funds, the need to provide access to foreclosure counseling services across the country – particularly in Areas of Greatest Need and Areas of Extraordinary Need, and the cost of monitoring Grantees to ensure program compliance and effectiveness, no one Applicant can request a total award of more than \$5,000,000 and no one Applicant can request a total award of less than \$50,000.**

Applicants should only apply for the amount of funding that they have the capacity to manage or spend down by June 30, 2017.



**Supplemental Grant Funding Criteria:** The criteria for Supplemental Grants may vary depending on total demand and dollar amount of available funding.

Award decisions will be based on a number of considerations, including (without limitation): (1) the recommendations and scores of grant reviewers with particular attention to the Applicant's Demonstrated Experience and capacity to deliver counseling services and/or manage multiple Sub-grantees, Branches, Affiliates or CCEs; (2) the reasonableness of Applicant's counseling goals; (3) geographic diversity, including coverage in Areas of Greatest Need, Areas of Extraordinary Need and the overall portfolio of NFMC Program units of counseling by MSA or rural area; (4) total demand for funding from all Applicants; (5) if applicable, performance under previous NFMC Program grants, including quality control and compliance findings, ability to spend down previous NFMC Program awards within the grant periods, and adherence to NFMC Program reporting requirements and deadlines; and (6) reported production and spending of previous NFMC Program grants. In making award decisions, NeighborWorks may rely on information not contained in Applicant's submitted application, including but not limited to Applicants' previously-submitted HUD Housing Counseling Agency Activity Reports (HUD 9902s), findings from HUD Housing Counseling performance reviews, financial audit reviews, timely submission of reports and responses to requests for additional information, and other available relevant information. NeighborWorks reserves the right to give preference to organizations that propose to provide a high percentage of Level Two counseling (see pages 9-22 for a description of Counseling Levels). All Applicants will be held to the Level One and Level Two percentages proposed in their applications, within the variances described in Exhibit 5.

It is important for Applicants to know that other funders of foreclosure counseling may have restrictions on how those funds can or cannot be combined with other funding sources.

## Eligible Applicants

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There are two categories of eligible Applicants, as follows:

- 1) **Intermediaries** that have been approved as Housing Counseling Intermediaries by HUD on or before 8:00 P.M. EST on February 12, 2016 (the application due date), and **State Housing Finance Agencies**. Both Intermediaries and State HFAs must have Demonstrated Experience in delivering foreclosure intervention and loss mitigation counseling services (see Definitions, #5). These Applicants' foreclosure intervention counseling staff must **not** be loss mitigation/servicing staff working on behalf of a lender or mortgage finance program.

First-time Applicants that are State HFAs must submit evidence of their statutory authority to operate as a State HFA, to serve the entire state, and to apply for and subsequently use any funds received. Only one HFA per state shall receive an award through this program. The NFMC Program maintains on file the statutes from past Grantees.

Applicants in this category will: (a) apply for funds on behalf of a network of local Housing Counseling Agencies that will deliver the delinquency and foreclosure intervention counseling services; (b) distribute grant funds to its own Sub-grantees, Branches or Affiliates that will deliver the services; or (c) provide direct foreclosure intervention counseling.

Any entity wishing to apply to become a HUD-Approved Housing Counseling Intermediary should visit: <https://www.hudexchange.info/programs/housing-counseling/resources/> to learn about eligibility requirements and the approval process. (Please note that approval can take up to two months and thus it may not be possible to complete the process in time to take advantage of this funding round).

Intermediaries and State HFAs must demonstrate the capacities required to serve as an Intermediary, including: the capacity to distribute funds; communicate with Sub-grantees, Branches or Affiliates; collect requisite data; and monitor quality, outcomes, and performance of each Sub-grantee, Branch or Affiliate.

Sub-grantees, Branches or Affiliates of Intermediaries and State HFAs are not required to be HUD-approved Housing Counseling Agencies. However, Intermediaries or State HFAs that award sub-grants to counseling agencies that are not HUD-approved must ensure that the Sub-grantees, Branches or Affiliates meet or exceed the minimum standards required for HUD approval and must keep a certification of such on file. A current list of all State HFAs and HUD-Approved Housing Counseling Intermediaries approved as of December 9, 2015 can be found in Exhibit 2.

Intermediaries and State HFAs are permitted to add or remove Sub-grantees during the grant period by submitting a written request to NeighborWorks and receiving approval. Adding Sub-grantees does not result in an increased grant award. Foreclosure counseling sessions completed by the added Sub-grantees can be counted toward the Grantee's goals.

- 2) **NeighborWorks organizations** that are existing chartered members of the NeighborWorks network **and** have Demonstrated Experience in delivering foreclosure intervention and loss mitigation services. NWOs must obtain their NeighborWorks charter on or before February 12, 2016 (the application due date) to be eligible. Local Housing Counseling Agencies that are not members of the NeighborWorks network cannot apply directly but must instead apply through an Intermediary or State HFA.

NWOs may contract with CCEs to provide foreclosure counseling, provided that such arrangements are made on a contractual basis, that no more than 50% of the awarded counseling units shall be contracted out, that the organizations meet or exceed minimum standards for designation as a HUD-Approved Housing Counseling Agency, and the NWO agrees to sign a standard Representation and Warranty as part of its NFMC Program Grant Agreement. The NWO applying for NFMC Program funds will be required to identify the organization(s) with which they plan to contract out part of their award, the Demonstrated

Experience of each organization, and the experience of the counselors working with clients under the grant as part of their application.

**A Note about Affiliations with Multiple Intermediaries and State HFAs.** State HFAs, HUD-Approved Housing Counseling Intermediaries, NeighborWorks organizations and other Housing Counseling Agencies may elect to participate in this program through affiliation with **multiple organizations**, but they must justify why this is critical in order to meet the demand for foreclosure prevention counseling in their service area. They must also demonstrate their capacity to track and report the various contracted activities under multiple applications. In particular, they will have to demonstrate capacity to report client-level data with unique identifiers (including but not limited to client name, address, loan number and lender – see Exhibit 3) to prevent duplication of billing for the same client. They must also disclose their intent to apply under multiple applications to all Intermediaries, State HFAs **or NWOs** with which they are affiliated, and provide in writing a breakdown of projected counseling sessions to be conducted under each application.

## Eligible Activities

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**No funds made available under the NFMC Program may be provided directly to lenders or homeowners to discharge outstanding mortgage balances or for any other direct debt reduction payments. These funds may only be used to assist owner-occupants of one- to four-unit properties.**

All NFMC Program funds must support the costs of the overall foreclosure program. If the cost of the counseling process is less than NFMC Program funding, Grantees do not need to return excess funds; rather, they must allocate those funds to their overall foreclosure program.

When uploading client-level data to the Data Collection System (DCS) from Sub-grantees, Branches, Affiliates and/or CCEs, each must be identified with a separate Branch ID number.

There will be three categories of eligible activities: (1) Counseling; (2) Program-Related Support; and (3) Operational Oversight (for Intermediaries and State HFAs only). These are defined in greater detail below. While Applicants are encouraged to apply for what they believe they can use, NeighborWorks reserves the right to award less than the amount requested. Reductions in counseling awards will result in proportional reductions in Program-Related Support and Operational Oversight awards.

### **1. Counseling – All Applicants are eligible**

Counseling can include a range of activities depending on the client's financial situation and the severity of the mortgage delinquency. Many clients in the early stages of delinquency may benefit from brief counseling sessions that result in an Action Plan they can follow to get back on track and prevent foreclosure. Some clients will be eligible for reverse mortgages. More complex workouts, sometimes involving negotiations with mortgage lenders or servicers, require staff with additional expertise and will also take longer to resolve. Recognizing this,

NeighborWorks has developed a two-tiered structure for defining and estimating the cost of counseling activity, as described below. Counseling budgets are based on the value of Level One counseling set at \$150 and Level Two set at \$300.

#### Duplicate Client Reset

Recognizing that some homeowners who have received foreclosure counseling in past NFMC Program grant rounds may now experience new circumstances threatening the ability to remain current on their mortgages, such as a loss of or reduction in income, re-defaulting on their mortgage, and the reality that new assistance programs have become available for which a homeowner may now be able to qualify, NFMC is “re-setting” the duplicate check. Any client who received counseling services prior to January 1, 2016 will be eligible to be counseled again by a NFMC Program Grantee on or after January 1, 2016 at any level. **Please note, the duplicate reset only applies to Level 1 and 2 clients.**

**In order for a duplicate client to be uploaded into the Data Collection System (DCS) for payment,** Grantees must document that the client received the appropriate level of service again, after January 1, 2016 and all current required documentation - as described in the “Eligible Activities” section of this Funding Announcement - must be maintained in the client file, with the new intake date. Grantees should not submit subordinate liens for a homeowner whose primary lien was already serviced by the counselor previously and where there is no change in circumstance for the borrower or change in workout options available to the borrower, nor should Grantees resubmit clients who have **ongoing cases** without any substantial change in circumstances and that have already been billed in a previous round of funding.

**“Level One” Counseling:** To qualify for a Level One payment (\$150), a counseling agency will be required to complete all of the following steps:

1. **Intake.** Organization must conduct an intake including client name and address, basic demographic information, lender and loan information, and reason for delinquency. *The National Industry Standards for Homeownership Education and Counseling – Foreclosure Intervention Specialty (National Industry Standards)* provides guidance on what should be included in an Intake Form (See Exhibit 6 of this document and [www.neighborworks.org/nfmc](http://www.neighborworks.org/nfmc)). It is recommended, but not required, that contact information for one additional person is collected at intake in the event the client moves or is otherwise unable to be reached following initial intake. Grantees conduct intake in a variety of ways. Those that use electronic client management systems can submit a screenshot from their system showing that the minimum required information has been collected. The Grantee must ensure that the information is readily available in the client file when requested by NFMC.
2. **Authorization.** Organization must collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow organization to (a) submit client-level information to the DCS for this grant, (b) allow NFMC to open files to be reviewed for program monitoring and compliance purposes, and (c) allow NFMC to

conduct follow-up with the client related to program evaluation. Clients may opt-out of (c) above only, but proof of this must be retained in the client's file. Clients that opt-out of (a) or (b) above cannot be uploaded into the DCS. NeighborWorks has made available a template authorization form for Grantees to modify for their own use if they do not already have such a form. Alternatively, Grantees may incorporate the language above into their existing authorization forms. Files uploaded into the DCS without a signed authorization form can create a legal liability for the Grantee; therefore, Grantees must ensure client files submitted to the DCS have a signed authorization form in the client file. *It is acceptable for Grantees to substitute the words "Grant Administrators" or "Funders" in place of "NFMC" in (b) or (c) above.*

Grantees are responsible for performing NFMC counseling within the limits of the laws in the state(s) in which it operates. If agencies are providing NFMC counseling via telephone or online, they should verify verbal/electronic authorization laws in the state(s) where the counseling is being performed. They should also maintain proof of electronic signature or verbal authorization in each client file, as permissible by the law in the state(s) in which they operate.

3. **Disclosure.** Organization must provide to all clients a disclosure statement. The disclosure statement must explicitly describe the various types of services the organization provides and any financial relationships between the Grantee and any other industry partners. The disclosure must state clearly that the client is not obligated to receive any other services offered by the Grantee or its exclusive partners. This must be presented to the client at the time of counseling. Proof that the client received the disclosure must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable.
4. **Privacy Policy.** Organization must provide to all clients a copy of its privacy policy. Proof that the client received the policy must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable. Although it is a best practice to provide the client with the privacy policy at the time of counseling, the agency may elect to share the privacy policy after the counseling occurs. If that is the case, the organization must keep on file proof that the policy was sent to the homeowner via email, fax, or postal mail. Having access to the privacy policy on the organization's website does not satisfy this requirement unless there is affirmative confirmation and documented proof that the client has reviewed the policy in the file. Please note that clients who are given the choice to "opt-out" of the organization's privacy policy provision allowing for the sharing of their information with affiliated third-parties and choose to do so cannot be uploaded into the DCS for payment by NFMC.

*Note: it is acceptable for organizations to combine the authorization form, disclosure statement, and privacy policy into a single document as long as the client signs the document and the agency retains a copy in the client file.*

5. **Budget.** Organization must develop a budget for the client based on client's oral representation of their expenses, debts, and available sources of income. One example of a worksheet Grantees may use to develop this budget can be found on the NFMC members' website at [www.nfmcmembers.org](http://www.nfmcmembers.org).
6. **Action Plan.** Organization must develop a written Action Plan for follow-up activities to be taken by the client and review this Action Plan with the client. The Action Plan must be clearly labeled in the client file. When developing this Action Plan, it is expected that the counselor will do a comprehensive analysis of the homeowner's situation and recommend the best plan of action. The Action Plan must include the counselor's assessment of the client's situation with a client-specific recommendation for a counseling plan of action. A general handout with a variety of workout options or "Actions" is not acceptable. ***If the assessment and recommendation are part of the counselor notes, NFMC requires that the information is transferred to a form titled Action Plan so that the assessment and course of action are clearly defined for the client and for compliance testing.*** The National Industry Standards provide guidance on what should be included in an Action Plan (See Exhibit 6 and [www.neighborworks.org/nfmc](http://www.neighborworks.org/nfmc)). NFMC has also created a template Action Plan which is available on the NFMC members' website at [www.nfmcmembers.org](http://www.nfmcmembers.org). Use of this template is not required; however, Grantees must have a conforming Action Plan in each client file.
7. **Making Home Affordable (MHA) Program Eligibility.** Organizations must determine and document if the client is eligible for assistance through the Making Home Affordable (MHA) Program **for all intakes conducted prior to the program expiration (currently MHA is expected to expire on December 31, 2016) even** if the homeowner seeking counseling does not ask about the program. Documentation that a screening occurred for each type of available assistance should be included in the Action Plan and client file. NFMC has created a template screening checklist which can be found on the NFMC members' website at [www.nfmcmembers.org](http://www.nfmcmembers.org). It is also included as Exhibit 4 in this Funding Announcement. Information on the MHA Program can be found at [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov). Available products in the MHA Program are subject to changes mandated by the U.S. Department of Treasury, the administrators of MHA. NFMC will keep its Grantees updated on program changes or additions. Types of assistance offered through the MHA Program are:
  - **Refinance.** Organization must determine and document eligibility by requesting information and analyzing if: (a) the client is the owner occupant of a one- to four-unit property (required by the NFMC Program, not HARP); (b) the loan is a first lien, conventional mortgage that is owned or guaranteed by Fannie Mae or Freddie Mac – counselor will verify this by checking the GSE's web look-up tools; (c) the client is current on mortgage (client hasn't missed more than one payment in the last 12 months and has not missed any payments in the past 30 days; (d) the client must have a source of income; and (e) the refinance improves the long-term affordability or stability of the loan.

- *Modification.* Organization must determine and document eligibility by requesting information and analyzing if: (a) the mortgage loan is a first lien mortgage loan originated on or before January 1, 2009; (b) the mortgage has not been previously modified under the Home Affordable Modification Program (HAMP); (c) the borrower has experienced a hardship that has caused the mortgage loan to become delinquent or default is reasonably foreseeable; (d) the property securing the mortgage loan is not vacant or condemned; (e) the mortgage loan is secured by a one- to four-unit property, one unit of which is the borrower's principal residence; (f) the client's current front end DTI is greater than 31%; and (g) the current unpaid principal balance of the mortgage is less than \$729,750 for a one-unit property, \$934,200 for a two-unit property, \$1,129,250 for a three-unit property, and \$1,403,400 for a four-unit property.
- *FHA Loans.* Organization must determine and document eligibility by requesting information and analyzing if: (a) the client is the owner of a one- to four-unit home; (b) the client has income sufficient to support the new mortgage payments; and (c) the client has surplus income that is not more than 15% of his or her net income.
- *Short Sale and Deed-In-Lieu.* Organization must determine and document eligibility for the Home Affordable Foreclosure Alternatives (HAFA) program by requesting information and analyzing if: (a) client is or has been the owner occupant of a one- to four-unit property sometime during the last 12 months; (b) the homeowner has not purchased a new property within the last 12 months; (c) because of a financial hardship, the homeowner is delinquent or default is reasonably foreseeable (for Service Members, this may include a Permanent Change of Station (PCS) order); (d) the mortgage loan is a first lien mortgage loan originated on or before January 1, 2009; (e) the current unpaid principal balance of the mortgage is less than \$729,750 for a one-unit property, \$934,200 for a two-unit property; \$1,129,250 for a three-unit property; and \$1,403,400 for a four-unit property; or (f) the borrower has either been evaluated for a modification but is not eligible or has been informed that modification may be an option and has elected to pursue a short sale or deed-in-lieu instead.

*When reporting for Level One counseling activities, all seven of these completed documents must be in the client's file: intake, authorization, disclosure, privacy policy, budget, Action Plan, and MHA eligibility determination. All Grantees must certify that all NFMC clients are owner-occupants of their homes at the time they receive counseling. By existing statute, NFMC clients must be owner-occupants of single-family (one- to four-unit) properties with **mortgages** in default or in danger of default. Intermediaries and State HFAs are responsible for ensuring proper documentation exists in client files at each of its Sub-grantee, Branch or Affiliate offices. NWOs are responsible for ensuring proper documentation exists for each client served by its Branch Offices or CCEs.*



**“Level Two” Counseling:** To qualify for a Level Two payment (\$300), a counseling agency will be required to complete the following steps:

1. **Authorization.** If not already on file, organization must collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow organization to (a) submit client-level information to the DCS for this grant, (b) allow NFMC to open files to be reviewed for program monitoring and compliance purposes, and (c) allow NFMC to conduct follow-up with the client related to program evaluation. Clients may opt out of (c) above only, but proof of this must be retained in the client’s file. Clients that opt out of (a) or (b) above cannot be uploaded into the DCS. NeighborWorks has made available a template authorization form for Grantees to modify for their own use if they do not already have such a form. Alternatively, Grantees may incorporate the language above into their existing authorization forms. Files uploaded into the DCS without a signed authorization form can create a legal liability for the Grantee; therefore, Grantees must ensure client files submitted to the DCS have a signed authorization form in the client file. *It is acceptable for Grantees to substitute the words “Grant Administrators” or “Funders” in place of “NFMC” in (b) or (c) above.*

Grantees are responsible for performing NFMC counseling within the limits of the laws in the state(s) in which it operates. If agencies are providing NFMC counseling via telephone or online, they should verify verbal/electronic authorization laws in the state(s) where the counseling is being performed. They should also maintain proof of electronic signature or verbal authorization in each client file, as permissible by the law in the state(s) in which they operate.

2. **Disclosure.** Organization must provide to all clients a disclosure statement. The disclosure statement must explicitly describe the various types of services the organization provides and any financial relationships between the Grantee and any other industry partners. The disclosure must state clearly that the client is not obligated to receive any other services offered by the Grantee or its exclusive partners. This must be presented to the client at the time of counseling. Proof that the client received the disclosure must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable.
3. **Privacy Policy.** Organization must provide to all clients a copy of its privacy policy. Proof that the client received the policy must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable. Although it is a best practice to provide the client with the privacy policy at the time of counseling, the agency may elect to share the privacy policy after the counseling occurs. If that is the case, the organization must keep on file proof that the policy was sent to the homeowner via email, fax, or postal mail. Having access to the privacy policy on the organization’s website does not satisfy this requirement unless there is affirmative confirmation and documented proof that the client has reviewed the policy in the file. Please note that clients that are given the choice to “opt-out” of the organization’s privacy policy provision allowing for the

sharing of their information with affiliated third-parties and choose to do so cannot be uploaded into the DCS for payment by NFMFC.

*Note: it is acceptable for organizations to combine the authorization form, disclosure statement, and privacy policy into a single document as long as the client signs the document and the agency retains a copy in the client file.*

4. **Budget Verification.** Counselor must engage in budget verification during which s/he reviews documented evidence provided by the client to establish true debt obligations (e.g., credit report), monthly expenses (e.g., monthly bills, bank statements, mortgage statement, credit card statement, utility bill) and spending patterns, and realistic opportunities for income (e.g., tax returns, pay stubs, profit and loss statement, third party verification). Grantee should collect verification of all income, expenses and debt as stated by the client **(must be within previous 30 days)**. **Note: a credit report alone does not satisfy the budget verification requirement.**
5. **Verification of Action Taken.** Counselors should take appropriate action upon the steps outlined in the written Action Plan (created during Level One). Counselor must have documented evidence of “action” taken on behalf of the client. This requires more than the counselor’s notes; it also requires documentation that the action took place. This could include but is not limited to the following:
  - a. Draft and submit to the servicer a hardship letter that describes the client’s situation, reason for delinquency, factors that should be considered when developing a workout plan, and an estimate of the housing cost the client can afford to pay. Counselors must keep on file a copy of the fax transmission report, email, portal transmission screenshot, or postal mail receipt as evidence that this was submitted to servicer.
  - b. Document an attempt to contact the servicer or lender via fax transmission receipt, email, or postal mail receipt. If a workout is possible, fill out and submit forms required by the servicer to move forward with a workout plan, loan modification or other available program and maintain proof that these were submitted in the client file (fax transmission receipt, email, portal transmission screenshot, or postal mail). NeighborWorks has posted e-mail contact information for servicers who have made such information available on the NFMFC members’ website.
  - c. Complete and submit application for local resource options including refinance programs or rescue funds and document that the referral took place via fax transmission receipt, email, or postal mail receipt.
  - d. Assist in situations where client elects to pursue sale options and document the assistance that took place and communication with industry partners via fax transmission report, email, portal transmission screenshot, or postal mail. A referral list of realtors for a short sale, or other sale options, must include at least three realtors and the client’s signature stating they received the list. This signed referral

list should be retained in the file. Please note that “referring” a client back to the servicer/lender is not considered a referral.

- e. Collecting and transmitting documentation required for Making Home Affordable Program refinance or modification decisions, if that is what Action Plan dictates. Counselors should keep on file a copy of the fax transmission report, email, portal transmission screenshot, or postal mail receipt as evidence that this was submitted to servicer.

*Note: Neither Counselor Notes or telephone logs satisfy the requirement for documenting Verification of Action Taken, as neither provide verifiable proof that any action took place. Fax transmission sheets, e-mails, mail receipts, screenshots of portal communication, or other signed verification that any action took place is required to be retained in the client file.*

When reporting for Level Two counseling activities, all five of these completed documents must be in the client’s file: authorization, disclosure, privacy policy, budget verification, and **verification of action taken based on the Action Plan**. All Grantees must certify that all NFMC clients are owner-occupants of their homes at the time they receive counseling. By existing statute, NFMC clients must be owner-occupants of single-family (one- to four-unit) properties with **mortgages** in default or in danger of default.

Intermediaries and State HFAs are responsible for ensuring proper documentation exists in client files at each of their Sub-grantee, Branch or Affiliate offices. NWOs are responsible for ensuring proper documentation exists for each client served by their CCEs.

***Note: Starting with Round 3, NFMC no longer has a “Level Three” counseling designation. Clients that would previously have been reported as Level Three should now be reported twice – once at Level One, and once at Level Two.***

#### ***“Level Four” Counseling –**Post Modification Counseling*****

Treasury Directive 13-08 now allows payments to be made to counseling agencies for providing post-modification counseling in certain circumstances. Clients that would previously have been reported as “Level Four” should now only be reported as “Level Four” if they have a Government Sponsored Entity (GSE) loan, or loan owned or guaranteed by the Veterans Administration (VA), the Department of Agriculture’s Rural Housing Service (RHS), or the Federal Housing Administration (FHA). However, Grantees participating as referral agencies receiving compensation for providing post-modification counseling for Fannie Mae or Freddie Mac **must not** report those same clients as NFMC Level Four clients.

**Borrowers with a trial loan modification or permanent loan modification under the Home Affordability Modification Program (HAMP) who need post-modification financial counseling and have** a Government Sponsored Entity (GSE) loan, or a loan owned or guaranteed by the Veterans Administration (VA), the Department of Agriculture’s Rural Housing Service (RHS), or the Federal Housing Administration (FHA) are eligible for Level Four counseling. In addition to the main counseling levels, the NFMC Program allows Grantees to use up to 30% of **its counseling award** to fund “Level Four,” or post-mitigation, counseling. Detailed protocol describing the

required components of Level Four counseling can be found on the NFMC Program members' site ([www.nfmcmembers.org](http://www.nfmcmembers.org)).

If a borrower contacts a counseling agency for counseling or is referred by a servicer or other agency, the counselor will work with the borrower to submit an intake package to the servicer. This counseling must conform to Level One and Level Two counseling requirements, as established under the NFMC Program. If the borrower does receive **a trial loan modification or permanent loan modification under HAMP from a compliant loan source**, the agency can provide the borrower with Level Four counseling, as described in the Counseling Protocol which can be found on the NFMC Program members' site.

Level Four counseling will be valued at \$450. Because it will require at least two contacts with the borrower, NFMC Program Grantees will upload these clients at two points in time. After the first contact, the client can be reported as "Level 4a" at a value of \$300. Once a follow-up appointment has been completed, that client can be reported as "Level 4b" at a value of \$150. Level Four counseling is described in detail below.

A client can NOT be billed to the NFMC Program until after all the required actions for the given level of counseling have occurred and have been documented accordingly.

**"Level 4a" Counseling:** To qualify for a Level 4a payment (\$300), a counseling agency will be required to complete all of the following steps:

1. **Verification of Client Loan Source.** Organization must provide documentation that verifies the client's loan source is GSE, RHS, FHA or VA. Documentation can include **but is not limited to a screenshot from the Making Home Affordable website loan look-up tool, or from Fannie Mae or Freddie Mac's loan look-up tool. Additional tools for specific loan types can include but is not limited to:**
  - For VA loans, VA can research loans by using either the social security number or the loan identification number. Counselor can send an authorization form to obtain required documentation.
  - For FHA loans, a FHA Connection printout with loan information can be used.
  - HUD-1 (Homeowner's HUD 1 will have this information)
2. **Trial or Permanent Loan Modification Verification.** Organization shall keep on file documentation that proves the client currently has a trial loan modification or permanent loan modification. This can include **but is not limited to the trial modification agreement, or a letter (e-mail will suffice) from the servicer documenting the trial modification.**
3. **Authorization.** Organization must collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow organization to (a) submit client-level information to the DCS for this grant, (b) allow NFMC to open files to be reviewed for program monitoring and compliance purposes, and (c) allow NFMC to conduct follow-up with the client related to program evaluation. Clients may opt-out of (c)

above only, but proof of this must be retained in the client's file. Clients that opt-out of (a) or (b) above cannot be uploaded into the DCS. NeighborWorks has made available a template authorization form for Grantees to modify for their own use if they do not already have such a form. Alternatively, Grantees may incorporate the language above into their existing authorization forms. Files uploaded into the DCS without a signed authorization form can create a legal liability for the Grantee; therefore, Grantees must ensure client files submitted to the DCS have a signed authorization form in the client file. *It is acceptable for Grantees to substitute the words "Grant Administrators" or "Funders" in place of "NFMC" in (b) or (c) above.*

Grantees are responsible for performing NFMC counseling within the limits of the laws in the state(s) in which it operates. If agencies are providing NFMC counseling via telephone or online, they should verify verbal/electronic authorization laws in the state(s) where the counseling is being performed. They should also maintain proof of electronic signature or verbal authorization in each client file, as permissible by the law in the state(s) in which they operate.

4. **Disclosure.** Organization must provide to all clients a disclosure statement. The disclosure statement must explicitly describe the various types of services the organization provides and any financial relationships between the Grantee and any other industry partners. The disclosure must state clearly that the client is not obligated to receive any other services offered by the Grantee or its exclusive partners. This must be presented to the client at the time of counseling. Proof that the client received the disclosure must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable.
5. **Privacy Policy.** Organization must provide to all clients a copy of its privacy policy. Proof that the client received the policy must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable. Although it is a best practice to provide the client with the privacy policy at the time of counseling, the agency may elect to share the privacy policy after the counseling occurs. If that is the case, the organization must keep on file proof that the policy was sent to the homeowner via email, fax, or postal mail. Having access to the privacy policy on the organization's website does not satisfy this requirement unless there is affirmative confirmation and documented proof that the client has reviewed the policy in the file. Please note that clients that are given the choice to "opt-out" of the organization's privacy policy provision allowing for the sharing of their information with affiliated third-parties and choose to do so cannot be uploaded into the DCS for payment by NFMC.

*Note: It is acceptable for organizations to combine the authorization form, disclosure statement, and privacy policy into a single document as long as the client signs the document and the agency retains a copy in the client file.*

6. **Budget Verification.** Counselor must engage in budget verification during which s/he reviews documented evidence provided by the client to establish true debt obligations (e.g., credit report), monthly expenses (e.g., monthly bills, bank statements, mortgage statement, credit card statement, utility bill), spending patterns, and realistic opportunities for income (e.g., tax returns, pay stubs, profit and loss statement, third party verification). Grantee should collect verification of all income, expenses and debt as stated by the client (**must be within previous 30 days**). Note: a credit report alone does not satisfy the budget verification requirement; sources of income are also required to be retained in the client's file.
7. **Documentation of DTI.** Using the verified budget, the counselor will calculate the back-end debt-to-income ratio. The back-end DTI is the ratio of the borrower's total monthly debt payments to the borrower's Monthly Gross Income. A standard for calculating back-end DTI is included in the Counseling Protocol on the NFMC members' website. A document indicating the calculation must be in the file, as well as evidence of income and debt. A credit report is not sufficient to calculate DTI, as income must also be validated.
8. **Action Plan.** Counselor will create an Action Plan which includes a timeline to eliminate unnecessary debt, minimize expenses, increase income, and increase savings. **In addition, the Action Plan should include a plan for staying current on the trial or permanent loan modification as well as any applicable referrals.** Different from a Level One Action Plan, the Level 4a Action Plan is focused on how the client can maintain the trial modification and manage his/her budget. *If these items are part of the counselor's notes, NFMC requires that the information be transferred to a form titled Level 4a Action Plan so that the assessment and course of action are clearly defined for the client and for compliance testing.*
9. **Counsel on Staying Current.** Counselor must discuss terms of the mortgage and how to stay current - even if/when the interest rate resets, explain the incentive component and explain that if the client re-defaults s/he will be terminated from the program. A loan will be considered to have re-defaulted when the borrower reaches a 90-day delinquency status under the MBA delinquency calculation. Note: in order to successfully complete the initial trial period (at minimum three payments at modified terms), a borrower must be current by the third payment.
10. **Referrals.** Refer to job training or referral programs, if applicable.
11. **Date of Follow-up Meeting.** Establish follow-up schedule with counselor, with at least one additional appointment, as required by the Action Plan. It is expected that a borrower will notify their counselor if they have a significant change in circumstances. **During the follow-up meeting, counselor must discuss terms of mortgage and how to stay current- even if/when the interest rate resets, explain the incentive component and explain that if the client re-defaults s/he will be terminated from the program. A loan will be considered to have re-defaulted when the borrower reaches a 90-day delinquency status under the MBA delinquency calculation. Documentation to validate this requirement can include, but is not limited to, a letter to the client scheduling the appointment or detailed counselor notes**

that indicate the date of the next appointment and the requirements of the client for the next appointment.

In order to report a client as having received Level 4a counseling, the following documents must be in the client's file: verification of client loan source, *trial or permanent loan modification verification*, authorization, disclosure, privacy policy, *budget verification*, documentation of back-end DTI, *Action Plan that would include applicable referrals, and date of follow-up meeting*. All Grantees must certify that all NFMC clients are owner-occupants of their homes at the time they receive counseling. By existing statute, NFMC clients must be owner-occupants of single-family (one- to four-unit) properties with mortgages in default or in danger of default. Intermediaries and State HFAs are responsible for ensuring proper documentation exists in client files at each of its Sub-grantee, Branch or Affiliate offices. NWOs are responsible for ensuring proper documentation exists for each client served by its Branch Offices or CCEs.

**“Level 4b” Counseling:** Level 4b (\$150) can only be reported when a Level 4a client has completed one follow-up session and the following documents are in the file:

1. **Authorization.** If not already on file, organization must collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow organization to (a) submit client-level information to the DCS for this grant (b) allow NFMC to open files to be reviewed for program monitoring and compliance purposes and (c) allow NFMC to conduct follow-up with the client related to program evaluation. Clients may opt out of (c) above only, but proof of this must be retained in the client's file. Clients that opt out of (a) or (b) above cannot be uploaded into the DCS. NeighborWorks has made available a template authorization form available for Grantees to modify for their own use if they do not already have such a form. Alternatively, Grantees may incorporate the language above into their existing authorization forms. Files uploaded into the DCS without a signed authorization form can create a legal liability for the Grantee; therefore, Grantees must ensure client files submitted to the DCS have a signed authorization form in the client file. *It is acceptable for Grantees to substitute the words “Grant Administrators” or “Funders” in place of “NFMC” in (b) or (c) above.*

Grantees are responsible for performing NFMC counseling within the limits of the laws in the state(s) in which it operates. If agencies are providing NFMC counseling via telephone or online, they should verify verbal/electronic authorization laws in the state(s) where the counseling is being performed. They should also maintain proof of electronic signature or verbal authorization in each client file, as permissible by the law in the state(s) in which they operate.

2. **Disclosure.** Organization must provide to all clients a disclosure statement. The disclosure statement must explicitly describe the various types of services the organization provides and any financial relationships between the Grantee and any other industry partners. The disclosure must state clearly that the client is not obligated to receive any other services offered by the Grantee or its exclusive partners. This must be presented to



the client at the time of counseling. Proof that the client received the disclosure must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable.

3. **Privacy Policy.** Organization must provide to all clients a copy of its privacy policy. Proof that the client received the policy must be maintained in the file. Such proof can include a statement signed by the homeowner or an electronic signature, if applicable. Although it is a best practice to provide the client with the privacy policy at the time of counseling, the agency may elect to share the privacy policy after the counseling occurs. If that is the case, the organization must keep on file proof that the policy was sent to the homeowner via email, fax, or postal mail. Having access to the privacy policy on the organization's website does not satisfy this requirement unless there is affirmative confirmation and documented proof that the client has reviewed the policy in the file. Please note that clients that are given the choice to "opt-out" of the organization's privacy policy provision allowing for the sharing of their information with affiliated third-parties and choose to do so cannot be uploaded into the DCS for payment by NFMC.

*Note: It is acceptable for organizations to combine the authorization form, disclosure statement, and privacy policy into a single document as long as the client signs the document and the agency retains a copy in the client file.*

4. **Documentation of DTI.** Using the verified budget, the counselor will calculate back-end debt-to-income ratio. The back-end DTI is the ratio of the borrower's total monthly debt payments to the borrower's Monthly Gross Income. A standard for calculating back-end DTI is included **in the Counseling Protocol** on the NFMC members' website. A document indicating the calculation must be in the file, as well as evidence of income and debt. A credit report is not sufficient to calculate DTI, as income must also be validated.
5. **Update on Verified Budget.** Counselor will document borrower's ability to keep to crisis and/or long-term budget whichever was discussed during Level 4a counseling. This can include but is not limited to; new documentation to verify budget, mortgage statement or credit report showing timely payments to the trial modification or a copy of the client's permanent modifications dated after the initial Level 4a counseling session.
6. **Status of Borrower's Modified Loan.** Counselor must verify status of borrower's payment(s) on modified loan. Proof of this includes, **but is not limited to, a current mortgage statement that details the status of the client's payments, communication from the servicer regarding the loan, or a copy of the credit report verifying the client's timeliness of payments.**
7. **Progress against Action Plan.** Counselor must document borrower's progress against the Action Plan developed during the first visit. Counselor notes or narrative could meet part of this requirement, as could a credit report pulled to ensure the client is paying their debt(s) on time. An updated crisis or long-term budget reflecting that the client is on track

will also meet part of this requirement, but the counselor must also address specific steps in the Action Plan and if the client has met them. If a narrative is used, it should be clear that it is pertaining to the progress against the Action Plan.

*In order to report a client as having received Level 4b counseling, the following documents must be in the file: authorization, disclosure, privacy policy, documentation of DTI, update on verified budget, status of borrower's modified loan, and progress against Action Plan. All Grantees must certify that all NFMC clients are owner-occupants of their homes at the time they receive counseling. By existing statute, NFMC clients must be owner-occupants of single-family (one- to four-unit) properties with mortgages in default or in danger of default. Intermediaries and State HFAs are responsible for ensuring proper documentation exists in client files at each of its Sub-grantee, Branch or Affiliate offices. NWOs are responsible for ensuring proper documentation exists for each client served by its CCEs.*

**In the event that the dollar value for one or more counseling levels changes, all eligible Applicants and Grantees will be notified.**

## **2. Program-Related Support – All Applicants are eligible**

Applicants will receive Program-Related Support funds valued at 20% of their Counseling award. If Applicant does not wish to use the full 20% on Program-Related Support, it can use these funds to provide additional NFMC Program counseling. A plan for use of these funds, **including the estimated costs of major line-item budget items**, must be included with the application. These funds shall be used to increase foreclosure program efficiencies. State HFAs and Intermediaries must pass through all Program-Related Support funds to their Sub-grantees, Branches or Affiliates ***unless*** they keep on file a justification for how retaining a portion of this support will have a timely and positive impact on the capacity of Sub-grantees, Branches or Affiliates to conduct foreclosure mitigation counseling. If this is the case, no more than 50% of the Program-Related Support funds allocated under this section can be held at the Intermediary or State HFA level. These funds are not intended to cover administrative costs; rather, they are meant primarily to support direct costs associated, as much as possible, with increasing the ability of Sub-grantees, Branches, Affiliates **or CCEs** to effectively and efficiently provide quality foreclosure counseling. Eligible uses of Program-Related Support include but are not limited to:

- Establishing a triage system that makes more effective and efficient use of counseling time so counselors are not scheduling and reserving time for clients seeking help with situations not related to mortgage and home foreclosure. Triage can also ensure that clients are better prepared for the counseling session – they have gathered documents and information, for example.
- Outreach to delinquent clients, especially in Areas of Greatest Need and Areas of Extraordinary Need. The NFMC Program encourages outreach strategies that prompt delinquent homeowners to seek assistance well before the foreclosure notice is received.
- Group orientation and education sessions to help use counseling time more effectively. Registering attendees, preparing for, and delivering these group sessions are all eligible uses.

- Outreach and communication on preventing “rescue” or loan modification scams
- Infrastructure development and communication
- Technology improvements for outreach, counseling, education, registration and loan modification purposes
- Improving capacity and infrastructure for tracking and reporting data
- Costs related to hiring, orienting and training new counseling staff
- Purchasing or leasing equipment and software for counselors
- Collecting data and preparing quarterly reports and disbursements
- Quality control of the counseling function

Applicants may contract out part or all of the activities proposed under Program-Related Support, but must demonstrate that their subcontractors have the required experience and expertise in the application.

#### **OMB Circular Requirements for federal awards made after December 26, 2014**

Grantees that are non-profit organizations and State or local government entities are subject to the administrative requirements of the Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance to CFR 200) relating to consistent administration of grants to non-profit organizations, cost principles for grants and other agreements with non-profit organizations, consistent administration of grants to governmental entities, and as it relates to cost principles for governmental entities.

*Additional Guidance:* The Office of Management and Budget has released its final revised guidance for Federal Awards. All Applicants should ensure that it follows the Uniform Grant Guidance applicable to the OMB Circulars, A-21, A-87, A-110, and A-122 as well as Circulars A-89, A-102 and A-133; and the guidance in Circular A-50 on Single Audit Act follow-up. Applicants can find additional information regarding the guidance at the OMB website, here: [www.whitehouse.gov/omb/grants\\_docs](http://www.whitehouse.gov/omb/grants_docs). OMB has also provided information on implementation in its final guidance that can be found at: [www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards](http://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards).

### **3. Operational Oversight – Only Intermediaries and State HFAs are eligible**

NFMC Program Grantees are responsible for ensuring appropriate use of its NFMC Program grant funds both as a direct Grantee and as it oversees its Sub-grantees, Branches and/or Affiliates that are participating in the program. Intermediaries and State HFAs will also receive funding for Operational Oversight to cover quality control, day-to-day oversight and management of this grant award, and any required improvements to systems and infrastructure. Among other things, Intermediaries and HFAs are responsible for communicating program requirements to all Sub-grantees, Branches or Affiliates; ensuring their compliance; and

reporting on their behalf. NFMF Program Grantees submitting data to the Data Collection System are responsible for verifying the integrity of the data.

These funds are determined as follows: 7% of the first \$2.5 million received under the Counseling category (or up to \$175,000), and 5% of any amount over \$2.5 million. If Applicant does not wish to use the full percentage on Operational Oversight, it can use these funds to provide additional NFMF Program counseling.

## Application Summary and Scoring

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The application must be completed online, using NeighborWorks' GrantWorks system. No paper applications will be accepted. The application will incorporate short answer sections and templates to help expedite the application process.

The Round 10 applications are expected to be available in GrantWorks on January 11, 2016, and will be due February 12, 2016 at 8:00 PM EST. No late applications will be accepted under any circumstance.

### Streamlined Application

A previous NFMF Program Grantee may complete a Streamlined application if:

- 1) It was a Round 9 Grantee;
- 2) It has completed 50% of its Round 9 Counseling Award (in dollars, not units) by midnight on December 31, 2015 as determined by uploads into the NFMF Program DCS; and
- 3) It scored in the top 75% of all Applicants during the Round 9 grant application round.

Organizations that are first-time Applicants or do not meet the criteria above must complete the full application.

Applicants will not be required to determine for themselves which application to submit. When Applicants log in to GrantWorks to initiate an application, the appropriate application will be automatically assigned. If the Applicant believes it qualifies for the streamlined application but was assigned the full application in GrantWorks, please contact [nfmc@nw.org](mailto:nfmc@nw.org) as soon as possible.

### Application Guide

A comprehensive Application Guide will be published on [www.neighborworks.org/nfmc](http://www.neighborworks.org/nfmc). It is extremely important that Applicants refer to the Application Guide as they complete the application, as it provides information about what sort of detail should be included for each application question.

### Application Scoring for Round 10

***Please Note: In the event that additional Supplemental Grant funds become available through recapture, de-obligation or any other mechanism, NeighborWorks reserves the right to modify this***

*process based upon actual usage/spend-down of funds awarded to Grantees in NFMC Rounds 9 or 10 or other relevant factors.*

For Applicants with past performance in the NFMC Program, application consideration (for both Streamlined and Full applications) shall be divided into three categories:

- 1) Threshold Requirements – to be considered for funding, all of the following must be met:
  - a. Applicant must certify that it conforms to the program requirements outlined in this Funding Announcement
  - b. Applicant must have Demonstrated Experience in delivering foreclosure intervention and loss mitigation counseling services as described in Definition #5 on pages 3-5 of this Funding Announcement
  - c. State HFAs must have the statutory authority to operate as a State HFA, to serve the entire state, and to apply for and subsequently use any funds received
  - d. HUD must confirm Intermediaries' status is still "Approved" as of the application due date
  - e. NWOs must have obtained their NeighborWorks Charter on or before the application due date. NWOs with provisional charters are not eligible to apply for NFMC funding
  - f. Applicant must certify is has adopted or endorsed the National Industry Standards
- 2) Past Performance and Compliance in NFMC or other counseling programs will be worth 60% of the overall review team score and will include:
  - a. Applicant's placement on a modified disbursement schedule and whether Applicant has demonstrated the ability to remedy reasons for being placed on a modified disbursement schedule
  - b. Date by which Applicant will spend down its current grant award, if applicable
  - c. Applicant's description of challenges it has experienced in implementing previous NFMC grant rounds and actions taken to address these challenges
  - d. Applicant's resolution of issues that led to repeat compliance findings or fund recapture/de-obligation during the two most recent compliance reviews in which it was tested
  - e. Applicant's past performance and compliance with the HUD Housing Counseling Program, including program findings and recaptured funds
  - f. Steps Applicant has taken to resolve findings from state or federal investigation(s) related to its foreclosure counseling program or use of federal funds, if applicable
  - g. Applicant's effectiveness in performing oversight responsibilities, including managing and passing funds through to a network of Sub-grantees, Branches, Affiliates and Contracted Counseling Entities, if applicable; and ensuring efficient delivery of counseling services and adherence to program requirements
  - h. Applicant's experience managing foreclosure intervention counseling programs
  - i. Experience of staff that will be providing counseling

- j. Applicant's financial management capacity as evidenced by review of audited financial statements, OMB A-133 audits, management letters, management responses, and adequacy of corrective action plans, if applicable
- k. Results of three most recent NFMC Round Compliance reviews and timeliness of Applicant's responses
- l. Applicant's timely submission of its programmatic reports in the two most recent rounds in which it participated
- m. Organizational health ratings of NeighborWorks organizations

*Note: If Applicant was not a **current performing Grantee at the time of application**, but has received NFMC funds directly in the past, NFMC will consider the Applicant's past performance and compliance in the most recent grant round in which the Applicant participated.*

- 3) Performance Plan will be worth 40% of the overall review team score and will include:
  - a. Applicant's plan to oversee Sub-grantees, Branches, Affiliates and Contracted Counseling Entities, including ensuring quality counseling is provided and implementing accountability measures
  - b. Applicant's service delivery model
  - c. **Capacity of Applicant and Sub-grantees, Branches, Affiliates and Contracted Counseling Entities performing grant services**, including number, experience and training of counselors; plans for recruitment and training of counselors; staffing structure; and use of client management systems
  - d. Applicant's capacity to report, track and refer homeowners when appropriate
  - e. Reasonableness of Applicant's projected goals
  - f. Applicant's justification for an increase in funding over its Demonstrated Experience, if applicable
  - g. Plans Applicant has put in place for ensuring clients have access to all levels of counseling
  - h. Partnerships Applicant has established to ensure homeowners know about the services being offered and receive the appropriate level of counseling
  - i. Applicant's marketing plan
  - j. **Whether Applicant has policies to properly handle personally-identifiable information**
  - k. Applicant's plan for use of Program-Related Support
  - l. Applicant's plan for use of Operational Oversight, if applicable
  - m. Applicant's ability to track which of its Sub-grantees, Branches, Affiliates or Contracted Counseling Entities receive funds directly from NFMC or through another Intermediary or State HFA
  - n. Applicant's outreach plans and goals to provide service to low-income and minority homeowners and zip codes
  - o. **Applicant's proposed service to Areas of Greatest Need and/or Areas of Extraordinary Need**
  - p. Likelihood that Applicant will obtain necessary match funds

When making award decisions, NFMCC will also consider whether Applicants are “in good standing” with HUD and with NFMCC, as defined on page 39 of this Funding Announcement.

For first-time Applicants, application consideration shall be divided into three categories:

- 1) Threshold Requirements – to be considered for funding, all of the following must be met:
  - a. Applicant must certify that it conforms to the program requirements outlined in this Funding Announcement
  - b. Applicant must have Demonstrated Experience in delivering foreclosure intervention and loss mitigation counseling services as described in Definition #5 on pages 3-5 of this Funding Announcement
  - c. State HFAs must have the statutory authority to operate as a State HFA, to serve the entire state, and to apply for and subsequently use any funds received
  - d. HUD must confirm Intermediaries’ status is still “Approved” as of the application due date
  - e. NWOs must have obtained their NeighborWorks Charter on or before the application due date. NWOs with provisional charters are not eligible to apply for NFMCC funding.
  - f. Applicant must certify is has adopted or endorsed the National Industry Standards
- 2) Demonstrated Experience – Demonstrated Experience will be worth 40% of the overall review team score and will include:
  - a. Applicant’s experience in providing foreclosure counseling outside of the NFMCC program
  - b. Applicant’s description of challenges it has experienced in implementing foreclosure counseling and actions taken to address these challenges
  - c. Applicant’s past performance and compliance with the HUD Housing Counseling Program, including program findings and recaptured funds
  - d. Steps Applicant has taken to resolve findings from state or federal investigation(s) related to its foreclosure counseling program or use of federal funds, if applicable
  - e. Applicant’s experience managing foreclosure intervention counseling programs
  - f. Applicant’s effectiveness in performing oversight responsibilities, including managing and passing funds through to a network of Sub-grantees, Branches, Affiliates and Contracted Counseling Entities, if applicable; and ensuring efficient delivery of counseling services and adherence to program requirements
  - g. Experience of staff that will be providing counseling
  - h. Applicant’s financial management capacity as evidenced by review of audited financial statements, OMB A-133 audits, management letters, management responses, and adequacy of corrective action plans, if applicable
  - i. Organizational health ratings of NeighborWorks organizations
- 3) Performance Plan will be worth 60% of the overall review team score and will include:
  - a. Applicant’s plan to oversee Sub-grantees, Branches, Affiliates and Contracted Counseling Entities, including ensuring quality counseling is provided and implementing accountability measures



- b. Applicant's service delivery model
- c. Capacity of Applicant and Sub-grantees, Branches, Affiliates and Contracted Counseling Entities **performing grant services**, including number, experience and training of counselors; plans for recruitment and training of counselors; staffing structure; and use of client management systems
- d. Applicant's capacity to report, track and refer homeowners when appropriate
- e. Reasonableness of Applicant's projected goals
- f. Applicant's justification for an increase in funding over its Demonstrated Experience, if applicable
- g. Plans Applicant has put in place for ensuring clients have access to all levels of counseling
- h. Partnerships Applicant has established to ensure homeowners know about the services being offered and receive the appropriate level of counseling
- i. Applicant's marketing plan
- j. Whether Applicant has policies to properly handle personally-identifiable information
- k. Applicant's plan for use of Program Related-Support
- l. Applicant's plan for use of Operational Oversight, if applicable
- m. Applicant's ability to track which of its Sub-grantees, Branches, Affiliates or Contracted Counseling Entities receive funds directly from NFMC or through another Intermediary or State HFA
- n. Applicant's outreach plans and goals to provide service to low-income and minority homeowners and zip codes
- o. Applicant's proposed service to Areas of Greatest Need and/or Areas of Extraordinary Need
- p. Likelihood that Applicant will obtain necessary match funds

When making award decisions, NeighborWorks will also consider whether Applicants are "in good standing" with HUD and with NFMC, as defined on page 39 of this Funding Announcement.

#### Award Amount Determination **for NFMC Program Round 10**

Reviewers will determine scores for each of the non-threshold categories based upon a standard scoring rubric.

If the recommended amounts which are based on the reviewers' scores exceed the amount available to be awarded, NFMC will use one or more of the following steps to bring award amounts within the limits of available funding:

- Institute an award amount cap (note: this will not be related to compliance, but will be an overall cap on the amount any one Grantee can receive)
- Consider the Applicant's utilization rate of previous funding. NFMC will give priority to organizations that are in most need of funds based on when they are projected to run out of their current funding **and spend down their amount requested under this Funding Announcement**. As with past grant rounds, if this step is necessary, a utilization rate for

each Applicant will be calculated based on past performance in the NFMC Program. If Applicant has no past experience in NFMC or has not participated in NFMC after Round 4, Demonstrated Experience as reported in the application will be considered instead.

Applicants will be placed into tiers according to the date they are expected to spend down current and requested awards, and award amounts will be proportionately reduced.

- Apply across the board cuts and award amount floors

*NeighborWorks reserves the right to utilize all three criteria if necessary.*

In making award decisions, NeighborWorks may rely on information not contained in Applicant's submitted application, including but not limited to Applicants' previously-submitted HUD Housing Counseling Agency Activity Reports (HUD 9902s), findings from HUD Housing Counseling performance reviews, financial audit reviews, timely submission of NFMC reports and responses to requests for additional information, and other available relevant information.

NeighborWorks reserves the right to give preference to organizations that propose to provide a high percentage of Level Two counseling (see pages 9-22 for a description of Counseling Levels). All Applicants will be held to the Level One and Level Two percentages proposed in their applications, within the variances described in Exhibit 5.

All award decisions are final and cannot be appealed; however, if an Applicant requests a debriefing meeting in writing within 45 days of award announcements, NeighborWorks shall grant a meeting to discuss its application.

## Funding Time Frame

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The anticipated schedule for NFMC Program Round 10 funding for foreclosure intervention counseling follows. All dates are subject to change.

The Funding Time Frame does not apply for additional NFMC Supplemental Grant awards. The start date of the performance period for NFMC Supplemental Grants will be determined at the date of the award but shall have a performance period not greater than twelve calendar months.

January 11 <sup>th</sup> , 12 <sup>th</sup> and 13 <sup>th</sup> , 2016	Eligible Applicant Briefings
January 11, 2016	Funding Announcement Available
January 11, 2016	Application Guides Available
January 11, 2016	Applications available in GrantWorks
February 12, 2016	Application deadline 8:00 PM EST

February 13, 2016	Application reviews begin
Within Quarter 2 of Calendar Year 2016	Award announcements posted on <a href="http://www.neighborworks.org/nfmc">www.neighborworks.org/nfmc</a> . Grant award letters distributed.
30 days after announcements made	Grant Agreements distributed
30 days after Grant Agreements distributed	Executed Grant Agreements due to NeighborWorks
Rolling	Client-level production is uploaded and retroactive disbursements are made. Disbursements will be made based on uploads and quarterly reporting requirements being met. No funds will be disbursed until the appropriate Grant Agreement is ratified, all required start-up documentation is received, and Grantee has completed its obligations under previous grant rounds, if applicable.
August 1, 2016	First quarterly report required – reporting period October 1, 2015 to June 30, 2016
November 1, 2016	Second quarterly report required – reporting period July 1, 2016 to September 30, 2016
February 1, 2017	Third quarterly report required – reporting period October 1, 2016 to December 31, 2016
May 1, 2017	Fourth and final quarterly report required – reporting period January 1, 2017 to March 31, 2017
August 31, 2017	Grantees' final programmatic & expenditure report due (covers entire performance period activities)
Ongoing through June 30, 2020	Grantees must comply with program evaluation and compliance requests
Rolling	Timelines are rolling in accordance with the record retention requirements of the NFMC Program, Grantee will retain documents related to its performance of this grant until three years from the date its Final Report is submitted.

## Match Requirement

Award recipients must match the funding they receive from the NFMC Program. Recognizing the limits of time and financial resources, match requirements are defined as follows:

- Applicants must provide a 20% match for \$500,000 or less in funding received from the NFMC Program. For funding in excess of \$500,000 the required match rate drops to 10%. For example, an Applicant applying for \$1 million in funds would be required to demonstrate a match of \$150,000 in cash and/or in-kind resources.

- Match can be cash or in-kind (e.g., staff time, office space, volunteer time, donated equipment, etc.).
- In-kind valuation will be considered consistent with requirements for other federal grant programs. Guidance is posted at [www.neighborworks.org/nfmc](http://www.neighborworks.org/nfmc).
- Applicant match must be related to its foreclosure mitigation program. This program must include foreclosure intervention counseling, but may also include such activities as triage, outreach, or mortgage workout funding (both grants and loans), plus any administrative or overhead expenses associated with the program.
- Match need not be new resources generated for this grant program, but must be related to foreclosure counseling rather than the Applicant's general housing counseling program.
- Other federal funds, with the exception of Community Development Block Grant (CDBG) funds, may not be counted toward match requirements. Examples of federal funds ineligible for use as match include (but are not limited to) HUD Housing Counseling funds, all previous **NFMC awards (including Legal Assistance)**, HOME Funds, **Neighborhood Stabilization Program funds**, and grants awarded by NeighborWorks to its chartered members from Congressionally appropriated dollars.
- Examples of funds that are eligible for match include (but are not limited to): fees received from servicers or lenders for providing foreclosure counseling to clients not counted under this program, **or for counseling costs over and above what NFMC pays for**; funds received from non-federal sources to capitalize mortgage rescue funds; Community Development Block Grant (CDBG) funds; foundation and corporate grants received for operating a foreclosure counseling and loss mitigation program; municipal, county, or state grants for operating a foreclosure counseling and loss mitigation program (as long as the funds are not from a federal source); contract income; and unrestricted funds or net assets dedicated toward the foreclosure program.
- If Applicant uses non-restricted net assets or retained earnings as sources of match funds, it must retain and provide back-up documentation that these funds are available and are credited to the foreclosure counseling budget. Examples of supporting documentation are financial records (i.e. profit and loss and balance sheet statements, management accounts, approved budget clearly showing NFMC Program match funds, etc.); signed minutes of meetings committing these funds, or Board or agency resolutions; and third-party confirmations.
- **The match "window," or period within which the match must be expended or raised, extends from April 1, 2015 to June 30, 2017.** Any expenditures related to the Applicant's foreclosure mitigation program that occur between April 1, 2015 and the date award funds are received are eligible to be counted toward the match as long as they are not counted for match for previous NFMC Counseling funding rounds or NFMC Legal Assistance funds. **Funds raised before this time period can be counted toward match as long as they will be expended during the time frame April 1, 2015 to June 30, 2017.**

- Applicants need not have all the match committed at the time of application, but can include funds they expect to raise during the year and any qualifying match funds they have expended since April 1, 2015. Once grant funds are awarded, disbursements will be contingent upon Grantees' ability to demonstrate that a proportional amount of match funds has been committed or expended.
- Applicants may request that the match requirement be waived for counseling units delivered in local areas (city, county, or tribal land) where the local poverty rate and/or local unemployment rate is greater than 150% of the national rate. When requesting waivers, Applicants must cite supporting data and certify that they have a physical presence (such as an office) in the area for which the waiver is requested. Applicants may rely on unemployment rates from the Bureau of Labor Statistics at [www.bls.gov/cps](http://www.bls.gov/cps) and poverty rates from the U.S. Census Bureau at [www.census.gov/saipe/data/interactive/saipe.html](http://www.census.gov/saipe/data/interactive/saipe.html). Alternately, Applicants may rely on another data source by providing a web link to information about the local unemployment and/or poverty rates. Match waivers may not be requested using data that is older than 2013.
- Waivers will be granted on a county-by-county basis for counties that have rates of poverty or unemployment greater than 150% of the national rate. In the event that a service area is smaller than the county, Applicants may apply for a match waiver for that smaller geographic area by completing the excel spreadsheet titled "Match Waiver Request – smaller than County Level" under the "For All Eligible Applicants" section of [www.neighborworks.org/nfmc](http://www.neighborworks.org/nfmc) and e-mailing it to [nfmc@nw.org](mailto:nfmc@nw.org) before 8:00 PM EST on February 12, 2016. The Applicant must have a physical presence (such as an office) in the area for which the waiver is requested and must state their estimated counseling volume in that area. Match waiver decisions will consider the volume of counseling expected by the Applicant in that county or area compared to their Total Counseling Goals. Waivers will be granted proportionately, and will be detailed fully in the Grant Agreement.

## Disbursement Schedule

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If Grantees received previous NFMC Program funds, they must meet 100% of their production goals within the agreed-upon variances, have spent down 100% of their Counseling Award, and have completed the final reporting requirements for all previous grant rounds before any new funds will be disbursed.

Counseling agencies receiving NFMC Program funds are required to keep a separate foreclosure program budget and must keep a record of all reimbursements received and costs of implementing the agency's foreclosure counseling program. NeighborWorks shall have the right to request copies of such records at any point during the grant period and the subsequent evaluation period.

See Exhibit 5 for a complete explanation of NFMC Program disbursement release guidelines.

Under this Funding Announcement, Grantees will receive awarded funds through a reimbursable structure.

**NeighborWorks reserves the right to adjust individual Grantees' disbursement schedules and amounts at its sole discretion, for reasons including but not limited to if audit or compliance reviews provide reason for a more conservative disbursement schedule to be implemented.**

Following execution of the Grant Agreement and NeighborWorks' receipt of related start-up documents:

- Once a Grantee delivers 15% of its counseling award in dollars, 15% of its NFMC counseling award and associated Program Related Support (PRS) and Operational Oversight (OO), if applicable, will be disbursed.
- Once a Grantee delivers in total 35% of its counseling award in dollars, an additional 20% of its NFMC counseling award and associated PRS and OO, if applicable, will be disbursed.
- Once a Grantee delivers in total 55% of its counseling award in dollars, an additional 20% of its NFMC counseling award and associated PRS and OO, if applicable, will be disbursed.
- Once a Grantee delivers in its 75% of their counseling award in dollars, an additional 20% of its NFMC counseling award and associated PRS and OO, if applicable, will be disbursed.
- Once a Grantee delivers in total 95% of its counseling award in dollars, an additional 20% of its NFMC counseling award and associated PRS and OO, if applicable, will be disbursed.
- The final 5% will be reserved for completion of: 100% of the Grantee's counseling award in dollars, the final reporting requirements and satisfaction of compliance and program evaluation obligations. Half (2.5%) will be disbursed upon completion of the final report and half (2.5%) upon completion of all the organization's obligations related to the program evaluation. **These obligations are ongoing through June 30, 2020.**

Disbursement schedules will be tied to production, not to the calendar. However, after the first disbursement, Grantees will not be permitted to receive additional disbursements unless they are current on their quarterly programmatic and expenditure reports, can demonstrate that proportionate match funds have been expended or committed, and are in compliance with all terms of the Grant Agreement.

Applicants are required to project counseling goals by level and by geographic area in the grant application. Depending on the amount of funds awarded, Applicants may amend some goals following the grant award, and these new goals will be included in their Grant Agreements.

In order to ensure that Grantees remain on track to meet their goals by MSA and Counseling Level, within the allowable variances described in Exhibit 5, each of the Grantee's disbursements

will be evaluated and Grantees shall not receive multiple disbursements at one time. Grantees may upload their client-level data as frequently as they wish.

If, at NeighborWorks' sole determination, Grantees do not show substantial progress toward meeting their counseling goals, NeighborWorks reserves the right to recapture or de-obligate funds and/or implement a more conservative disbursement schedule.



## DISBURSEMENT SCHEDULE EXAMPLE – PAGE 1

**Example:** A State HFA is awarded a grant of \$3,048,000. \$2.4 million is awarded in Counseling funds (based on a projected 8,000 Level One counseling sessions, and 4,000 Level Two counseling sessions). The HFA is awarded \$480,000 in Program-Related Support, and \$168,000 for Operational Oversight. The disbursement schedule would be as follows:

**Disbursement 1 total: \$457,200:**

- \$ 360,000 (15% x \$2.4 million) (Counseling)
- \$ 72,000 (20% x \$360,000) (Program-Related Support)
- \$ 25,200 (7% x \$360,000) (Operational Oversight)

Disbursement 1 requires that the HFA demonstrate it has counseled enough clients to total 15% of its total counseling award (\$360,000) within the allowable variances as stipulated in the Grant Agreement.

***In addition,*** the HFA must complete any quarterly reports that are due before the disbursement can occur and show evidence of proportional match funds expended or committed, and be in compliance with all terms of the program and Grant Agreement.

**Disbursement 2 total: \$609,600:**

- \$ 480,000 (20% x \$2.4 million) (Counseling)
- \$ 96,000 (20% x \$480,000) (Program-Related Support)
- \$ 33,600 (7% x \$480,000) (Operational Oversight)

Disbursement 2 requires that the HFA demonstrate it has counseled enough clients to total 35% of its total counseling award (\$840,000) within the allowable variances as stipulated in the Grant Agreement.

***In addition,*** the HFA must complete any quarterly reports that are due before the disbursement can occur and show evidence of proportional match funds expended or committed, and be in compliance with all terms of the program and Grant Agreement.

**Disbursement 3 total: \$609,600:**

- \$ 480,000 (20% x \$2.4 million) (Counseling)
- \$ 96,000 (20% x \$480,000) (Program-Related Support)
- \$ 33,600 (7% x \$480,000) (Operational Oversight)

Disbursement 3 requires that the HFA demonstrate it has counseled enough clients to total 55% of its total counseling award (\$1,320,000), within the allowable variances as stipulated in the Grant Agreement.

***In addition,*** the HFA must complete any quarterly reports that are due before the disbursement can occur and show evidence of proportional match funds expended or committed, and be in compliance with all terms of the program and Grant Agreement.

(continued)

## DISBURSEMENT SCHEDULE EXAMPLE – PAGE 2

### **Disbursement 4 total: \$609,600:**

- \$ 480,000 (20% x \$2.4 million) (Counseling)
- \$ 96,000 (20% x \$480,000) (Program-Related Support)
- \$ 33,600 (7% x \$480,000) (Operational Oversight)

Disbursement 4 requires that the HFA demonstrate it has counseled enough clients to total 75% of its total counseling award (\$1,800,000), within the allowable variances as stipulated in the Grant Agreement.

***In addition***, the HFA must complete any quarterly reports that are due before the disbursement can occur and show evidence of proportional match funds expended or committed, and be in compliance with all terms of the program and Grant Agreement.

### **Disbursement 5 total: \$609,600:**

- \$ 480,000 (20% x \$2.4 million) (Counseling)
- \$ 96,000 (20% x \$480,000) (Program-Related Support)
- \$ 33,600 (7% x \$480,000) (Operational Oversight)

Disbursement 5 requires that the HFA demonstrate it has counseled enough clients to total 95% of its total counseling award (\$2,280,000), within the allowable variances as stipulated in the Grant Agreement.

***In addition***, the HFA must complete any quarterly reports that are due before the disbursement can occur and show evidence of proportional match funds expended or committed, and be in compliance with all terms of the program and Grant Agreement.

**Final Disbursements (6 & 7):** The final disbursements consist of 5% of the HFA's Counseling, Program-Related Support and Operational Oversight funds. Disbursement 6 requires the HFA must have counseled enough clients to total 100% of its total counseling award (\$2.4 million) within the allowable variances stipulated in the Grant Agreement. Half (2.5%) of the remaining grant dollars \$152,400 (\$76,200) will be disbursed as after the organization has completed its final report. Disbursement 7, the remaining 2.5% of grant dollars (\$76,200), will be disbursed after the organization has completed its obligations related to the program evaluation and compliance.

## Other Program Requirements

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### Operational

- Applicant and its Sub-grantees, Branches, Affiliates or CCEs must have current certificates of good standing in all states in which it operates.
- Applicant and its Sub-grantees, Branches, Affiliates or CCEs must be currently authorized to do business in all states where it proposes to provide counseling services.
- State HFA Applicants must have statutory authority to serve the entire state. No more than one HFA per state will receive an award.
- Staff and volunteers who provide foreclosure intervention counseling under the NFMC Program shall have no conflict(s) of interest due to relationships with servicers, real estate agencies, mortgage lenders, and/or other entities (including itself) that may stand to benefit from particular counseling outcomes.
- If Intermediaries or State HFAs are including non-HUD-approved housing counseling agencies as Sub-grantees under this Funding Announcement, **they must certify that these Sub-grantees meet or exceed HUD's housing counseling approval requirements and will monitor them to ensure this is true.**
- HUD-Approved Intermediaries and State HFAs must demonstrate the capacity to serve as an intermediary, including capacity to: distribute funds; communicate with Sub-grantees, Branches or Affiliates; collect requisite data; and monitor quality, performance, and outcomes of each Sub-grantee, Branch or Affiliate. Each Intermediary or State HFA is responsible for ensuring their Sub-grantees, Branches or Affiliates meet counseling standards and must maintain on file in its offices (a) any multiple Applicant disclosure letters received by Sub-grantees, Branches or Affiliates that are applying through multiple Intermediaries and/or State HFAs, and (b) signed certification forms from Page 1 of the application for each of its Sub-grantees, Branches or Affiliates.
- Applicants must demonstrate capacity to obtain, track, and report household level data electronically, including (without limitation) name, address, loan number, and the originating financial institution. This is essential to avoid payment for duplicate counseling services provided to the same client and to evaluate program effectiveness. Exhibit 3 lists data points that will be collected before each disbursement. Applicants must also have the capacity to collect, aggregate and report overall program and production data electronically.
- Applicants are encouraged to employ client management systems or systems that at minimum supply required client-level and aggregate NFMC Program data electronically.
- Grantees may use up to 5% of their expended Counseling Award to counsel clients that have been previously counseled with NFMC Program funds by another Grantee. The DCS is programmed to stop accepting uploads once a Grantee has counseled enough clients to total 95% of its Counseling Award. At this point, NFMC Program staff review the Grantee's uploaded records to determine the percentage of non-self-duplicate clients that have been

rejected from the system, and will consider this when evaluating the Grantee's production for grant round closeout.

- Grantees must be able to track their NFMC Program grant funds and expenditures separately.
- Grantees must have all counselors who are providing counseling under the NFMC Program sign the National Industry Standards Code of Ethics and Conduct. A list of names of all counselors that will be providing NFMC Counseling under this grant, grouped by location, is required to be submitted with grant start-up documentation.
- Grantees with Sub-grantees, Branches, Affiliates or CCEs must provide the NFMC Program with a detailed description of how they provide oversight of them with their signed Grant Agreement.

### Client Rights

- In order to keep as many options as possible available to clients, Applicants must not engage in exclusivity agreements with clients seeking foreclosure or delinquency counseling or other interested parties such as servicers or lenders, nor shall they otherwise engage in practices which exclude other counseling agencies from working with its clients or its clients' servicers or lenders, should the client willingly seek assistance from another organization.
- Counseling offices and services must be accessible to persons with disabilities. Grantees must be able to provide a Representations and Warranties Certification for it and all Sub-grantees, Branches, Affiliates or CCEs that the buildings in which counseling services are provided are accessible, or have a referral list for clients that need accessibility if their building does not provide access.
- If a Grantee does not offer translation services, it must provide a Memorandum of Understanding or other documentation detailing a relationship with a translation agency. Grantees must also provide a referral form that includes options for clients that require translation services **that the counseling agency cannot directly provide.**
- To ensure no financial barriers would prohibit clients from receiving foreclosure mitigation counseling services, Applicants and their Sub-grantees, Branches, Affiliates or CCEs participating in the NFMC Program agree not to charge fees (service fees, membership fees or otherwise) to any foreclosure or delinquency counseling clients in exchange for foreclosure counseling services. Grantees may charge a nominal fee for pulling credit reports if the cost does not deter clients from seeking counseling.
- NeighborWorks will not permit discrimination by Grantees against clients on the basis of their gender, race, color, religion, national origin, ancestry, creed, pregnancy, marital or parental status, familial status, sexual orientation, or physical, mental, emotional or learning disability.

## Federal Compliance

- Intermediaries and State HFAs that have received Housing Counseling grants from HUD in the past must be in good standing with HUD. “Not in good standing” is defined as a failure to comply with the laws and regulations that govern the HUD housing counseling program, or the inability of a Grantee to draw down HUD housing counseling grant funds for any reason. Furthermore, Grantees that have received Housing Counseling grants from HUD in the past are “not in good standing” unless they (a) continue to be a HUD-Approved Counseling Agency and (b) are not under investigation(s) by HUD for possible non-compliance that have resulted in funds being withheld by HUD.
- Grantee and Funds Recipients should not be presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal debarment or agency; and that Grantees shall provide immediate written notice to NeighborWorks America if at any time it learns this representation was erroneous when submitted or has become erroneous by reason of changed circumstances.
- All Applicants must supply their most recent independently audited financial statements and OMB Circular A-133 audit, if applicable, for review. To be eligible to apply for funding, Applicants are required to submit independently audited financial statements (audited financial statements should be no more than 18 months from the date of application) and an OMB Circular A-133 audit, if applicable, covering its most recent fiscal year. Chartered members of the NeighborWorks network already submit their audits through the Organizational Assessment Division and are therefore not required to submit again in GrantWorks for this funding opportunity; the most recent audit and OMB Circular A-133 audit, if applicable, on file will be reviewed. All HUD Approved Intermediaries and State Housing Finance Agencies are also responsible for ensuring that Sub-grantees have completed an independent audit within nine months of the completion of their most recent fiscal year. If a Sub-grantee has revenues less than \$300,000 annually and receives less than \$25,000 in NFMF funding, the Sub-grantee may submit a Review Statement or Compilation Statement in lieu of independent audited financial statements. It is expected that Applicants be in compliance with the OMB A-133 Audit filing guidelines which state that OMB A-133 audits, if applicable, must be filed with the Federal Audit Clearinghouse within nine months of the organization’s fiscal year end.
- The Office of Management and Budget released its final revised guidance for Federal Awards. All Applicants should ensure that it follows the Uniform Grant Guidance applicable to the OMB Circulars, A-21, A-87, A-110, and A-122 as well as Circulars A-89, A-102 and A-133; and the guidance in Circular A-50 on Single Audit Act follow-up. Applicants can find additional information regarding the guidance at the OMB website, at: [www.whitehouse.gov/omb/grants\\_docs](http://www.whitehouse.gov/omb/grants_docs). OMB has also provided information on implementation in its final guidance that can be found here: <https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>.

## NFMC Compliance

- Applicants must also be in good standing with the NFMC Program in order to have any awarded funds disbursed. An Applicant “in good standing” does not have a Notice of Default effective and is not currently suspended from the NFMC Program.
- NFMC Program staff and/or hired contractors will conduct random file reviews and compliance visits in **Round 10 and for any Supplemental grants**. Grantees will be required to provide the NFMC Program client files for review upon request to ensure compliance with its Grant Agreement.

## Post-Award Requirements

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- Grantees must certify that they will adhere to the National Industry Standards Code of Ethics and Conduct, and, as appropriate for the level(s) of counseling they plan to provide, offer the Minimum Standard Activities for Foreclosure Intervention and Default Counseling (see Exhibit 6). Grantees that provide direct counseling are encouraged to formally adopt these standards; Grantees that do not provide direct counseling are encouraged to endorse the standards.

- Quarterly Reports and Final Reports:

Quarterly and Final reports must be filed on aggregate activity toward overall goals established under the grant award as will be specified in the Grant Agreement. While disbursements can occur outside of the quarterly report schedule identified in this Funding Announcement, Grantees must be up-to-date on quarterly reporting in order to obtain the next disbursement. Quarterly reports will include (but not be limited to) progress against aggregate counseling goals and will include a narrative section on overall program activities, successes and challenges encountered in helping clients avoid foreclosure or mitigate losses, and efforts to ensure the affordability of mortgages when clients retain their homes. Final reports will include these items as well as a revenue and expenditure report.

- All Grantees will maintain a separate budget for their foreclosure program, and all NFMC Program funding will be used to fund Grantees’ foreclosure counseling program and related expenses. Intermediaries and State HFAs are responsible for monitoring the expenditure reports of its Sub-grantees, Branches or Affiliates. In the final report, all Grantees will report on expenditure of NFMC Program funds. Intermediaries and State HFAs will report in the aggregate for its Sub-grantees, Branches or Affiliates but should collect and maintain on file expenditure reports from Sub-grantees, Branches or Affiliates and be able to furnish such during the course of the NFMC Program’s planned quality control and compliance measures.
- **The final report is due August 31, 2017, roughly 60 days after the end of the Round 10 performance period. A Grantee cannot advance to subsequent NFMC funding rounds (i.e., receive upload clients to the Data Collection System or receive disbursements), if**

applicable, or receive any available Supplemental Grant funds until its Round 10 final report is complete.

- Compliance:

- Grantees must also comply with a separate evaluation of NFMC Program activity and client outcomes, which may occur up to June 30, 2020.
- Grantees must comply with third-party quality control and compliance measures which may include site visits, file audits, and other measures to ensure compliance with requirements set forth in this Funding Announcement and terms of the Grant Agreement.
- Grantee must comply with records retention policies in accordance with applicable law. Grantee must establish and comply with the following:
  - Financial records, supporting documentation, statistical records, and all records pertinent to the grant shall be retained for a period of three (3) years from the date of submission of the final report for the grant round. The only exceptions are the following:
    - If any litigation, claim or audit is started before expiration of the three (3) year period, the records shall be retained until the litigation, claims or audit findings involving the records have been resolved and final action taken.
    - Records for real property and equipment acquired with the grant funds shall be retained for three (3) years after final disposition.

Notwithstanding the foregoing, or any other provision in this Grant Agreement, NeighborWorks America's and its authorized representatives', agents' and third-party contractors' rights to site, document and personnel access for evaluation purposes are not limited to the required retention period, but shall last as long as records are retained.

- In accordance with the NFMC Records Retention policy that requires all records pertinent to the grant shall be retained for a period of three (3) years from the date of the submission of the final report for the grant round, NFMC Grantees must have policies and procedures in place for the discovery of the destruction of NFMC program-related records as a result of a natural or man-made disaster for itself and any Sub-grantees, Branches, Affiliates, and/or CCEs.



# Foreclosure Counseling: Areas of Greatest and Extraordinary Need Methodology and Analysis

Now eight years into the foreclosure crisis, households nationwide are still struggling to make their mortgage payments. Although the national inventory of loans in foreclosure has declined to its lowest level since 2007<sup>1</sup>, there continues to be many distressed localities where high delinquency and foreclosure rates exist. These distressed localities represent homeowners and properties at risk of foreclosure in the future. Since its inception in 2008 through 2015, the National Foreclosure Mitigation Counseling (NFMC) Program has assisted more than 1.9 million homeowners with foreclosure counseling, and has provided mortgage-related legal assistance to more than 45,000 homeowners.<sup>2</sup>

As part of the NFMC Program, it is mandated that awarded funds be prioritized for use in “Areas of Greatest Need”. Below we provide a methodology and analysis for determining both the Areas of Greatest Need and Areas of Extraordinary Need. The goal of this analysis is to identify which metropolitan and rural areas have been hardest hit by the foreclosure crisis and remain Areas of Greatest Need and/or Areas of Extraordinary Need for additional foreclosure counseling resources.

## Determination of Areas of Greatest Need and Areas of Extraordinary Need

The following 13 indicators were used to determine Areas of Greatest Need and Areas of Extraordinary Need:

Non-Prime, Owner Occupied Loans	Prime, Owner Occupied Loans
Number of non-prime loans that are 30-89 days delinquent	Number of prime loans that are 30-89 days delinquent
Percent of non-prime loans that are 30-89 days delinquent	Percent of prime loans that are 30-89 days delinquent
Number of non-prime loans that are 90+ days delinquent but not in foreclosure	Number of prime loans that are 90+ days delinquent but not in foreclosure
Percent of non-prime loans that are 90+ days delinquent but not in foreclosure	Percent of prime loans that are 90+ days delinquent but not in foreclosure
Percent of non-prime loans that are in the foreclosure process or REO	Percent of prime loans that are in the foreclosure process or REO
Percent of non-prime negative equity loans	Percent of prime negative equity loans
Percent of loans originated between 2004-2007 that were higher-priced (subprime)	

1Mortgage Bankers Association. Delinquency and Foreclosure Rates Decline to Lowest Level in Six Years, February 20, 2015, [www.mba.org/2015-press-releases/august/mortgage-delinquencies-and-foreclosures](http://www.mba.org/2015-press-releases/august/mortgage-delinquencies-and-foreclosures)

2 National Foreclosure Mitigation Counseling (NFMC) Program data as of 07/31/2015.

### Areas of Greatest Need

In the first step of the analysis, a total of **381 metropolitan and 536 micropolitan<sup>3</sup> areas** were separately ranked in each category. In the second step of the analysis, every metropolitan area that was in the worst quintile for at least two of the 13 indicators above were considered an Area of Greatest Need. For micropolitan (rural) areas, states where half or more of the micropolitan areas were in the worst quintile for at least two of the 13 indicators above were considered an Area of Greatest Need.

### Areas of Extraordinary Need

In the third step of the analysis, all identified Areas of Greatest Need were further reviewed for extraordinary levels of distress among the 13 indicators. A metropolitan area is deemed an Area of Extraordinary Need if either of the following are true: (i) the area fell in the worst quintile for at least five or more of the 13 indicators or (ii) the area was ranked among the worst decile in two or more of the 13 indicators. A micropolitan (rural) area is deemed an Area of Extraordinary Need if either of the following are true: (i) the area fell in the worst quintile for at least five or more of the 13 indicators and represented more than half of the micropolitan areas in the state or (ii) the area was ranked among the worst decile in two or more of the 13 indicators and represented more than half of the micropolitan areas in the state. Areas of Extraordinary Need are bolded in red below.

#### **Metropolitan Areas of Greatest and Extraordinary Need:**

<b>Metropolitan Statistical Area</b>	<b>State</b>
<b>Anniston-Oxford-Jacksonville</b>	<b>AL</b>
Auburn-Opelika	AL
<b>Birmingham-Hoover</b>	<b>AL</b>
Decatur	AL
Dothan	AL
<b>Gadsden</b>	<b>AL</b>
Huntsville	AL
<b>Mobile</b>	<b>AL</b>
<b>Montgomery</b>	<b>AL</b>
Tuscaloosa	AL
<b>Little Rock-North Little Rock-Conway</b>	<b>AR</b>
<b>Pine Bluff</b>	<b>AR</b>
Fort Smith	AR-OK
Lake Havasu City-Kingman	AZ
<b>Phoenix-Mesa-Scottsdale</b>	<b>AZ</b>
<b>Tucson</b>	<b>AZ</b>
Yuma	AZ

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<sup>3</sup> Metropolitan and Micropolitan statistical areas were defined using the February 2015 file from the US Census, available online at [www.census.gov](http://www.census.gov).

Bakersfield	CA
El Centro	CA
Fresno	CA
Hanford-Corcoran	CA
Los Angeles-Long Beach-Anaheim	CA
Madera	CA
Merced	CA
<b>Riverside-San Bernardino-Ontario</b>	<b>CA</b>
Sacramento--Roseville--Arden-Arcade	CA
San Diego-Carlsbad	CA
San Francisco-Oakland-Hayward	CA
San Jose-Sunnyvale-Santa Clara	CA
Stockton-Lodi	CA
Vallejo-Fairfield	CA
Visalia-Porterville	CA
Yuba City	CA
Denver-Aurora-Lakewood	CO
<b>Bridgeport-Stamford-Norwalk</b>	<b>CT</b>
<b>Hartford-West Hartford-East Hartford</b>	<b>CT</b>
<b>New Haven-Milford</b>	<b>CT</b>
<b>Norwich-New London</b>	<b>CT</b>
Washington-Arlington-Alexandria	DC-VA-MD-WV
<b>Dover</b>	<b>DE</b>
<b>Cape Coral-Fort Myers</b>	<b>FL</b>
Crestview-Fort Walton Beach-Destin	FL
<b>Deltona-Daytona Beach-Ormond Beach</b>	<b>FL</b>
Gainesville	FL
<b>Homosassa Springs</b>	<b>FL</b>
<b>Jacksonville</b>	<b>FL</b>
<b>Lakeland-Winter Haven</b>	<b>FL</b>
<b>Miami-Fort Lauderdale-West Palm Beach</b>	<b>FL</b>
North Port-Sarasota-Bradenton	FL
Ocala	FL
<b>Orlando-Kissimmee-Sanford</b>	<b>FL</b>
Palm Bay-Melbourne-Titusville	FL
Panama City	FL
Pensacola-Ferry Pass-Brent	FL
Port St. Lucie	FL
Punta Gorda	FL
Sebastian-Vero Beach	FL
<b>Sebring</b>	<b>FL</b>

Tallahassee	FL
<b>Tampa-St. Petersburg-Clearwater</b>	<b>FL</b>
The Villages	FL
Albany	GA
<b>Atlanta-Sandy Springs-Roswell</b>	<b>GA</b>
<b>Hinesville</b>	<b>GA</b>
<b>Macon</b>	<b>GA</b>
Savannah	GA
Valdosta	GA
Columbus	GA-AL
Augusta-Richmond County	GA-SC
Kahului-Wailuku-Lahaina	HI
Urban Honolulu	HI
Carbondale-Marion	IL
Danville	IL
Decatur	IL
<b>Kankakee</b>	<b>IL</b>
Rockford	IL
<b>Chicago-Naperville-Elgin</b>	<b>IL-IN-WI</b>
Bloomington	IN
Indianapolis-Carmel-Anderson	IN
Muncie	IN
South Bend-Mishawaka	IN-MI
Louisville/Jefferson County	KY-IN
Alexandria	LA
<b>Baton Rouge</b>	<b>LA</b>
<b>Hammond</b>	<b>LA</b>
Lafayette	LA
Lake Charles	LA
Monroe	LA
<b>New Orleans-Metairie</b>	<b>LA</b>
<b>Shreveport-Bossier City</b>	<b>LA</b>
Barnstable Town	MA
Pittsfield	MA
<b>Springfield</b>	<b>MA</b>
<b>Worcester</b>	<b>MA-CT</b>
<b>Boston-Cambridge-Newton</b>	<b>MA-NH</b>
<b>Baltimore-Columbia-Towson</b>	<b>MD</b>
<b>California-Lexington Park</b>	<b>MD</b>
<b>Salisbury</b>	<b>MD-DE</b>
<b>Cumberland</b>	<b>MD-WV</b>

<b>Hagerstown-Martinsburg</b>	<b>MD-WV</b>
Bangor	ME
Lewiston-Auburn	ME
Battle Creek	MI
Bay City	MI
<b>Detroit-Warren-Dearborn</b>	<b>MI</b>
<b>Flint</b>	<b>MI</b>
Jackson	MI
Lansing-East Lansing	MI
<b>Saginaw</b>	<b>MI</b>
Minneapolis-St. Paul-Bloomington	MN-WI
<b>St. Louis</b>	<b>MO-IL</b>
Kansas City	MO-KS
<b>Gulfport-Biloxi-Pascagoula</b>	<b>MS</b>
Hattiesburg	MS
<b>Jackson</b>	<b>MS</b>
Durham-Chapel Hill	NC
<b>Fayetteville</b>	<b>NC</b>
Goldsboro	NC
Greensboro-High Point	NC
<b>Jacksonville</b>	<b>NC</b>
New Bern	NC
<b>Raleigh</b>	<b>NC</b>
<b>Rocky Mount</b>	<b>NC</b>
<b>Winston-Salem</b>	<b>NC</b>
Charlotte-Concord-Gastonia	NC-SC
Omaha-Council Bluffs	NE-IA
<b>Atlantic City-Hammonton</b>	<b>NJ</b>
Ocean City	NJ
Trenton	NJ
<b>Vineland-Bridgeton</b>	<b>NJ</b>
<b>Albuquerque</b>	<b>NM</b>
Carson City	NV
<b>Las Vegas-Henderson-Paradise</b>	<b>NV</b>
Reno	NV
<b>Albany-Schenectady-Troy</b>	<b>NY</b>
Binghamton	NY
<b>Buffalo-Cheektowaga-Niagara Falls</b>	<b>NY</b>
Elmira	NY
<b>Glens Falls</b>	<b>NY</b>
<b>Kingston</b>	<b>NY</b>

<b>Rochester</b>	<b>NY</b>
Syracuse	NY
<b>Utica-Rome</b>	<b>NY</b>
<b>Watertown-Fort Drum</b>	<b>NY</b>
<b>New York-Newark-Jersey City</b>	<b>NY-NJ-PA</b>
Akron	OH
<b>Cleveland-Elyria</b>	<b>OH</b>
Columbus	OH
<b>Dayton</b>	<b>OH</b>
Lima	OH
Mansfield	OH
Springfield	OH
Toledo	OH
Cincinnati	OH-KY-IN
<b>Youngstown-Warren-Boardman</b>	<b>OH-PA</b>
Lawton	OK
Oklahoma City	OK
Tulsa	OK
Portland-Vancouver-Hillsboro	OR-WA
Bloomsburg-Berwick	PA
<b>East Stroudsburg</b>	<b>PA</b>
Erie	PA
<b>Johnstown</b>	<b>PA</b>
Pittsburgh	PA
<b>Scranton--Wilkes-Barre--Hazleton</b>	<b>PA</b>
Williamsport	PA
York-Hanover	PA
<b>Allentown-Bethlehem-Easton</b>	<b>PA-NJ</b>
<b>Philadelphia-Camden-Wilmington</b>	<b>PA-NJ-DE-MD</b>
<b>Providence-Warwick</b>	<b>RI-MA</b>
<b>Charleston-North Charleston</b>	<b>SC</b>
<b>Columbia</b>	<b>SC</b>
Florence	SC
Greenville-Anderson-Mauldin	SC
Spartanburg	SC
Sumter	SC
Cleveland	TN
Jackson	TN
<b>Knoxville</b>	<b>TN</b>
Nashville-Davidson--Murfreesboro--Franklin	TN

<b>Chattanooga</b>	<b>TN-GA</b>
<b>Memphis</b>	<b>TN-MS-AR</b>
Austin-Round Rock	TX
Beaumont-Port Arthur	TX
<b>Brownsville-Harlingen</b>	<b>TX</b>
<b>Dallas-Fort Worth-Arlington</b>	<b>TX</b>
<b>El Paso</b>	<b>TX</b>
<b>Houston-The Woodlands-Sugar Land</b>	<b>TX</b>
<b>Laredo</b>	<b>TX</b>
Longview	TX
McAllen-Edinburg-Mission	TX
Odessa	TX
San Antonio-New Braunfels	TX
Wichita Falls	TX
Texarkana	TX-AR
<b>Salt Lake City</b>	<b>UT</b>
<b>Richmond</b>	<b>VA</b>
Staunton-Waynesboro	VA
<b>Virginia Beach-Norfolk-Newport News</b>	<b>VA-NC</b>
Bremerton-Silverdale	WA
Olympia-Tumwater	WA
Seattle-Tacoma-Bellevue	WA
Janesville-Beloit	WI
<b>Milwaukee-Waukesha-West Allis</b>	<b>WI</b>
Beckley	WV
Parkersburg-Vienna	WV
Weirton-Steubenville	WV-OH
Wheeling	WV-OH

**Rural Areas of Greatest and Extraordinary Need:**

<b>State</b>
<b>Alabama</b>
Alaska
Arizona
Arkansas
California
<b>Connecticut</b>
<b>Florida</b>
Georgia
<b>Hawaii</b>
Illinois



Indiana
Kentucky
<b>Louisiana</b>
<b>Maine</b>
<b>Maryland</b>
<b>Massachusetts</b>
Michigan
<b>Mississippi</b>
Montana
Nevada
<b>New Hampshire</b>
New Mexico
<b>New York</b>
North Carolina
Ohio
Pennsylvania
South Carolina
Tennessee
Vermont
Virginia
Washington
West Virginia
Wisconsin

**Metropolitan Areas of Extraordinary Need (Repeated):**

<b>Metropolitan Statistical Area</b>	<b>State</b>
Anniston-Oxford-Jacksonville	AL
Birmingham-Hoover	AL
Gadsden	AL
Mobile	AL
Montgomery	AL
Little Rock-North Little Rock-Conway	AR
Pine Bluff	AR
Phoenix-Mesa-Scottsdale	AZ
Tucson	AZ
Riverside-San Bernardino-Ontario	CA
Bridgeport-Stamford-Norwalk	CT
Hartford-West Hartford-East Hartford	CT
New Haven-Milford	CT
Norwich-New London	CT

Dover	DE
Cape Coral-Fort Myers	FL
Deltona-Daytona Beach-Ormond Beach	FL
Homosassa Springs	FL
Jacksonville	FL
Lakeland-Winter Haven	FL
Miami-Fort Lauderdale-West Palm Beach	FL
Orlando-Kissimmee-Sanford	FL
Sebring	FL
Tampa-St. Petersburg-Clearwater	FL
Atlanta-Sandy Springs-Roswell	GA
Hinesville	GA
Macon	GA
Kankakee	IL
Chicago-Naperville-Elgin	IL-IN-WI
Baton Rouge	LA
Hammond	LA
New Orleans-Metairie	LA
Shreveport-Bossier City	LA
Springfield	MA
Worcester	MA-CT
Boston-Cambridge-Newton	MA-NH
Baltimore-Columbia-Towson	MD
California-Lexington Park	MD
Salisbury	MD-DE
Cumberland	MD-WV
Hagerstown-Martinsburg	MD-WV
Detroit-Warren-Dearborn	MI
Flint	MI
Saginaw	MI
St. Louis	MO-IL
Gulfport-Biloxi-Pascagoula	MS
Jackson	MS
Fayetteville	NC
Jacksonville	NC
Raleigh	NC
Rocky Mount	NC
Winston-Salem	NC

Atlantic City-Hammonton	NJ
Vineland-Bridgeton	NJ
Albuquerque	NM
Las Vegas-Henderson-Paradise	NV
Albany-Schenectady-Troy	NY
Buffalo-Cheektowaga-Niagara Falls	NY
Glens Falls	NY
Kingston	NY
Rochester	NY
Utica-Rome	NY
Watertown-Fort Drum	NY
New York-Newark-Jersey City	NY-NJ-PA
Cleveland-Elyria	OH
Dayton	OH
Youngstown-Warren-Boardman	OH-PA
East Stroudsburg	PA
Johnstown	PA
Scranton--Wilkes-Barre--Hazleton	PA
Allentown-Bethlehem-Easton	PA-NJ
Philadelphia-Camden-Wilmington	PA-NJ-DE-MD
Providence-Warwick	RI-MA
Charleston-North Charleston	SC
Columbia	SC
Knoxville	TN
Chattanooga	TN-GA
Memphis	TN-MS-AR
Brownsville-Harlingen	TX
Dallas-Fort Worth-Arlington	TX
El Paso	TX
Houston-The Woodlands-Sugar Land	TX
Laredo	TX
Salt Lake City	UT
Richmond	VA
Virginia Beach-Norfolk-Newport News	VA-NC
Milwaukee-Waukesha-West Allis	WI

**Rural Areas of Extraordinary Need (Repeated):**

State
Alabama
Connecticut
Florida
Hawaii
Louisiana
Maine
Maryland
Massachusetts
Mississippi
New Hampshire
New York

**Data Sources**

All data sources for this analysis were provided by Black Knight Financial. Data for prime and non-prime loans reflect owner occupied loans active as of June 2015. Prime loans and Non-Prime loans are covered by McDash Loan Dataset (subsidiary of Black Knight Financial) which sources approximately 70 percent of both the Prime and Non-Prime market but has been extrapolated to the size of the full market. Prime versus Non-Prime loans are determined based on comparing the rate spread from the McDash dataset and the Federal Financial Institutions Examination Council tables<sup>4</sup>. Any loan with a rate spread higher than one and a half percent was considered Sub-Prime.

Between the years 2004 to 2007, the higher-priced percent of loans originated were categorized as Sub-Prime.

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4 Federal Financial Institutions Examination Council “Average Prime Offer Rate” Tables can be found at [www.ffiec.gov/ratespread/aportables.htm](http://www.ffiec.gov/ratespread/aportables.htm)

***Exhibit 2: HUD-Approved Housing Counseling Intermediaries and State Housing Finance***

***Agencies as of February 8, 2015.*** Note: These entities are not automatically qualified agencies by virtue of their names appearing on these lists; rather, they are eligible if their names appear on these lists AND they meet the eligibility criteria outlined in this Funding Announcement.

**HUD-APPROVED HOUSING COUNSELING INTERMEDIARIES**

Agency	City	State
Catholic Charities, USA	Alexandria	VA
CCCS of Greater Atlanta, DBA ( Clearpoint Credit Counseling Solutions)	Atlanta	GA
Citizens' Housing and Planning Association, Inc.	Boston	MA
Garden State Consumer Credit Counseling, Inc. D/B/A/ NOVADEBT,	Freehold	NJ
GreenPath, Inc.	Farmington Hills	MI
HomeFree-USA	Hyattsville	MD
Homeownership Preservation Foundation	Minneapolis	MN
Housing Action Illinois	Chicago	IL
Housing & Community Development Network of New Jersey	Trenton	NJ
Housing Opportunities Collaborative	San Diego	CA
Housing Partnership Network	Boston	MA
Minnesota Homeownership Center	Saint Paul	MN
Mississippi Homebuyer Education Center Initiative	Jackson	MS
Mon Valley Initiative	Homestead	PA
Money Management International, Inc.	Sugar Land	TX
Montana Homeownership Network, dba NeighborWorks Montana	Great Falls	MT
National Association of Real Estate Brokers Investment Division, Inc.	Oakland	CA
National Coalition for Asian Pacific American Community Development	Washington	DC
National Community Reinvestment Coalition, Inc.	Washington	DC
National Council of La Raza	Washington	DC
National Council on Aging	Washington	DC
National Federation of Community Development Credit Unions	San Diego	CA
National Foundation for Credit Counseling, Inc.	Washington	DC

National Foundation for Debt Management	Mamora	NJ
National Urban League	New York	NY
Neighborhood Stabilization Corporation	Boston	MA
New York Mortgage Coalition	New York	NY
Nueva Esperanza, Inc.	Philadelphia	PA
PathStone Corporation	Rochester	NY
Rural Community Assistance Corporation	West Sacramento	CA
Springboard Non Profit Consumer Credit Management, Inc.	Riverside	CA
Telamon Corporation	Raleigh	NC
United Way of Central Alabama	Birmingham	AL
West Tennessee Legal Services, Inc.	Jackson	TN

### State Housing Finance Agencies

State Housing Finance Agencies as of December 9, 2015. Note: These entities are not automatically qualified agencies by virtue of their names appearing on these lists; rather, they are eligible if their names appear on these lists AND they meet the eligibility criteria outlined in this Funding Announcement.

Alabama Housing Finance Authority  
Alaska Housing Finance Corporation  
Arizona Department of Housing/Arizona Housing Finance Authority  
Arkansas Development Finance Authority  
California Housing Finance Agency  
Colorado Housing and Finance Authority  
Connecticut Housing Finance Authority  
Delaware State Housing Authority  
District of Columbia Housing Finance Agency  
Florida Housing Finance Corporation  
Georgia Department of Community Affairs/Georgia Housing and Finance Authority  
Guam Housing & Urban Renewal Authority  
Hawaii Housing Finance and Development Corporation  
Idaho Housing and Finance Association  
Illinois Housing Development Authority  
Indiana Housing and Community Development Authority  
Iowa Finance Authority

Kansas Housing Resources Corporation  
Kentucky Housing Corporation  
Louisiana Housing Corporation  
MaineHousing  
Maryland Department of Housing and Community Development  
MassHousing  
Michigan State Housing Development Authority  
Minnesota Housing  
Mississippi Home Corporation  
Missouri Housing Development Commission  
Montana Board of Housing/Housing Division  
Nebraska Investment Finance Authority  
Nevada Housing Division  
New Hampshire Housing Finance Authority  
New Jersey Housing and Mortgage Finance Agency  
New Mexico Mortgage Finance Authority  
New York City Housing Development Corporation  
New York State Homes and Community Renewal  
New York State Housing Finance Agency/State of New York Mortgage Agency  
North Carolina Housing Finance Agency  
North Dakota Housing Finance Agency  
Northern Marianas Housing Corporation  
Ohio Housing Finance Agency  
Oklahoma Housing Finance Agency  
Oregon Housing and Community Services  
Pennsylvania Housing Finance Agency  
Puerto Rico Housing Finance Authority  
Rhode Island Housing  
South Carolina State Housing Finance and Development Authority  
South Dakota Housing Development Authority  
Tennessee Housing Development Agency  
Texas Department of Housing and Community Affairs  
Utah Housing Corporation  
Vermont Housing Finance Agency  
Virgin Islands Housing Finance Authority  
Virginia Housing Development Authority  
Washington State Housing Finance Commission



West Virginia Housing Development Fund  
Wisconsin Housing and Economic Development Authority  
Wyoming Community Development Authority

***Exhibit 3: Client Level Data and Quarterly Reporting Requirements***

The following data points will be collected for each client. If, upon implementation of the National Foreclosure Mitigation Counseling program, it is realized that certain data points are problematic or not able to be transferred in the manner they were designed by a significant number of Grantees, we will notify all Grantees and expect such details to be noted in client files rather than submitted electronically.

**NFMC Program Data Points for Round 10 and Supplement grant Grantees (Note: There have been no changes to the required client-level data points from Round 9 to Round 10)**

Data Point	Description	Values	Required?
1	Branch ID	Sub grantee identifier (defined by Grantee)	Yes
2	Client Unique Identifier	Client's ID (defined by Grantee)	Yes
3	Counseling Level	1, 2, 4a,4b	Yes
4	Counseling Intake Date	Date	Yes
5	Counseling Mode		No
		Phone	
		face to face	
		Internet	
		video conference	
		Other	
6	First Name		Yes
7	Last Name		Yes
8	Age		Partially
9	Race		Yes
		American Indian or Alaskan Native	
		Asian	
		Black or African American	
		Native Hawaiian or Other Pacific Islander	
		White	
		American Indian or Alaskan Native and White	
		Asian and White	
		Black or African-American and White	
		American Indian or Alaskan Native and Black or African American	
		Other	
		Chose not to respond	
10	Ethnicity		Yes
		No	
		Yes	
		Chose not to respond	
11	Gender	Female/Male	Yes
12	Head of Household		Partially
		Single adult	
		Female-headed single parent household	
		Male-headed single parent household	
		Married without dependents	
		Married with dependents	
		Two or more unrelated adults	

		Other	
13	Household Family Income	Annual gross income	Yes
14	Household Income Category (% of AMI)		Partially
		less than 50% of Area Median Income (AMI)	
		50 - 79% of AMI	
		80 - 100% of AMI	
		greater than 100% AMI	
15	House Number	House or Unit number of property	Yes
16	Street	Street name of property.	Yes
17	City	The actual city location of the property.	Yes
18	State	Two digit state (or U.S. territory) code of property	Yes
19	Zip	Five digit ZIP code of property.	Yes
20	Total Individual Counseling Hours Received	Sum of all foreclosure related one-on-one counseling provided to the client.	Yes
21	Total Group Education Hours Received	Sum of all foreclosure related group education provided to the client.	Yes
22	Name of Originating Lender	Name of lender originating the primary or foreclosure problem loan for client	No
23	FDIC/NCUA # or Originating Mortgage Co.	If the originating lender is FDIC insured, use their FDIC number.	No
24	Original loan Number	Loan number of foreclosure related problem loan.	No
25	Current Servicer	Name of current servicer the primary or foreclosure problem loan for client	Yes
26	FDIC/NCUA # or Current Servicer name	If the servicer is FDIC insured, use their FDIC number.	No
27	Loan Number Assigned by Current Servicer	Loan number of foreclosure related problem loan.	Partially
28	Credit Score	Credit score at intake for foreclosure counseling.	Partially
29	If No Credit Score		
		Client refused to authorize credit report pull	
		NFMC Counseling Organization analyzed credit report that did not contain score	
		NFMC Counseling Organization does not analyze credit report for this level of service	
		NFMC Counseling Organization does not have relationship with credit reporting bureau	
		Foreclosure expected within 14 days	
30	Source of Credit Score		Partially
		TransUnion	
		Equifax	
		Experian	
		Tri-merge	
31	PITI at Intake	Total (all loans and escrows) principal, interest, taxes and insurance paid by customer at intake.	Yes
32	Which loan are you reporting?		Yes
		First	
		Second	

33	If first, does homeowner have a second loan?		*Yes if 32 is "First"
		No	
		Yes	
34	Type of Loan at Intake		Yes
		Fixed rate currently under 8%	
		Fixed rate currently 8% or greater	
		ARM currently under 8%	
		ARM currently at 8% or greater	
		Fixed rate currently under 8% as a result of loan modification in last six months	
		Fixed rate currently 8% or greater as a result of loan modification in last six months	
		ARM currently under 8% as a result of loan modification in last six months	
		ARM currently at 8% or greater as a result of loan modification in last six months	
		Client did not disclose	
35	Interest Only Loan	Yes/No	Yes
36	Hybrid ARM	Yes/No	Y, if data point 34, Loan Product Type is ARM
37	Option ARM	Yes/No	Y, if data point 34, Loan Product Type is ARM
38	FHA or VA Insured Loan	Yes/No	Yes
39	Privately Held Loan	Yes/No	No
40	Has Interest Rate Reset on ARM loan	Yes/No	Y, if data point 34, Loan Product Type is ARM
41	Primary Reason for Default		Yes
		Reduction in income	
		Poor budget management skills	
		Loss of income	
		Medical issues	
		Increase in expenses	
		Divorce/separation	
		Death of family member	
		Business venture failed	
		Increase in loan payment	
		Other	
		Not in Default	
42	Loan Status at First Contact		Yes
		Current	
		30-60 days late	
		61-90 days late	

		91-120 days late	
		121+ days late	
43	Counseling Outcome		No
		Initiated forbearance agreement/repayment plan	
		Executed a deed-in-lieu	
		Mortgage foreclosed	
		Received second mortgage	
		Other	
		Counseled and referred to another social service or emergency assistance agency	
		Obtained partial claim loan from FHA lender	
		Bankruptcy	
		Counseled and referred for legal assistance	
		Withdrew from counseling	
		Currently in negotiation with servicer; outcome unknown	
		Referred homeowner to servicer with action plan and no further counseling activity; outcome unknown	
		Foreclosure put on hold or in moratorium; final outcome unknown	
		Brought mortgage current with rescue funds	
		Brought mortgage current (without rescue funds)	
		Mortgage refinanced into FHA product	
		Mortgage refinanced (non-FHA product)	
		Mortgage modified with PITI less than or equal to 38% & at least 5 year fixed rate	
		Mortgage modified with PITI greater than 38% or interest rate fixed for less than 5 years and appears to be sustainable	
		Mortgage modified with PITI greater than 38% or interest rate fixed for less than 5 years and appears not to be sustainable	
		Homeowner(s) sold property (not short sale)	
		Pre-foreclosure sale/short sale	
		Counseled on debt management or referred to debt management agency	
		Home lost due to tax sale or condemnation	
44	Counseling Outcome Date	Enter the date of reported outcome	*Yes if Outcome (Point 43) is reported
45	Back End Debt-to-Income Ratio	Enter the Back End Debt to Income Ratio (as a floating Point number, such as 36.5) Ratio must be greater than equal to zero.	*Yes if Counseling Level is 4a or 4b

**Not required:** The NFMC Program requests that you submit this information if it is known. The Outcome data, mode of counseling, and credit score information are particularly crucial to the evaluation of this program. Please make a point to report these data as much as possible. **Note:** For counseling outcomes, If you've heard back from the servicer that they have agreed upon outcome, enter that outcome even if official bank documentation has not been received.

**Always required.** Records with any of these fields left blank will not be accepted in to the system

**Partially required** - There are 6 data points that are Partially Required. This means that 3 of the 6 data points must be filled out for the client to be accepted into the DCS. Most Client Management Systems will not check for this in audit reporting. Please be aware of this and manually check records before uploading.

## *National Foreclosure Mitigation Counseling Program Quarterly Reporting Requirements*

The question numbering is based upon when the questions were added/removed from the system; they are not in sequential order.

The quarterly reports will be completed via the Data Collection System at:  
[www.nfmc-reporting.org](http://www.nfmc-reporting.org)

Shaded fields will be fed back to Grantee/auto-populated based on data reported in the Data Collection System.

### **Outcomes**

2. Number of clients served between (*Start of Applicable Reporting Quarter*) and (*End of Applicable Reporting Quarter*) that achieved each of the following outcomes:

Outcome	Number of Clients whose Outcome was known when reported to Data collection system	Number of clients whose outcome was not known when reported to data collection system
Initiated Forbearance Agreement/Repayment Plan		
Executed a Deed-in-Lieu		
Mortgage Foreclosed		
Received Second Mortgage		
Other		
Counseled and referred to another social service or emergency assistance agency		
Obtained partial claim loan from FHA lender		
Bankruptcy		
Counseled and referred for legal assistance		
Withdrew from counseling		
Currently in negotiation with servicer; outcome unknown		
Referred homeowner to servicer with action plan and no further counseling activity; outcome unknown		
Foreclosure put on hold or in moratorium; final outcome unknown		
Brought mortgage current with rescue funds		
Brought mortgage current (without rescue funds)		
Mortgage refinanced into FHA product		
Mortgage refinanced (non-FHA product)		
Mortgage modified with PITI less than or equal to 38% of gross monthly income with at least a 5 year fixed rate		

Mortgage modified with PITI greater than 38% of gross monthly income or interest rate fixed for less than 5 years and appears to be sustainable		
Mortgage modified with PITI greater than 38% of gross monthly income or interest rate fixed for less than 5 years and appears not to be sustainable		
Homeowner(s) sold property (not short sale)		
Pre-foreclosure sale/short sale		
Counseled on debt management or referred to debt management agency		
Home lost due to tax sale or condemnation		
Ending counseling after level 1~outcome unknown		
Total	(sum of this column)	(sum of this column)

### Mode of Counseling

3. Number of counseling units that were provided via the following modes during the reporting Quarter (*Start of Applicable Reporting Quarter*) and (*End of Applicable Reporting Quarter*):

Outcome	Number of Counseling Units with Mode of Counseling known when reported to Data collection system	Number of Counseling Units with Mode of Counseling not known when reported to data collection system
Phone		
Face-to-Face		
Internet		
Video Conferencing		
Other		
Total	(sum of this column)	(sum of this column)

### Foreclosure Counselor Capacity

20. As of the end of the most recent reporting quarter, how many foreclosure counselors (number of FTEs) are employed by your organization and all of its NFMC sub-grantees, branches, affiliates?

6. How many foreclosure counselors received additional foreclosure related training between (*Start of Applicable Reporting Quarter*) and (*End of Applicable Reporting Quarter*)?

### Use of Program-Related Support

8. Please estimate the percentage of program-related support funds used for the following activities:



Activity	% of funds used for that activity
Establishing a triage system that makes more effective and efficient use of counseling time	
Outreach to delinquent borrowers	
Group orientation and education sessions to help use counseling time more effectively	
Infrastructure development and communication	
Improving applicant capacity and infrastructure for tracking and reporting data	
Costs related to hiring, orienting, and training new counseling staff	
Purchasing or leasing equipment and software for new counselors	
Collecting data and preparing quarterly reports and disbursement requests	
Quality control of the counseling	
Other, please specify:	
Other, please specify:	
Other, please specify:	

### Use of Operational Oversight

9. This is your plan for using operational oversight to ensure required data tracking and reporting (for HFAs and Intermediaries only)

(The application will show the answer from your grant application)

Your plans for other uses of operational oversight are:

(The application will show the answer from your grant application)

\* Please describe progress against these plans:

### Successful Strategies and Challenges

The legislation enabling these funds requires that we collect the following information:

10. Please name and describe a few key factors or strategies that contributed to the successes you encountered in helping clients avoid foreclosure, mitigate losses, or ensure the affordability of mortgages when clients retain their homes and *estimate* the percentage of clients for whom each strategy has been successful. **If you see clients for Post Modification Counseling, you must include at least one strategy pertinent to that program and check the appropriate box.**

HFAs and Intermediaries must submit at least 2 strategies and NWOs must submit at least 1, with a maximum of 10.

Brief Description of Strategy	What was most important in making this a successful strategy?	% of clients for whom this strategy has	What types of borrowers and types of loans were typically helped with this strategy?	Is this a Post-Mod Specific Success? <input type="checkbox"/>
-------------------------------	---------------------------------------------------------------	-----------------------------------------	--------------------------------------------------------------------------------------	------------------------------------------------------------------

		been successful		

11. Please name and describe a few key challenges encountered in helping clients avoid foreclosure, mitigate losses, or ensure the affordability of mortgages when clients retain their homes.

*If you see clients for Post Modification Counseling, you must include at least one challenge pertinent to that program and check the appropriate box.*

You must submit at least 2 challenges, with a maximum of 10.

Brief Description of Challenge:	How did this challenge affect your organization's ability to achieve successful outcomes?	% of clients for whom this challenge has been a factor	What factors, if any, helped your organization overcome this challenge?	What changes, if they were made, could help overcome this challenge in the future?	Is this a Post-Mod Specific Challenge? <input type="checkbox"/>

### Success Stories

12. Please provide the name and contact information of two people that received services as a result of NFMF funds who are willing to be contacted to discuss their situation and possibly be highlighted in future NFMF reports, with their approval.

Borrower #1:

Borrower's Name	
Borrower's phone number	
Borrower's e-mail	
Borrower's current address	
Gender	
Race/ Ethnicity	
Marital status	
Age	
How they heard of your services	
Information about their mortgage situation (i.e. type of loan, delinquency status at time of contact, etc.)	
Level of counseling received:	
Resolution	
How resolution was reached:	
Other relevant information describing the borrower's situation:	

Borrower #2:

Borrower's Name	
Borrower's phone number	
Borrower's e-mail	
Borrower's current address	
Gender	
Race/ Ethnicity	
Marital status	
Age	
How they heard of your services	
Information about their mortgage situation (i.e. type of loan, delinquency status at time of contact, etc.)	
Level of counseling received:	
Resolution	
How resolution was reached:	
Other relevant information describing the borrower's situation:	

## Compliance

13. Are you/are your sub-grantees or branches in compliance with all terms and conditions of the grant agreement and funding announcement, including OMB Circulars?

If no, how will you remedy during the upcoming quarter?

## 14. Languages

Please note the languages of which you and/or your sub grantees offer counseling services. Note how many counselors provide services for each language. Note: It is not necessary to put a 0 (zero) value for languages which no services are provided.

Language	Number of Counselors
English	
African languages	
American Sign Language	
Arabic	
Armenian	
Cantonese	
Chinese	
French (incl. Patois, Cajun)	
French Creole	
German	
Greek	
Gujarati	

Hebrew	
Hindi	
Hungarian	
Italian	
Japanese	
Korean	
Laotian	
Miao, Hmong	
Mandarin	
Mon-Khmer, Cambodian	
Navajo	
Other Native North American languages	
Other Slavic languages	
Panjabi	
Persian	
Polish	
Portuguese or Portuguese Creole	
Russian	
Spanish	
Serbo-Croatian	
Tagalog	
Thai	
Urdu	
Vietnamese	
Yiddish	
Other	

### **Making Home Affordable (MHA)**

19. **Approximate percentage of your clients during the past quarter that were seeking assistance with Making Home Affordable prior to obtaining a workout?**

### **Expenditures**

Reminder: At the end of the grant term, you will need to have an expenditure report for each grantee on file which demonstrates that funds received through this program have been expended on the foreclosure counseling program of applicant and/or sub-grantees and branches.

#### Exhibit 4: National Foreclosure Mitigation Counseling Program Making Home Affordable Eligibility Determination Checklist

Name or Client Number: \_\_\_\_\_ Date: \_\_\_\_\_

#### Exhibit 5: National Foreclosure Mitigation Counseling (NFMC) Program Making Home Affordable Screening Checklist

**Directions:** NFMC Program Grantees must screen clients to determine if they are potentially eligible for assistance through the Making Home Affordable® (MHA) Program. Please check the appropriate box if the client meets the listed qualification. All boxes must be checked in each section that is applicable to the client's situation to determine if the client may be eligible for a particular program. If even one box remains unchecked for a particular program, the client does not meet the screening criteria for that program. Once you have reviewed the checklist for available options for the client, you must complete the certification section on the last page of the checklist.

**Modification: Home Affordable Modification Program® (HAMP):** NFMC Program Grantees must screen for eligibility for HAMP® by determining the basic eligibility requirements:

	Check all that apply
1. Is the mortgage loan a first lien mortgage?	
2. Was the mortgage loan originated on or before January 1, 2009?	
3. Is the mortgage loan delinquent or is default reasonably foreseeable?	
4. Is the client a "natural" person? (Mortgage loans made to business entities are not eligible for assistance under HAMP)	
5. Is the property securing the mortgage loan not vacant or condemned? (The only exception is if the client is temporarily displaced as described in question 9 below).	
6. Does the client have a financial or other hardship?	
7. Is the current unpaid principal balance of the mortgage not greater than \$729,750 for a one-unit property; \$934,200 for a two-unit property; \$1,129,250 for a three-unit property; and \$1,403,400 for a four-unit property? (If no to any of the first seven questions, borrower is not eligible for HAMP, and counselor should screen for other non-HAMP options below).	
8. Has the client not been convicted of felony larceny, theft, fraud, forgery, money laundering, or tax evasion in connection with a mortgage or real estate transaction within the last 10 years? (If the client has been convicted of any of the crimes listed, borrower is not eligible for HAMP, and move to other non-HAMP options below).	
9. Is the mortgage loan secured by a single-family, one- to four-unit property that is occupied by the client as his or her primary residence? (The MHA Program will also consider the following: <ul style="list-style-type: none"> <li>The property was originally non-owner occupied, but the servicer can verify that it is currently the client's principal residence; or</li> <li>The client is temporarily displaced (e.g. military service, temporary foreign service assignment, or incarceration) but was occupying the property as his or her principal residence immediately prior to his or her displacement, intends to occupy the property as his or her principal residence in the future and the borrower does not own any other single family real estate and the current occupant is not a tenant).</li> </ul> (If the mortgage property is not occupied by the client as his or her primary residence and does not fall within the description in the foregoing bulleted paragraphs, move to the HAMP Tier 2 section below).	
10. Is the client's current monthly mortgage payment, PITIA (including principal, interest, taxes, insurance, and when applicable, association fees, and existing escrow shortages) <b>greater than 31% of the client's monthly gross income?</b> (If no, move to the HAMP Tier 2 section below)	
11. Has the mortgage not been modified under HAMP Tier 1? (If the mortgage was modified under HAMP Tier 1, move to the HAMP Tier 2 section below)	

Is the client potentially eligible for HAMP (check if yes)? ☐



**Modification: Home Affordable Modification Program Tier 2 (HAMP Tier 2):** Please note, pursuant to NFMF guidelines, NFMF funds can only be used for single-family, owner-occupied, one-to-four unit properties. NFMF Program Grantees must screen clients for HAMP Tier 2, if applicable, by determining the following:

	Check all that apply
1. Does the client meet the screening qualifications for HAMP listed in questions 1-8 (see pg. 1)?	
2. Is the mortgage loan secured by a single-family property that is owner-occupied, or used for rental purposes by the client, whether as a principal residence, second home, or vacation home? (Please note: For Tier 2, the property must be owner occupied or a rental property. A rental property that is used by the borrower for rental purposes only and not occupied by the borrower, whether as a principal residence, second home, vacation home or otherwise. A mortgage may be considered for Tier 2 if the property is (1) occupied by a tenant as a principal residence, (2) occupied by the borrower's legal dependent, parent or grandparent as his principal residence without rent being charged, or (3) vacant and available for rent).	
3. Has the client's mortgage been previously modified under HAMP, or received a Trial Period Plan (TPP), of which, they defaulted? (Please note: For Tier 2, a modification may be granted if: (1) the loan has not received a permanent modification or TPP under Tier 2; (2) for a loan that received a Tier 1 modification and lost good standing, 12 months have passed since the Tier 1 modification effective date, or the borrower has experienced a change of circumstances; (3) the loan received a Tier 1 TPP but the borrower defaulted).	

Note: Under HAMP, a borrower or co-borrower may receive permanent HAMP modifications on mortgages secured by up to six properties, HAMP Tier 1 or Tier 2 on the loan secured by the owner-occupied property, and five Tier 2 permanent modifications on mortgages meeting the Tier 2 eligibility requirements.

Is the client potentially eligible for HAMP Tier 2 (check if yes)?

☐

**Refinance: Home Affordable Refinance Program (HARP):** Please note, pursuant to NFMF guidelines, NFMF funds can only be used for single-family, owner-occupied, one-to-four unit properties. NFMF Program Grantees must screen for HARP by determining the following:

	Check all that apply
1. Does Freddie Mac or Fannie Mae own or guarantee your loan? (Please note: Information is available through loan look-up tools at Fannie Mae and Freddie Mac's websites: • Fannie Mae - <a href="https://www.knowyouroptions.com/loanlookup">https://www.knowyouroptions.com/loanlookup</a> • Freddie Mac - <a href="http://www.freddie.mac.com/avoidforeclosure/harp_eligibility.html">http://www.freddie.mac.com/avoidforeclosure/harp_eligibility.html</a> )	
2. Was the loan purchased by Freddie Mac or Fannie Mae on or before May 31, 2009? (Please note: Information is available through loan look-up tools at Fannie Mae and Freddie Mac's websites: • Fannie Mae - <a href="https://www.knowyouroptions.com/loanlookup">https://www.knowyouroptions.com/loanlookup</a> • Freddie Mac - <a href="http://www.freddie.mac.com/avoidforeclosure/harp_eligibility.html">http://www.freddie.mac.com/avoidforeclosure/harp_eligibility.html</a> )	
3. Is the loan-to-value greater than 80%?	
4. Is the mortgage current, with no 30-day late payments in the last six months and no more than one in the past 12 months?	
5. Would a refinance improve the long-term affordability or stability of the loan?	

Is the client potentially eligible for HARP (check if yes)?

☐

**FHA-HAMP:** NFMF Program Grantees must screen for eligibility for FHA-HAMP by determining the following:

	Check all that apply
1. Does the client have a loan that is insured or guaranteed by the Federal Housing Administration?	
2. Has the client experienced a loss of income or increase in living expenses?	
3. Is either the applicant or co-applicant on the mortgage employed?	
4. Has the client not received a stand-alone Loan Modification or FHA-HAMP in the previous 24 months?	
5. The client's surplus income is not greater than 15% of his or her net monthly income, and \$300?	

Is the client potentially eligible for FHA-HAMP (check if yes)?

☐

**Short Sale or Deed-in-Lieu: Home Affordable Foreclosure Alternatives (HAFA):** Please note, pursuant to NFMC guidelines, NFMC funds can only be used for single-family, owner-occupied, one-to-four unit properties. NFMC Program Grantees must screen for eligibility for HAFA by determining the following:

	Check all that apply
1. Is the loan a first lien, conventional mortgage owned or guaranteed by Fannie Mae or Freddie Mac? (Please note: Information is available through loan look-up tools at Fannie Mae and Freddie Mac's websites: • Fannie Mae - <a href="https://www.knowyouroptions.com/loanlookup">https://www.knowyouroptions.com/loanlookup</a> • Freddie Mac - <a href="https://www3.freddie.mac.com/corporate/">https://www3.freddie.mac.com/corporate/</a> )	
2. Does the client have a financial or other hardship?	
3. Is the client's monthly debt ratio greater than 55%? (Please note: For mortgage loans that are less than 31 days delinquent but evaluated as in imminent default, the Borrower's back-end debt-to-income ratio must be greater than 55%. Active duty military service members of the U.S. armed forces with Permanent Change of Station (PCS) orders relocating from a primary residence purchased on or before June 30, 2012, are exempt from the total monthly debt ratio requirement).	
4. Is the home the client's primary residence, second home, or an investment property? (Please Note: For mortgage loans that are more than 30 days delinquent, the property may be a principal residence, a second home, or an investment property. For mortgage loans that are less than 31 days delinquent but evaluated as in imminent default, the mortgage property must be the client's principal residence).	
5. Did the client take-out a new mortgage during the term of their hardship? (If the hardship is distant employment transfer/relocation, a new mortgage during the term of the hardship is permitted. For other hardships when a new mortgage is taken out during the term of the hardship, consideration for a Short Sale or Deed-in-Lieu is on a case by case basis.)	
6. Is the transaction arm's length?	
7. Is the property in good condition and not have any environmental hazards or pose any legal concerns?	

Is the client potentially eligible for HAFA (check if yes)?

☐

=====

**Counselor Certification:** (Please print your name below)

☐ I, \_\_\_\_\_, certify that I have reviewed the available options on the Making Home Affordable Screening Checklist and the client is potentially eligible for the following based on the information currently available to me (check all that apply):

☐ HAMP      ☐ HAMP Tier 2      ☐ HARP      ☐ FHA-HAMP      ☐ HAFA

*Note: This document should be used to screen clients to determine if they potentially qualify for assistance through the Making Home Affordable Program. Grantees should use this form during their initial assessment of their clients. The form can be shared with clients to help them better understand MHA requirements. Additionally, there are other programs offered through Making Home Affordable that aren't listed on this checklist. You should visit the MHA website at [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov) to find out more information about these programs. Additionally, Participating Agencies and Sub-agencies in the MHA Outreach and Intake Project may submit initial packages in Hope LoanPort as part of the project for those borrowers who are potentially eligible for HAMP or HAMP Tier 2.*

*Last updated: May 1, 2013*

### ***Exhibit 5: NFMC Program Counseling Award Disbursement Requirements***

**1. Disbursement 1** (Disbursement 1 = 15% of Counseling plus associated Program-Related Support (PRS) and Operational Oversight (OO) if applicable).

Released upon:

- A. Ratification of Grant Agreement.
- B. NeighborWorks receipt of all required start-up documentation.
- C. Grantee has no significant compliance findings or was provided an exception for disbursement.
- D. Grantee has submitted proof of the requisite match funds.
- E. Grantee is within allowable variances by geographic area<sup>2</sup>.
- F. Grantees with contracted requirements to provide a certain amount of counseling sessions in low-income or minority zip codes, or to low-income or minority homeowners, will be required to achieve at least the contracted percentage of production in those areas.
- G. All required quarterly reports are completed.
- H. When enough clients have been counseled to total 15% of counseling award dollar amount<sup>3</sup>.

Total disbursed to Grantee at this point is 15% of its total NFMC Program award.

---

**2. Disbursement 2** (Disbursement 2 = 20% of Counseling plus associated PRS and OO if applicable)

Released when enough clients have been counseled to total 35% of the Counseling Award dollar amount<sup>3</sup> and:

- A. Grantee has no significant compliance findings or was provided an exception for disbursement.
- B. Grantee has submitted proof of the requisite match funds.
- C. Grantee is within allowable variances by geographic area<sup>2</sup>.
- D. Grantees with contracted requirements to provide a certain amount of counseling sessions in low-income or minority zip codes, or to low-income or minority homeowners, will be required to achieve at least the contracted percentage of production in those areas.
- E. All required quarterly reports are completed.

Total disbursed to Grantee at this point is 35% of its total NFMC Program award.

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**3. Disbursement 3** (Disbursement 3 = 20% of Counseling plus associated PRS and OO if applicable)

Released when enough clients have been counseled to total 55% of the Counseling Award dollar amount<sup>3</sup> and:

- A. Grantee has no significant compliance findings or was provided an exception for disbursement.
- B. Grantee has submitted proof of the requisite match funds.
- C. Grantee is within allowable variances by geographic area<sup>2</sup>.



- D. Grantees with contracted requirements to provide a certain amount of counseling sessions in low-income or minority zip codes, or to low-income or minority homeowners, will be required to achieve at least the contracted percentage of production in those areas.
- E. All required quarterly reports are completed.

Total disbursed to Grantee at this point is 55% of its *total NFMC Program award*.

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**4. Disbursement 4** (Disbursement 4 = 20% of Counseling plus associated PRS and OO if applicable)

Released when enough clients have been counseled to total 75% of the Counseling Award dollar amount<sup>3</sup> and:

- A. Grantee has no significant compliance findings or was provided an exception for disbursement
- B. Grantee has submitted proof of the requisite match funds.
- C. Grantee is within allowable variances by geographic area<sup>2</sup>.
- D. Grantees with contracted requirements to provide a certain amount of counseling sessions in low-income or minority zip codes, or to low-income or minority homeowners, will be required to achieve at least the contracted percentage of production in those areas.
- E. All required quarterly reports are completed.

Total disbursed to Grantee at this point is 75% of its *total NFMC Program award*.

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**5. Disbursement 5** (Disbursement 4 = 20% of Counseling plus associated PRS and OO if applicable)

Released when enough clients have been counseled to total 95% of the Counseling Award dollar amount<sup>3</sup> and:

- A. Grantee has no significant compliance findings or was provided an exception for disbursement
- B. Grantee has submitted proof of the requisite match funds.
- C. Grantee is within allowable variances by geographic area<sup>2</sup>.
- D. *At least 75% of the Grantee's production was provided in Areas of Greatest Need and Areas of Extraordinary Need. If the Grantee was contracted to provide less than 75% of its units of counseling in Areas of Greatest Need and Areas of Extraordinary Need, it must be within 5% of its contracted percentage. For example, if a Grantee was contracted to provide 65% of its total units of counseling in Areas of Greatest Need and Areas of Extraordinary Need combined, it must provide at least 60% in them to close out the grant.*
- E. Grantees with contracted requirements to provide a certain amount of counseling sessions in low-income or minority zip codes, or to low-income or minority homeowners, will be required to achieve at least the contracted percentage of production in those areas.
- F. All required quarterly reports are completed.

Total disbursed to Grantee at this point is 95% of its *total NFMC Program award*.

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**6. Disbursements 6 & 7** (Disbursements 6 & 7 = 5% of total award)

As long as the criteria below are met, Disbursement 6 (2.5% of Counseling plus associated PRS and OO if applicable) will be disbursed upon completion of the final report and Disbursement 7 (2.5% of Counseling plus associated PRS and OO if applicable) will be disbursed upon completion of all the organization's obligations related to the program evaluation. These obligations could extend through June 30, 2020.

Released when enough clients have been counseled to total 100% of the Counseling Award dollar amount<sup>3</sup> and:

- A. Grantee has no significant compliance findings or was provided an exception for disbursement.
- B. Grantee has submitted proof of the requisite match funds.
- C. Grantee has counseled enough borrowers to fully spend down 100% of the dollar amount awarded to it in Counseling Funds<sup>3</sup>. Note: The NFMC Program will allow up to 5% of the Grantee's counseling award to be used to cover duplicate clients that were not self-duplicates. This will be applied at Disbursement 5 and may reduce the dollar amount and/or units of counseling needing to be achieved before releasing Disbursement 5.
- D. Grantee has at least 75% of production provided in Areas of Greatest Need and Areas of Extraordinary Need. If the Grantee was contracted to provide less than 75% of its units of counseling in Areas of Greatest Need and Areas of Extraordinary Need, it must be within 5% of its contracted percentage.
- E. Grantees with contracted requirements to provide a certain amount of counseling sessions in low-income or minority zip codes, or to low-income or minority homeowners, will be required to achieve at least the contracted percentage of production in those areas.
- F. Grantee has completed its Final NFMC Program Programmatic Report.

#### **Exceptions to be considered:**

The executed Grant Agreements requires that Grantees meet certain goals. The following provisions have been established to allow Grantees to request disbursements of their NFMC Program funds and continue providing counseling services if they have not met the contracted requirements but have sufficiently documented the reasons why and have proven they have made best efforts to achieve their goals.

At the time of the 1<sup>st</sup> disbursement, if Grantee is not within allowable variances by geographic area (includes Areas of Greatest and Extraordinary Need) requirements, or (if applicable) by service to low-income and minority homeowners or zip codes, Grantee must send an e-mail to the NFMC Program giving a satisfactory explanation and detailed plan for how they will make best efforts to get back on track. A corrective action period may be issued for the Grantee to return to compliance. Once documentation at this stage is reviewed, the NFMC Program may recommend approval for release of the 1<sup>st</sup> disbursement or release half of the 1<sup>st</sup> disbursement if variances are pervasive. The remaining half of this disbursement will be released during the next scheduled 2<sup>nd</sup> disbursement when all variances are within allowable limits or if an exception is granted.<sup>4</sup>

At the time of the 2<sup>nd</sup> disbursement, if Grantee is not within allowable variances by geographic area (includes Areas of Greatest and Extraordinary Need) requirements, or (if applicable) by service to low-

income and minority homeowners or zip codes, Grantee must send an e-mail to the NFMC Program giving a satisfactory explanation and detailed plan for how they will make best efforts to get back on track. A corrective action period may be issued for the Grantee to return to compliance. Once documentation at this stage is reviewed, the NFMC Program may recommend approval for release of the 2<sup>nd</sup> disbursement or release half of the 2<sup>nd</sup> disbursement if variances are pervasive. The remaining half of this disbursement will be released during the next scheduled 3<sup>rd</sup> disbursement when all variances are within allowable limits or if an exception is granted.<sup>4</sup>

At the time of the 3<sup>rd</sup> disbursement, if Grantee is not within allowable variances by geographic area (includes Areas of Greatest and Extraordinary Need) requirements, or (if applicable) by service to low-income and minority homeowners or zip codes, Grantee must send an e-mail to the NFMC Program giving a satisfactory explanation and detailed plan for how they will make best efforts to get back on track. A corrective action period may be issued for the Grantee to return to compliance. Once documentation at this stage is reviewed, the NFMC Program may recommend approval for release of the 3<sup>rd</sup> disbursement or release half of the 3<sup>rd</sup> disbursement if variances are pervasive. The remaining half of this disbursement will be released during the next scheduled 4<sup>th</sup> disbursement when all variances are within allowable limits or if an exception is granted.<sup>4</sup>

At the time of the 4<sup>th</sup> disbursement, if Grantee is not within allowable variances by geographic area (includes Areas of Greatest and Extraordinary Need) requirements, or (if applicable) by service to low-income and minority homeowners or zip codes, Grantee must send an e-mail to the NFMC Program giving a satisfactory explanation and detailed plan for how they will make best efforts to get back on track and/or payment for delivered counseling units may be denied by NeighborWorks where geographic area goals are not within allowable variances. Grantee may be required to resubmit counseling sessions in accordance with allowable variances to receive disbursement. Once documentation at this stage is reviewed, the NFMC Program may recommend approval for release of the 4<sup>th</sup> disbursement or release half of the 4<sup>th</sup> disbursement. The remaining half of this disbursement will be released during the next scheduled 5<sup>th</sup> disbursement when all variances are within allowable limits or if an exception is granted.<sup>4</sup>

At the time of the 5<sup>th</sup> disbursement, if Grantee is not within allowable variances by geographic area (includes Areas of Greatest and Extraordinary Need) requirements, or (if applicable) by service to low-income and minority homeowners or zip codes, Grantee must send an e-mail to the NFMC Program giving a satisfactory explanation and detailed plan for how they will make best efforts to get back on track and/or payment for delivered counseling units may be denied by NeighborWorks where geographic area goals are not within allowable variances. Grantee may be required to resubmit counseling sessions in accordance with allowable variances to receive disbursement. Once documentation at this stage is reviewed, the NFMC Program may recommend approval for release of the 5<sup>th</sup> disbursement or release half of the 5<sup>th</sup> disbursement. The remaining half of this disbursement will be released during the next scheduled 6<sup>th</sup> disbursement when all variances are within allowable limits or if an exception is granted.<sup>4</sup>

If Grantee has not increased production to be within the variance, NFMC Program staff will review the documented best efforts reported by the Grantee to address the variance. Factors that may allow a waiver of the Grant Agreement requirements during each disbursement review would include: (1) the geographic area is not an Area of Greatest Need or Extraordinary Need, (2) observed geographic

variances are a result of service to other Areas of Greatest Need and Areas of Extraordinary Need, (3) the geographic area is being served satisfactorily by the program overall, (4) Grantee makes up less than 15% of the overall proposed production for that geographic area, production in immediately adjacent MSAs or rural areas of a state make up for the units of counseling not delivered in the contracted geographic area, (5) documentation that clients were served in the under-reported geographic areas but billed to another funding source, or (6) documentation that specific outreach and efforts to affiliate new sub-Grantees (if applicable) have not produced the required volume of borrowers to allow Grantee to meet its goal.

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<sup>1</sup> This percentage may vary slightly, as NeighborWorks organizations were not eligible to apply for Operational Oversight funds.

<sup>2</sup> To determine if Grantee is within allowable variances by geographic area (includes Areas of Greatest and Extraordinary Need), the NFMFC Program looks at the following:

- For Areas of Greatest Need only, Grantee must have achieved at least 75% of the counseling units expected at each disbursement for each MSA and rural area of a state it was contracted to serve for Disbursement 1, and 50% of the units expected in each area for Disbursement 2 and all subsequent disbursements. NFMFC will not penalize a Grantee that achieves more than its counseling goals, provided this does not cause other geographic areas Grantee was contracted to serve to fall below its goals.
  - *Disbursement 1 Example: If a Grantee received a Counseling Award of \$120,000 and was contracted to provide 800 units of counseling in the Seattle, WA MSA, it would reach the Disbursement 2 trigger when it had uploaded enough units of counseling to total \$18,000 (or 15% of its Counseling Award). If at least 75% of those units were provided in the Seattle MSA, the Grantee is considered to be within the allowable variance.*
  - *Disbursement 2 Example: That same Grantee would reach the Disbursement 2 trigger when it had uploaded enough units of counseling to total \$42,000 (or 35% of its Counseling Award). If at least 50% of those units were provided in the Seattle, WA MSA, the Grantee is considered to be within the allowable variance.*
  - *Disbursement 3 Example: That same Grantee would reach the Disbursement 3 trigger when it had uploaded enough units of counseling to total \$66,000 (or 55% of its Counseling Award). If at least 50% of those units were provided in the Seattle, WA MSA, the Grantee is considered to be within the allowable variance.*

If it is determined that Grantee is under-producing in rural areas, the NFMFC Program will analyze whether the Grantee has produced units of counseling in rural areas of MSAs using the USDA 502 rural definition. If this is the case, units of counseling that fall within these areas can be counted toward the Grantee's rural production.

- For Areas of Extraordinary Need, Grantee must have achieved at least 85% of the counseling units expected at each disbursement for each MSA and rural area of a state it was contracted to serve. The NFMFC Program will not penalize Grantees that achieve more than 100% of its

expected counseling goals in Areas of Extraordinary Need, provided this does not cause other geographic areas Grantee was contracted to serve to fall below its goals. It is at NeighborWorks' sole discretion to review requests to reallocate units among other Areas of Extraordinary Need. These requests must be submitted for review and approval to NeighborWorks.

- *Disbursement 1 Example: If a Grantee received a Counseling Award of \$120,000 and was contracted to provide 200 units of counseling in the Miami-Fort Lauderdale-West Palm Beach, FL Area of Extraordinary Need, it would reach the Disbursement 1 trigger when it had uploaded enough units of counseling to total \$18,000 (or 15% of its Counseling Award). If the Grantee has provided at least 85% of those units of counseling were provided in the Miami-Fort Lauderdale-West Palm Beach, FL AEN, the Grantee is considered to be within the allowable variance.*
- *Disbursement 2 Example: That same Grantee would reach the Disbursement 2 trigger when it had uploaded enough units of counseling to total \$42,000 (or 35% of its Counseling Award). If at least 50% of those units were provided in the Seattle, WA MSA, the Grantee is considered to be within the allowable variance.*
- *Disbursement 3 Example: That same Grantee would reach the Disbursement 3 trigger when it had uploaded enough units of counseling to total \$66,000 (or 55% of its Counseling Award). If at least 50% of those units were provided in the Seattle, WA MSA, the Grantee is considered to be within the allowable variance.*

<sup>3</sup> To determine if Grantee has counseled enough borrowers to spend down 15%, 35%, 55%, 75%, 95% or 100% of its counseling funds, the NFMC Program multiplies the number of units produced at Level 1 by \$150 and adds to that the number of units produced at Level 2 by \$300. The resulting amount must equal or exceed 15%, 35%, 55%, 75%, 95% or 100% of the Grantee's counseling award, depending on the Disbursement being released.

<sup>4</sup> To receive the second half of partial disbursements, Grantee must upload additional units of counseling, and NFMC Program staff must analyze progress to date in the geographic areas (includes Areas of Greatest and Extraordinary Need) where Grantee was below acceptable levels at the time of its scheduled disbursement. If Grantee has increased production so it is within acceptable levels, then the second half of its scheduled disbursement will be authorized.

*Exhibit 6: National Industry Standards for Homeownership Education and Counseling –  
Foreclosure Intervention Specialty*

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## Introduction — Homeownership Done Right™



As the link between sustainable homeownership and quality counseling and education becomes more and more clear, stakeholders across the housing industry agree that there is a vital need to ensure that consistently high-quality counseling and education become the norm across the nation. We call it “Homeownership Done Right™”—three simple words which are embodied in the National Industry Standards for Homeownership Education and Counseling. Simply put, the National Industry Standards are a set of training and performance benchmarks designed to promote increased quality and reliability in the delivery of homeownership education and counseling programs. In practice, they provide a common industry roadmap for excellence that delivers confidence to homebuyers and which instills professionalism and credibility among and across the diverse stakeholders who are part of the homeownership experience.

Creating industry-wide standards for homeownership counseling and education is a basic idea, but one that has far-reaching benefits. By adopting the National Industry Standards, homeownership counseling organizations demonstrate their belief in the importance of maintaining a high level of expertise on the part of their counselors and educators and of ensuring that all clients receive consistent, quality service. Likewise, by supporting the Standards, Housing Finance Agencies, other government entities, regional and national lenders, mortgage insurers and GSEs demonstrate accountability and commitment towards providing the greatest chance for sustainable homeownership. In turn, consumers gain confidence knowing that organizations that adopt and follow the Standards can be counted on to provide reliable information and professional service that has the homebuyer’s best interests in mind. Put it all together, and you get “Homeownership Done Right.™”

## Encouraging Nationwide Quality

Organizations providing homeownership counseling and education services are encouraged to integrate the recommended benchmarks from the Standards into their everyday business operations and strive to exceed these benchmarks. The National Industry Standards for Homeownership Education and Counseling focus on a set of six core areas:

**Competency**, including strong knowledge of the homebuying process, money management and credit

**Skills**, including communication and listening skills, adult education and facilitation skills

**Training**, with recommendations for a minimum number of hours of training and certification

**Operational Knowledge**, regarding programs, fundraising and marketing

**Code of Ethics and Conduct**, which practitioners must sign and abide by

**Performance Standards**, including standards for delivery, curriculum, recordkeeping and reporting

## Benefits of the Standards

The National Industry Standards for Homeownership Education and Counseling provide numerous benefits to a wide variety of housing industry stakeholders.



## Benefits for Community Development Organizations

By adopting the National Industry Standards, organizations are better able to:

- Promote responsibility and sustainability for homeownership in the community
- Create consistencies in content delivered to clients across the nation
- Raise awareness for the organization and the homeownership counseling/education field
- Gain the public's trust
- Provide guidance to practitioners to perform at the highest level of professionalism
- Promote sustainability for organizations that adopt the Standards by reassuring funders and fee-paying clients of the quality of services provided
- Allow consumers to identify organizations that adopt and follow the Standards to ensure they are receiving high-quality, ethical service
- Elevate the industry's reputation for quality service delivery

## Benefits for Practitioners

Achieving (or exceeding) the benchmarks established by the Standards helps homeownership professionals to:

- Increase their knowledge and skill-set to best serve their clients
- Earn the trust of their clients

- Distinguish themselves professionally
- Advance their career
- Enhance their credibility and image

## Benefits for Partner Organizations

By endorsing and promoting the Standards, corporations and government entities:

- Take the lead in advocating for education and counseling as a critical part of the homeownership experience
- Demonstrate their commitment to best practices in achieving sustainable homeownership
- Show public support for homeownership educators and counselors
- Endorse a mechanism that will instill greater public trust in the market
- Raise the bar of excellence for organizations seeking funding opportunities

## Benefits for Homebuyers and Homeowners

Homebuyers and current homeowners benefit by knowing that organizations that adopt and follow the Standards will:

- Provide a solid source of information to draw upon before and after the home purchase
- Make sure their counselors/educators serve clients with competence, fairness and respect

- Ensure that clients receive consistent and correct information
- Provide counselors/educators with the proper tools and training to support their work

## Development of The National Industry Standards

Building on the effective practices found at every point of the homeownership experience, the National Industry Standards for Homeownership Education and Counseling were drawn from a variety of sources, including existing standards used by the U.S. Department of Housing and Urban Development (HUD) and local, regional and national housing counseling agencies. Input on the Standards was gathered by the Advisory Council for the National Industry Standards and from a variety of housing industry partners.



## Advisory Council

Bank of America  
 Chase  
 Chrysalis Consulting Group, LLC  
 Citi  
 Community Development Corporation of Long Island, Inc.  
 Consumer Credit Counseling Services of San Francisco  
 Fannie Mae  
 Federal Reserve Board  
 Freddie Mac  
 The Housing Partnership Network  
 Minnesota Housing  
 Mortgage and Credit Center  
 NAREB – National Investment Division  
 National Association of REALTORS®  
 National Council of State Housing Finance Agencies  
 National Council of La Raza  
 NeighborWorks® America  
 NHS of Great Falls  
 U.S. Department of Housing and Urban Development  
 Wells Fargo

## How To Use This Booklet

This booklet is designed to serve three purposes: (1) To provide comprehensive information about the National Industry Standards and the Code of Ethics and Conduct for professionals across the homeownership industry, (2) To be a call to action for organizations to adopt the National Industry Standards and (3) To serve as a reference guide for practitioners—homeownership educators and counselors, as well as other homeownership industry professionals—who will benefit from having the National Industry Standards guidelines and benchmarks and Code of Ethics and Conduct printed in one handy place.

## Adopting The Standards

Many organizations that currently provide homeownership education and counseling will find that their programs meet or exceed the recommended benchmarks for industry standards and can readily adopt the National Industry Standards and National Industry Standards Code of Ethics and Conduct.

For more information and to adopt the Standards, turn to page 32 and log on to **[www.homeownershipstandards.com](http://www.homeownershipstandards.com)**.





# **Standards for Homeownership Education (Pre-Purchase and Post-Purchase)**





## Purpose of the Standards

To ensure consistency in the quality of homeownership education efforts nationwide, and adopt industry best practices.

In order to best serve clients, organizations providing homeownership education and individual homeownership educators agree to adopt the following:

## Core Operating Standards

1. **Competency:** Possess a strong knowledge in the area of homeownership—specifically the homebuying process, budgeting, money management, credit, banking, mortgage financing, down payment assistance, insurance, community involvement, home maintenance, loss mitigation, foreclosure prevention, fair housing, delinquency intervention, refinancing, anti-fraud or anti-predatory lending and relevant local, state and federal laws.

- **Recommended Benchmark:** Individuals new to the field of Homeownership Education should obtain appropriate orientation and introductory level training during the initial six months of employment.

2. **Skills:** Demonstrate an understanding of adult education techniques and training, cultural competency, facilitation skills and training methods, presentation skills, audio/visual techniques, planning and designing trainings, and participatory training techniques.

3. **Training:** As soon as possible, but within 18 months of being hired, homeownership educators will obtain minimum training

as a homeownership educator equivalent to no less than 30 hours of facilitated instruction covering topics included in Standards 1 and 2 above, utilizing a variety of methods which could include lecture, interactive, demonstration, on-line and case study.

4. **Certification:** A certification standard is critical to establishing professionalism and value to homeownership education. After completing minimum training, certification will require a homeownership educator to take and pass a comprehensive exam demonstrating at least 80% proficiency. The exam will test the skills and core competency areas identified in Standards 1 and 2 above, as well as the related content and activities identified in Exhibits A and B herein.

- **Recommended Benchmark:** Certification must be completed as soon as reasonably possible, but no later than 18 months from the start of employment.

5. **Continuing Education:** Complete a minimum of 10 hours of continuing education annually in subjects relative to the core content and delivery of homeownership education.

- **Recommended Benchmark:** Continuing education requirements for most certification programs will meet or exceed this standard.

6. **Homeownership Program Operations:** Implement effective program operations, including outreach and marketing, partnership building, fundraising, customer service, customer tracking, reporting, program evaluation and program design.



- **Recommended Benchmark:** These skills can be obtained through training and experience.

7. **National Industry Standards Code of Ethics and Conduct Statement:** Sign and adopt the written National Industry Standards Code of Ethics and Conduct that specifically addresses any real and apparent conflicts of interest, guidelines for professional behavior, privacy and confidentiality, payment for services, consultation, referrals, quality assurance and integrity.

## Performance Standards

1. **Delivery:** Perform face-to-face group homeownership education to clients, utilizing a variety of interactive techniques.
  - **Recommended Benchmark:** Homeownership education occurs before a purchase contract is signed in pre-purchase education.
  - **Recommended Benchmark:** Content, delivery and format of the training is tailored to meet the needs of the participants.
  - **Recommended Benchmark:** Participants should be provided service in a timely manner, requisite with the service need. At a minimum, upon request participants should receive acknowledgement of inquiry within two business days of initial contact, and delivery of education within a two-week timeframe.
  - **Recommended Benchmark:** Homeownership educators should use a training manual, and make materials available to attendees.

- **Recommended Benchmark:** A certificate of completion is provided to customers who successfully complete the training.
- **Recommended Benchmark:** Customer satisfaction surveys are used to evaluate the effectiveness of the homeownership education.
- **Recommended Benchmark:** Offer and encourage individual counseling in conjunction with the provision of all group education.
- **Recommended Benchmark:** A code of ethics is utilized for all volunteer trainers, coupled with an orientation regarding the mission, philosophy and delivery of the training

2. **Curriculum:** Utilize a comprehensive curriculum containing the following minimum core content:\*

### Pre-Purchase Education

- Assessing Readiness to Buy a Home
- Budgeting and Credit
- Financing a Home
- Selecting a Home
- Maintaining a Home and Finances

\*See detailed list of acceptable content and topics



### **Post-Purchase Education (when offered)**

- Community Involvement
  - Budgeting for Homeownership
  - Maintaining a Home and Home Improvement
  - Financing and Sustaining Homeownership
  - Avoiding Delinquency and Foreclosure
- 
- **Recommended Benchmark:** There are a number of excellent consumer curricula that have been developed by various organizations, service providers, state collaboratives, etc, which may meet or exceed the standard for curriculum content. These curricula must contain the components mentioned above.
- 
- **Recommended Benchmark:** Specialty topics, such as financial literacy, reverse mortgage lending, individual development accounts (IDAs) and foreclosure prevention, may also at times be delivered as group education. Use of nationally developed and utilized curriculum, and/or an equivalent is recommended. Homeownership educators should secure appropriate training in the appropriate specialty topic.
- 
3. **Expected Education Outcome:** Upon completion of homeownership education, clients will be able to demonstrate an understanding of the following: preparing for homeownership, budgeting and credit management, financing a home, selecting a home, maintaining a home and finances\* and avoiding delinquency and foreclosure.

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\*See detailed criteria for core understanding

- **Recommended Benchmark:** Optimally, the time allocated for comprehensive, effective delivery of pre-purchase curriculum to achieve a desired expected outcome and cover content adequately is eight hours of education. In some circumstances (e.g., based on pre-assessment of learners' needs) hours may vary, but in no case would less than four hours be sufficient.

4. **Recordkeeping:** Collect and maintain specific information from education clients in accordance with all laws and governing organizations (i.e., HUD, Intermediary, etc.).

- **Recommended Benchmark:** An intake form should be completed and collected with client profile information to include contact information, services sought/provided, household size, ethnicity (optional), household income, date and type of workshop attended, workshop format and length.
- **Recommended Benchmark:** Aggregate information for group education should be maintained including total number of persons served and other demographic information.
- **Recommended Benchmark:** Utilize a checklist to ensure files maintained are consistent and meet reporting standards and quality assurance.
- **Recommended Benchmark:** Files should be maintained in secured file cabinets in order to protect client privacy. Scanned documents or electronic files should maintain the highest level of client security.

- **Recommended Benchmark:** Files should be maintained for a minimum of three years. Longer file retention requirements may be required if the household has received grant or loan assistance through state or federal subsidy programs. At the time of disposal, files should be shredded.
5. **Reporting:** Utilize an electronic Client Management System (CMS) for collecting and reporting data.
- **Recommended Benchmark:** An electronic method in place for collecting reporting data may be as basic as an Excel spreadsheet or Access database application that captures needed data fields from each client, but *preferably* should be a software application compliant with HUD's CMS vendor list or equivalent. Visit [www.hud.gov](http://www.hud.gov) to view HUD's CMS vendor list.
6. **Service Thresholds:** Establish referral networks for individuals and families seeking services that the homeownership educator does not provide or possess sufficient competency to adequately and effectively deliver.
- **Recommended Benchmark:** Examples of such services may include: individual/personal counseling services, housing search assistance, legal aid, relocation assistance, etc.





## Exhibit A

### Pre-Purchase Standard Homeownership Education Content

Key Topics	Client Outcome
<b>Assessing Homeownership Readiness</b>	
Pros and cons of homeownership	Understand the benefits and responsibilities of homeownership
Overview of the home purchase process	Conduct self-assessment of homeownership readiness
Housing affordability	Calculate housing affordability
4 C's of credit	Understand how lenders determine mortgage readiness
<b>Budgeting and Credit</b>	
Importance of goal setting	Set financial goals
Tracking expenses	Develop system to track expenses
Setting up a spending plan	Create a realistic spending plan
Budgeting and saving tips	Identify ways to reduce expenses and increase savings
Importance of good credit	Understand the importance of good credit
Understanding credit and how to protect credit ratings	
Credit bureaus, reports and scores	Order credit reports and credit scores
How to fix credit problems	Improve credit rating
Debt management tips	Reduce debt
<b>Financing a Home</b>	
How a lender decides whether or not to lend	Understand how lenders make loan decisions
Housing affordability and qualification	Calculate housing affordability
Sources for mortgage loans	Understand where to obtain a mortgage loan
Predatory loans and how to avoid them	Avoid high-risk loans
Types of mortgage loans	Choose appropriate loan product and source
Special financing products	Understand resources available to assist with home purchase
Steps in the mortgage loan process	Understand the loan process
Loan application and approval process	
Common lending documents	Assemble documents needed for loan application

Key Topics	Client Outcome
What to do if the loan is denied	Address issue listed as the reason for loan denial
Closing process	Understand the loan closing process
<b>Shopping for a Home</b>	
The homebuying team	Understand the professionals involved in the homebuying process
Real estate professionals	Understand the different types of real estate professionals
Types of homes and ownership	Understand housing and titling options
How to select a home and neighborhood	Determine housing wants versus needs
How to make an offer	Understand the home purchase process
Negotiating tips	
The purchase contract	
Inspections	Understand the importance of a professional home inspection
Escrow and closing process	Understand the escrow and closing process
<b>Maintaining a Home and Finances</b>	
How to maintain and protect a home after moving in	Understand costs associated with homeownership, including taxes, insurance, maintenance, etc.
Home safety and security	Create emergency plan
Energy efficiency	Reduce energy usage
Preventive maintenance	Create plan for routine maintenance
Home repairs and improvements	Understand the difference between repairs and improvements
Working with a contractor	Understand how to work with a contractor
Community involvement	Get involved in the community
Record keeping	Set up a record-keeping system
Taxes	Understand tax issues associated with homeownership
Insurance	Understand different insurance policies associated with homeownership
What to do if you can't make a payment	Contact lender immediately if there are financial issues
Predatory lending and other financial pitfalls	Avoid high-risk loans

## Exhibit B

### Post-Purchase Standard Homeownership Education Content

Key Topics	Client Outcome
<b>Budgeting for Homeownership</b>	
Staying financially fit as a new homeowner	Review spending plan and revise with new expenses of mortgage payments, maintenance, reserves, utilities, homeowners association fees and investments
Budgeting	
Maintaining good credit	Understand the importance of maintaining good credit
Home equity: Your home as an asset	Calculate home equity, and understand how to manage it effectively
Retirement savings	Understand options and techniques for saving for retirement
Taxes: Property and income	Understand tax liabilities and ways to maximize deductions
Insurance: Mortgage, homeowners, auto, health and life	Understand different types of insurance and the importance of risk management
<b>Maintaining and Improving Your Home</b>	
Home maintenance and improvements	Develop plans for preventive maintenance, home repairs and replacements and/or home improvements as needed
Home safety	Create emergency plan
Energy conservation	Reduce energy usage to save money
<b>Community Involvement</b>	
Building community	Get involved in the community
<b>Financing and Sustaining Homeownership</b>	
Foreclosure prevention	Contact lender immediately if there are financial issues
Mortgage options: Refinancing, home equity loans and home improvement loans	Know your options: refinance, home-equity loans, home improvement loans
Recordkeeping	Create record-keeping system
Lending abuses	Avoid high-risk loans
Landlord issues	Attend landlord training classes



## **Standards for Homeownership Counseling**



## Purpose of the Standards

To ensure consistency in the quality of homeownership counseling efforts nationwide and adopt industry best practices.

In order to best serve clients, organizations providing homeownership counseling and individual homeownership counselors agree to adopt the following:

## Core Operating Standards

1. **Competency:** Possess a strong knowledge in the area of homeownership—

specifically the homebuying process, budgeting, money management, credit, banking, mortgage financing, down payment assistance, insurance, community involvement, home maintenance, loss mitigation, foreclosure prevention, fair housing, delinquency intervention, refinancing, anti-fraud, anti-predatory lending and relevant local, state and federal laws.

- **Recommended Benchmark:** Individuals new to the field of Homeownership Counseling should obtain appropriate orientation and introductory level training during the initial six months of employment.

2. **Skills:** Exhibit professional communication and organization skill set, including listening skills, customer service, cultural competency and time management. Homeownership Counselors must demonstrate the skills necessary to obtain, review and analyze a tri-merged credit report, calculate income and debt and perform an affordability analysis. A full command of calculations for mortgage financing, down payment assistance and

subsidy programs is required.

3. **Training:** As soon as possible but within 18 months of being hired, homeownership counselors will obtain minimum training as a homeownership counselor equivalent to and no less than 30 hours of facilitated instruction covering topics included in Core Operating Standards 1 and 2 above, utilizing a variety of methods which could include lecture, interactive, demonstration, on-line and case study.

- **Recommended Benchmark:**

Homeownership counselors providing specialty counseling such as reverse mortgage counseling, foreclosure prevention and delinquency counseling should seek the appropriate training to provide these services.

4. **Certification:** A certification standard is critical to establishing the professionalism and value of homeownership counseling. After completing minimum training, certification will require a homeownership counselor to take and pass a comprehensive exam demonstrating at least 80% proficiency. The exam will test skills and core competency areas included in Standards 1 and 2 above, as well as the related content and activities identified in Exhibit C herein.

- **Recommended Benchmark:**

Certification must be completed as soon as reasonably possible, but no later than 18 months from the start of employment.

5. **Continuing Education:** Complete a minimum of 10 hours of continuing education annually in subjects relative to the core content and delivery of homeownership counseling.





- **Recommended Benchmark:**

Continuing education requirements for most certification programs will meet or exceed this standard.

## 6. Homeownership Counseling Operations:

Implement effective program operations of homeownership counseling techniques, including outreach and marketing, partnership building, fundraising, customer service, customer tracking, reporting, program evaluation and program design. Counselors should have a working knowledge of each of these subject areas.

- **Recommended Benchmark:** These skills can be obtained through training and experience.

## 7. National Industry Standards Code of Ethics and Conduct:

Sign and adopt the written National Industry Standards Code of Ethics and Conduct that specifically addresses any real and apparent conflicts of interest, guidelines for professional behavior, privacy and confidentiality, payment for services, consultation, referrals, quality assurance and integrity.

## Performance Standards

### 1. Delivery: Perform individual, personalized homeownership counseling to clients.

- **Recommended Benchmark:** Pre-purchase counseling occurs before a purchase contract is signed.
- **Recommended Benchmark:** Content, delivery and format of the counseling is tailored to meet the needs of the client.
- **Recommended Benchmark:** Clients should be consulted in a timely manner, requisite with the



service need. At a minimum, upon request clients should receive acknowledgement of inquiry within two business days of initial contact, with the intake appointment within a one-week timeframe.

- **Recommended Benchmark:** Homeownership Counselors must complete a formal intake, needs assessment and develop a written action plan.
- **Recommended Benchmark:** Active, open client files should be closely monitored, with timely follow-up in accordance with the stated action plan. When no contact from the client has taken place for six consecutive months, the file may be classified as inactive.
- **Recommended Benchmark:** Where appropriate, Homeownership Counselors should review and analyze client's credit report.

- **Recommended Benchmark:** Customer satisfaction surveys are used to evaluate the effectiveness of the counseling.
- **Recommended Benchmark:** Offer and encourage homeownership education in conjunction with the homeownership counseling services.

2. **Expected Counseling Outcome:** Upon completion of homeownership counseling, clients will be able to demonstrate an understanding of the following: preparing for homeownership, budgeting and credit management, financing a home, selecting a home, maintaining a home and finances, sustaining homeownership and avoiding delinquency and foreclosure.

- **Recommended Benchmark:** Comprehensive, effective delivery should be determined based upon the individual need of the client to reach the desired outcome. The minimum standard for delivery of

individual counseling should be at least one session of at least 30-60 minutes.

3. **Recordkeeping:** Collect and maintain specific information from clients in accordance with all laws and governing organizations (i.e., HUD, Intermediary, etc.).

- **Recommended Benchmark:** An intake form should be completed and collected with client profile information to include contact information, services sought/provided, household size, ethnicity (optional), household income, date and type of workshop attended, workshop format and length.

- **Recommended Benchmark:** Aggregate information for clients should be maintained including total number of persons served and other demographic information.

- **Recommended Benchmark:** Utilize a checklist to ensure files maintained are consistent and meet reporting standards and quality assurance.

- **Recommended Benchmark:** Files should be maintained in secured file cabinets in order to protect client privacy. Scanned documents or electronic files should maintain the highest level of client security.

- **Recommended Benchmark:** Files should be maintained for a minimum of three years. Longer file retention requirements may be required if the household has received grant or loan assistance through state or federal subsidy programs. At the time of disposal, files should be shredded.



4. **Reporting:** Utilize an electronic Client Management System (CMS) for collecting and reporting data.

- **Recommended Benchmark:** An electronic method in place for collecting reporting data may be as basic as an Excel spreadsheet or Access database application that captures needed data fields from each client, but *preferably* should be a software application compliant with HUD's CMS vendor list or equivalent. Visit [www.hud.gov](http://www.hud.gov) to view HUD's CMS vendor list.

5. **Service Thresholds:** Establish referral networks for individuals and families seeking services that the homeownership counselor does not provide or possess sufficient competency to adequately and effectively deliver.

- **Recommended Benchmark:** Examples of such services may include: rental housing assistance, housing search assistance, legal aid, relocation assistance, etc.

## Exhibit C

### Minimum Standard Activities for Homeownership Counseling

Activities
Intake – gather baseline information from client
Conduct accurate needs assessment
Document the household income and expenses
Determine household debt level
Review client's credit report(s)
Identify credit challenges
Determine and document household savings
Develop a household budget
Analyze budget and recommend modification
Conduct various calculations including affordability based on income and debt
Develop a written action plan
Provide client follow up
Make referrals for additional services needed by client
Provide client information on delinquency/foreclosure services or information on a referral for these services

**Note:** *Specialty counseling services such as reverse mortgage counseling, foreclosure prevention and delinquency counseling should only be provided by counselors with the proper training and certification.*





# **Standards for Homeownership Education and Counseling— Foreclosure Intervention Specialty**



## Purpose of the Standards

To ensure consistency in the quality of foreclosure intervention counseling efforts nationwide, and adopt industry best practices.

In order to best serve clients, organizations providing homeownership counseling and individual homeownership counselors providing foreclosure intervention services agree to adopt the following:

## Core Operating Standards

**1. Competency:** Possess a strong knowledge in the area of mortgage default and/or foreclosure intervention counseling, specifically relating to the current industry practices of loss mitigation to include loan repayment, forbearance, modification, refinance, loan assumption, short sale, deed-in-lieu, community referrals and other remedies available to the homeowner to avoid foreclosure. The counselor should understand the structure of the primary and secondary markets, the collection and loss mitigation functions of those entities collecting mortgage payments, financial management and budgeting, and be familiar with state and federal regulations regarding the foreclosure process. The counselor should possess the skills to obtain pertinent client information, analyze financial and property data and draft a comprehensive written action plan (see Exhibit E) based on the client's goals outlining the recommendations for foreclosure avoidance or sale.

- **Recommended Benchmark:** Individuals new to the field of foreclosure intervention counseling should obtain appropriate orientation, introductory level training and prerequisite curricula during the initial six months of employment.

- **Recommended Benchmark:** Those counselors new to foreclosure intervention and default counseling should (prior to seeing clients) be involved in an on-the-job training/coaching/mentoring program for at least 90 days.
- 2. Skills:** Exhibit professional communication (written and verbal), organizational, listening, customer service, cultural competency and time management skills. Foreclosure Intervention Counselors must demonstrate a hands-on knowledge of the remedies available to the homeowner to avoid foreclosure including negotiation and critical thinking skills, and demonstrate an ability to provide timely crisis counseling to families in need.
- 3. Training:** As soon as possible but no later than within 12 months of being hired, foreclosure intervention counselors will obtain minimum training equivalent to no less than 30 hours of facilitated instruction, utilizing a variety of methods including lecture, interactive, demonstration, on-line and case study.
- **Recommended Benchmark:** Those counselors new to foreclosure intervention and default counseling should (prior to seeing clients) be involved in an on-the-job training/coaching/mentoring program for at least 90 days. To best meet the client's needs in this highly specialized field, facilitated training in foreclosure intervention and default counseling should be completed within six months and no later than one year to obtain the competency and skills listed under the Core Operating Standards.

4. **Certification:** Certification is considered critical in the industry. Subsequent to the requisite training, a comprehensive exam consisting of approximately 100 questions must be administered with a demonstrated proficiency of 80% passing. The exam will cover foreclosure intervention counseling competency content meeting the standards listed under the Core Operating Standards and demonstrated in the related activities identified in Exhibit D herein.

- **Recommended Benchmark:** Certification should be completed as soon as reasonably possible, but no later than within 18 months of employment.

5. **Continuing Education:** Complete a minimum of 10 hours of continuing education annually in subjects primarily related to the core content and delivery of foreclosure intervention and default counseling.

- **Recommended Benchmark:** Professional certification continuing education requirements may meet or exceed this standard.

6. **Foreclosure Intervention Counseling Operations:** Implement effective program operations for foreclosure counseling including techniques, outreach and marketing of services available to the community, partnership building with private sector partners including servicers and lenders, fundraising, customer service, customer tracking, reporting, program evaluation and program design.

- **Recommended Benchmark:** These skills can be obtained through training and experience.



7. **Code of Ethics and Conduct Statement:** Sign and adopt the written National Industry Standards Code of Ethics and Conduct policy that specifically addresses any real and apparent conflicts of interest, guidelines for professional behavior, privacy and confidentiality, payment for services, consultation, referrals, quality assurance and integrity.

## Performance Standards

1. **Delivery:** Perform individual, personalized foreclosure intervention and default counseling to clients.
- **Recommended Benchmark:** Content, delivery and format of the counseling is tailored to meet the needs of the client. Content and delivery should be done in a culturally competent manner and in the preferred language of the client. Use of a translator or referral to an agency that provides adequate service in the appropriate language is recommended.
  - **Recommended Benchmark:** Clients should be counseled immediately (if possible) particularly when there is a high degree of certainty



that foreclosure is imminent. At a minimum, upon request, clients should receive acknowledgement of inquiry within 48 hours of initial contact. When initial contact is made, clients should be assessed to determine the status of the client's mortgage and client urgency. Those clients that have a high degree of foreclosure risk should be prioritized for appointments.

- **Recommended Benchmark:** Foreclosure intervention counselors must complete appropriate intake of client information to make proper and timely recommendations to the client to assist in avoiding foreclosure. Counselors must provide a comprehensive written action plan (see Exhibit E) to the client summarizing a statement of the problem, steps to be taken by the client, steps to be taken by the counselor and the timeline necessary to accomplish these tasks.
- **Recommended Benchmark:** Foreclosure intervention counselors should always instruct the client of the importance of making and keeping contact with the lender. Where possible, the counselor should attempt to contact the lender on



behalf of the client to assess status and to further inform the lender of the proposed recommendations as specified in the written action plan (see Exhibit E).

- **Recommended Benchmark:** Active, open client files should be closely monitored, with timely follow-up in accordance with the stated action plan. When no contact from the client has taken place for three consecutive months, the file may be classified as inactive.
  - **Recommended Benchmark:** Where there is no mortgage delinquency, foreclosure intervention counselors should provide basic financial management or credit counseling and encourage further homeownership education as a deterrent to future mortgage default.
  - **Recommended Benchmark:** Client satisfaction surveys are used to evaluate the effectiveness of the counseling.
2. **Expected Counseling Outcome:** Upon completion of foreclosure intervention counseling, clients will understand the various options available to assist them to avoid foreclosure, the need to keep constant communication with their lender and will have received a written action plan (see Exhibit E) outlining the necessary steps to achieve their desired objectives. After counseling, if the client determines that either they cannot afford to keep their home or no longer desire to keep their home, they will receive information relative to each of these options and how this action might result in civil and/or tax liability.



- **Recommended Benchmark:** Foreclosure intervention counselor should collect pertinent information as outlined in Exhibit D.
- **Recommended Benchmark:** Comprehensive, effective delivery should be determined based upon the individual needs of the client to reach their desired outcome. The minimum standard for delivery of individual foreclosure intervention counseling should be at least one session of at least 30-60 minutes, utilizing either face-to-face or telephone counseling.
- **3. Recordkeeping:** Collect and maintain specific information from clients in accordance with all laws and governing organizations (i.e., HUD, Intermediary, etc.)
- **Recommended Benchmark:** An intake form should be completed and collected with client profile information to include contact information, services sought/provided, household size, ethnicity (optional), and household income. Additional information to collect from the client is outlined in Exhibit D.
- **Recommended Benchmark:** Aggregate information for clients should be maintained including total number of persons served and other demographic information.
- **Recommended Benchmark:** A checklist should be utilized to ensure files are consistently maintained and meet reporting standards and quality assurance.
- **Recommended Benchmark:** Files should be maintained in secured file cabinets and/or electronically in a secure data system in order to protect client privacy.
- **Recommended Benchmark:** Files should be maintained for a minimum of three years. Longer file retention requirements may be required if the household has received grant or loan assistance through state or federal subsidy programs. At the time of disposal, files should be shredded or electronic copies should be deleted.
- 4. **Reporting:** Utilize an electronic Client Management System for collecting and reporting data.
- **Recommended Benchmark:** An electronic method in place for collecting reporting data may be as basic as an Excel spreadsheet or Access database application that captures needed data fields from each client, but *preferably* should be a software application compliant with HUD's CMS vendor list or equivalent. Visit [www.hud.gov](http://www.hud.gov) and refer to HUD's CMS vendor list.
- 5. **Service Thresholds:** Establish referral networks for individuals and families seeking services that the foreclosure intervention counselor does not provide or possess sufficient competency to adequately and effectively deliver.

- **Recommended Benchmark:** The Department of Housing and Urban Development (HUD) maintains a list of organizations and corresponding services ([www.hud.gov](http://www.hud.gov)). In addition,

legal aid, tax professionals and other state or local agencies that may provide needed services aligned with foreclosure intervention including rescue funds should be sought.

## Exhibit D

### Minimum Standard Activities for Foreclosure Intervention and Default Counseling

Activities
Perform intake by gathering baseline information from client including: <ol style="list-style-type: none"> <li>Client's goals/intent</li> <li>Reason for delinquency or default</li> <li>Client's financial situation and possibility of workout</li> <li>Client's loan type</li> <li>Home's value/condition</li> <li>Credit report</li> <li>Original loan documents, if available</li> <li>Demographic information: contact information, household size, household income, ethnicity (optional), etc.</li> </ol>
Assess client's mortgage, payment status and urgency in the delinquency and foreclosure process
Develop loss mitigation options
Communicate with the servicer*
Submit loss mitigation package to servicer*
Negotiate with junior lien holders and Homeowners Association*
Create written action plan for foreclosure avoidance or client's preference
Provide follow up to client
Provide client with contact information for additional community services that might be available

\* When Applicable. Foreclosure Counseling can include a range of the activities depending on the client's financial situation and the severity of the mortgage delinquency. Specifically, activities 4, 5 and/or 6 vary and may not always be performed for a client.

## Exhibit E

### Foreclosure Intervention Counseling— Recommended Content for Written Action Plan

Recommended Features of the Action Plan
State briefly why the homeowner is delinquent or in danger of becoming delinquent, including the involuntary inability to pay, unexpected increase in expenses, decrease in income, loan reset and/or other factor.
Include an assessment of the property's condition and a discussion and calculation of equity, if any.
Include a financial assessment that leads to the recommendations for resolving the delinquency (assuming that the client wants to and can afford to keep the house). Otherwise, discuss foreclosure in general, sale of the property, deed in lieu, short sale and possible tax consequences and/or deficiency judgment issues.
State what steps the homeowner will take to resolve the delinquency and what steps the counselor will take to assist in this process.
Include other contact information for community referrals which may be able to assist the client.
Issue the Action Plan within 24 hours of counseling session (and immediately if face-to-face)







# **National Industry Standards Code of Ethics and Conduct for Homeownership Professionals**





**T**he National Industry Standards Code of Ethics and Conduct for Homeownership Professionals\* is a voluntary, self-governing standard for professional performance/conduct for homeownership counselors and educators that provide homeownership education and counseling services to consumers.

The Code of Ethics and Conduct for Homeownership Professionals offers a set of values and principles to guide conduct and decision-making in the homeownership education and counseling field. Homeownership professionals who adhere to the Code of Ethics and Conduct agree to provide quality education and counseling to clients.

## How to Utilize the National Industry Standards Code of Ethics and Conduct:

**Counselors and Educators:** The National Industry Standards Code of Ethics and Conduct should be adopted by counselors and educators and adhered to in their daily business operations. For more information on how to demonstrate adoption of these documents, visit [www.homeownershipstandards.com](http://www.homeownershipstandards.com).

**Organizations:** Organizations providing homeownership education and/or counseling services are encouraged to adopt the Code of Ethics and Conduct and ensure compliance with these ethics by their counselors and educators.

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\*The National Industry Standards for Homeownership Education and Counseling Code of Ethics and Conduct was developed by a collaborative group of industry partners. The term "Homeownership Professionals" includes both homeownership educators and counselors.

### 1. Commitment to Clients

- The primary responsibility of homeownership educators and counselors is to provide high-quality education and counseling services to prospective and existing homeowners.
- Homeownership educators and counselors will act on behalf of a client and observe his/her best interests.

### 2. Client Decision-Making

- Homeownership educators/counselors will provide necessary tools, resources and information to assist their clients in making decisions about finances, home buying or homeownership based on the client's needs and preferences.
- In instances when clients experience literacy or language challenges, homeownership educators/counselors will take steps to ensure clients' comprehension. This shall include arranging for a qualified interpreter or translator or referring the client to a qualified language educator/counselor.

### 3. Competence

- Homeownership educators/counselors will provide services only within the boundaries of their education, training, certification or other relevant professional experience. Referrals will be provided to clients when essential services are beyond the scope of the individual or agency to provide.
- Homeownership educators/counselors shall be culturally competent in their service area and sensitive to cultural differences and needs.

#### 4. Conflicts of Interest

- Homeownership educators/counselors will avoid actual and the appearance of conflicts of interest. They will inform clients when a real or potential conflict of interest arises and take all necessary steps to resolve the issue in a manner that makes the clients' interests primary and protects clients' interests. In some cases, protecting clients' interests may require termination of the professional relationship with proper referral of the client.
- Homeownership educators/counselors will not take unfair advantage of any professional relationship or exploit others to further their personal, religious, political or business interests.
- Any potential conflicts of interest (such as a counseling agency providing low-cost loans), will be disclosed to clients in a written disclosure document.

#### 5. Privacy and Confidentiality

- Homeownership educators/counselors will respect clients' right to privacy. Private information will not be requested from clients unless it is critical to providing services. Once private information is shared, privacy laws apply as well as client confidentiality.
- Homeownership educators/counselors will disclose confidential information only as specified by a valid written consent of client.
- Homeownership educators/counselors will not discuss confidential

information in any setting unless privacy can be ensured. Counselors and educators will abide by privacy laws and keep information confidential and protected.

- Homeownership educators/counselors will not disclose clients' information, including their identity, when responding to requests from members of the media without the client's express consent.
- Homeownership educators/counselors will protect the confidentiality of clients' written and electronic records and other sensitive information. Clients' records shall be stored in a secure location and not made available to others who are not authorized to have access.
- Homeownership educators/counselors will take precautions to ensure and maintain the confidentiality of information transmitted to other parties through the use of computers, electronic mail, facsimile machines, telephones and telephone answering machines, and other electronic or computer technology. Disclosure of identifying information will be avoided unless specifically permitted by client.



- Homeownership educators/counselors will dispose of clients' records in a manner that protects clients' confidentiality and is consistent with state statutes governing records and social work licensure.
- Homeownership educators and counselors will be familiar with relevant local, regional and national laws regarding privacy and confidentiality.

## 6. Professional Behavior

- Homeownership educators/counselors will not practice, condone, facilitate, or collaborate with any form of discrimination on the basis of race, ethnicity, national origin, sex, sexual orientation, age, marital status, political belief, religion, or mental or physical disability.
- Homeownership educators/counselors will not use derogatory language in their written or verbal



communications to or about clients. Accurate and respectful language will be used in all communications to and about clients.

- Homeownership educators/counselors will not participate in, condone, or be associated with dishonesty, fraud or deception.
- Homeownership educators/counselors will not permit their private conduct to interfere with their ability to fulfill their professional responsibilities.

## 7. Payment for Services

- When setting fees, homeownership educators/counselors will ensure that the fees are fair, reasonable and commensurate with the services performed. Clients will be informed of any applicable fees prior to the delivery of any services.
- Homeownership educators/counselors will not solicit a private fee or other personal remuneration for providing services to clients.

## 8. Discontinuation of Services

- Homeownership educators/counselors will close files and discontinue services to clients when such services are no longer required or no longer serve the clients' needs or interests.

## 9. Consultation

- Homeownership educators/counselors will seek the advice and counsel of more experienced colleagues whenever such consultation is in the best interests of clients. Consultation



will only be sought from colleagues who have demonstrated knowledge, expertise and competence related to the subject of the consultation.

- When consulting with colleagues about clients, homeownership educators/counselors will disclose the least amount of information necessary to achieve the purposes of the consultation.
- Client information will only be shared with other colleagues with the written consent of the client.

## 10. Referrals

- Homeownership educators/counselors will limit services to those within their training and expertise and refrain from giving legal, tax or accounting advice unless licensed to do so. Non-homeownership issues should be referred to other appropriate agencies to serve clients fully.
- Homeownership educators/counselors shall not give payment or receive payment from an outside source for a referral unless professional services of comparable value have been provided.

## 11. Integrity of the Homeownership Education and Counseling Profession

- Homeownership educators/counselors will work toward the maintenance and promotion of high standards of practice for the industry.



- Homeownership educators/counselors will uphold and advance the values, ethics, knowledge and mission of the profession. They will protect, enhance and improve the integrity of the profession through service development, partnerships and active participation in the industry.
- Homeownership educators/counselors will contribute time and professional expertise to activities that promote respect for the value, integrity and competence of their profession.



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## LEARN HOW TO ADOPT National Industry Standards for Homeownership Education and Counseling

**U**nifying the industry on the issue of education and counseling standards is the first step to achieving that goal on a national level. An organization can make the commitment to incorporate the National Industry Standards in their day-to-day business practices to help promote a high level of consistency and quality in homeownership education and counseling nationwide.

### Your organization can adopt the Standards by following these simple steps:

- 1 Go online to [www.homeownershipstandards.com](http://www.homeownershipstandards.com). Select the **Sign Up** button from the homepage (the executive director or a high-ranking decision-maker for your organization must complete the sign-up form).
- 2 Download and read through the **National Industry Standards Guidelines and Code of Ethics and Conduct** (each staff member should also read and complete the Code of Ethics and Conduct).
- 3 Provide **information about your agency** (be sure to include complete training and certification information for each of your counseling staff).
- 4 **Submit** copies of your staff's training and certification details to:

National Industry Standards  
1325 G Street, NW, Suite 800  
Washington, D.C. 20005

Or, fax to 202-376-7276, Attn. National Industry Standards.

**Upon review and verification of your submittal, you will receive notification of your adoption status. Once approved, your organization's name will be listed as an adopter on the National Industry Standards website and a Certificate of Adoption will be mailed.**

If you have questions about the National Industry Standards, **call 866-472-9477.**

**[www.homeownershipstandards.com](http://www.homeownershipstandards.com)**







## Advisory Council for the National Industry Standards for Homeownership Education and Counseling

Homeownership  
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**T**he National Industry Standards for Homeownership Education and Counseling were developed in a collaborative effort by a diverse group of housing industry partners to meet the need for quality counseling and education services that strengthen long-term homeownership.

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U.S. Department of Housing and Urban Development

Wells Fargo

*The Advisory Council for the National Industry Standards for Homeownership Education and Counseling was convened by the NeighborWorks® Center for Homeownership Education and Counseling (NCHEC).*

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Cora Fulmore, Mortgage & Credit Center, Vice-Chair

Jayna Bower, NeighborWorks® America, Director, NCHEC

### **National Industry Standards for Homeownership Education and Counseling**

1325 G Street, NW, Suite 800

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