

NFMC Round 3: Application Evaluation Process

October 2009

The grant evaluation process was consistent and fair.

- External reviewers were recruited to evaluate applications for funding. These external reviewers were either consultants or loaned staff from the U.S. Department of Housing and Urban Development, the Federal Deposit Insurance Corporation, or the Federal Reserve.
- The ratio of internal (NeighborWorks staff) to external reviewers was 2:1 for evaluation of applications from NeighborWorks Organizations (NWOs) and 1:2 for evaluation of applications from Intermediaries and State Housing Finance Agencies (HFAs). Additionally, a NeighborWorks staff team lead was assigned to each team to synthesize reviewers' comments, facilitate discussion, and help the team to arrive at consensus around scoring decisions. The team lead did not score the applications.
- To ensure that applications were scored using the same objective criteria, all team leaders and reviewers were provided a Reviewer's Manual which contained a rubric for scoring and guidelines for determining final award amounts. Team leaders and reviewers all participated in training before they reviewed applications to ensure they understood the rubric, the program design, and the scoring guidelines. Reviewers disclosed any potential conflicts of interest before they were assigned to a review team. Reviewers were not assigned to review applications for which they had either a stated or perceived conflict of interest.
- Each reviewer scored the applications independently and a team concurrence call was held where reviewers discussed their scores and came to consensus on a score for each application.

A funding amount for each applicant was determined using the following four steps.

Step 1: Application Review and Scoring

- For the Counseling Funds, the team's consensus score was entered into a spreadsheet where all scores were normalized to a 150 point scale to account for differences in the three application types: streamlined application, HFAs/Intermediary full application, and NWO full application. A review team recommended funding amount was determined as follows:
 - If an applicant scored 62 or better, it was awarded funds. If it scored between 62 and 75, it received 100% of its demonstrated experience or requested amount, whichever was less.
 - If the requested amount exceeded the demonstrated experience amount, for each additional point after 75 the applicant received an additional dollar amount, up to the full requested amount which it could achieve if it received a normalized score of 150.
 - In addition, all applicants were awarded 20% of their counseling award in Program Related Support. Operational Oversight was awarded at 7% for the first \$2.5 million and 5% thereafter.
- The sum of the review teams' award recommendations for counseling funds totaled \$134,001,829 which was much more than the \$51,698,780 which could be awarded in Round 3.

Step 2: Consideration of Utilization Rate of Previous Funding

- The Round 3 grant term runs through June 30, 2009. While many applicants that were awarded NFMC Round 2 funds have not yet expended these funds, some organizations have already spent down their NFMC Round 2 awards entirely. Efforts were made to prioritize funding to organizations that were deemed worthy of funding during the application review process, based on when they are projected to run out of NFMC Round 2 funds. This determination was based on the assumption that an applicant's production will continue

at a rate equal to the average of their three highest months of production during the most recent 6 months (as calculated on September 5, 2009; based on client intake dates).

- Applicants were broken into 13 tiers, based upon the date that the applicant is expected to deplete its Round 2 funding. The tier the applicant was assigned determined the percentage of the award amount recommended by the review teams the applicants would be eligible to receive. Applicants not expected to exhaust Round 2 funding before the official end of Round 3 were allotted the smallest percentage of the review team recommended funding award.

Tier	Applicants Who...	% of award recommended by review team
1a	Have no NFMF funds now: have completed R1& R2	100%
1b	Have no NFMF funds now AND are new applicants, were R1 only, or had R1 funds recaptured	80%
2	Will run out of Round 2 funds September 8 – 30, 2009	90%
3	Will run out of Round 2 funds in October 2009	85%
4	Will run out of Round 2 funds in November 2009	80%
5	Will run out of Round 2 funds in December 2009	75%
6	Will run out of Round 2 funds in January 2010	70%
7	Will run out of Round 2 funds in February 2010	65%
8	Will run out of Round 2 funds in March 2010	60%
9	Will run out of Round 2 funds in April 2010	50%
10	Will run out of Round 2 funds in May 2010	40%
11	Will run out of Round 2 funds in June 2010	30%
JUNE 30, 2010 - END OF OFFICIAL ROUND 3 GRANT PERIOD		
12	Will run out of Round 2 funds in July 2010	20%
13	Will run out of Round 2 funds on or after August 1, 2010	10%

Two examples are provided to help illustrate how this tiered system was applied.

Example #1: Applicant A received an NFMF Round 2 counseling award that enabled them to provide 1,500 units of counseling. The applicant has uploaded 450 clients into the NFMF Data Collection System, as follows, during the past 6 months

	March	April	May	June	July	August
Number of Clients served this month (by intake date)	25	60	150	20	75	120

NFMF took the highest 3 months of production during the last 6 months (in this case, May, July, and August) and determined an average number of units the applicant has the capacity to deliver each month. In this case, 115 unit per month (345 units divided by 3 = 115 per month).

As of September 5, this applicant had provided 600 units of counseling overall since the Round 2 program began in January of 2009, with 900 remaining to be delivered under its Round 2 contract. At a counseling rate of 115 units per month, this applicant would take 7 months (until April 2010) to deliver the remainder of its Round 2 units of counseling. This applicant would be grouped into Tier 9 and would be preliminarily awarded half (50%) of what the review team recommended.

Example #2: Applicant B received an NFMC Round 2 counseling award that enabled them to provide 500 units of counseling. The applicant has uploaded 400 clients into the NFMC Data Collection System, as follows, during the past 6 months.

	March	April	May	June	July	August
Number of Clients served this month (by intake date)	100	50	125	0	75	50

NFMC took the highest 3 months of production during the last 6 months (in this case, March, May, and July) and determined an average number of units the applicant has the capacity to deliver each month. In this case, 100 unit per month (300 units divided by 3 = 100 per month).

As of September 5, this applicant had provided 450 units of counseling overall since the Round 2 program began in January of 2009, with 50 remaining to be delivered under its Round 2 contract. At a counseling rate of 100 units per month, this applicant would take less than one month to deliver the remainder of its Round 2 units of counseling. This applicant would be grouped into Tier 2 and would be preliminarily awarded 90% of what the review team recommended.

- These calculations resulted in a total recommended amount of \$91,421.672 – nearly double the amount of funds available to be awarded.

Step 3: Application of Across-the-Board Cut

- All applicants' recommended funding amounts were further reduced by 39.5% in an effort to keep Round 3 awards within the limits of available funds. This resulted in a total recommended amount of \$55,310,112.

Step 4: Application of an Award Amount Cap and Floor

- Both a cap and a floor were placed on the counseling award amounts. Recognizing the extreme demand for these funds, the need to provide access to foreclosure counseling services across the county -- particularly in areas of greatest need, the desire to mitigate risks associated with the concentration of funds with any one applicant, and to keep Round 3 Awards within the limits of available funds, a \$3.5 million cap was instituted for HFAs and Intermediaries, and a \$775,000 cap for NeighborWorks Organizations. A floor was placed on grants as well to reflect the cost benefit of processing and monitoring the grant as well as program effectiveness, so no Intermediary or HFA received a grant award less than \$85,000 and no NWO received a grant award lower than \$26,500. The result put the total recommended funding within the limits of available funds.

Throughout the process, the same standards, criteria, and review process were used for both NeighborWorks Organizations and Intermediary/HFA applications. The process only varied when criteria for Intermediaries and HFAs were not relevant for NeighborWorks Organizations. The rubrics for the full applications were very similar – differing only by the questions related to oversight, quality control and program administration that would be required by the additional function of an intermediary or housing finance agency as an applicant with sub-applicants. To compensate Intermediaries and HFAs for this additional function, these applicants were awarded an operational oversight budget line item. The NeighborWorks Organizations are not eligible for the operational oversight funding.