National Foreclosure Mitigation Counseling Program

Final Funding Announcement

January 25, 2008

Purpose of Funding

In response to the nationwide subprime foreclosure crisis, Congress approved and President George W. Bush signed legislation authorizing $180 million for a National Foreclosure Mitigation Counseling (NFMC) Program. The legislation was signed on December 26, 2007. Congress selected NeighborWorks® America (as authorized by the Neighborhood Reinvestment Corporation Act, 42 U.S.C. 8101-8107) to administer the National Foreclosure Mitigation Counseling Program, and directed that funds be prioritized for use in “areas of greatest need”. These are defined as areas experiencing a high rate of subprime lending, delinquent loans, and foreclosure starts (see Exhibit 1 for a list of these areas nationwide). Of the $180 million appropriated, at least $167.8 million will be awarded through a competitive grant process. NeighborWorks® America will set aside $37.8 million of this amount for subsequent grants and makes $130 million in funding available through this Funding Announcement. Of this $130 million, at least $66.3 million will be targeted to the areas of greatest need.

This is a one-time appropriation designed to support a rapid expansion of foreclosure intervention counseling capacity on a short-term basis by HUD-approved Housing Counseling Intermediaries and State Housing Finance Agencies (HFAs). Because this is a one-time appropriation, funds will be targeted to Applicants with Demonstrated Experience in foreclosure intervention and loss mitigation counseling. Grantees are advised not to add permanent counseling capacity with these funds unless they can support the positions with other revenues once the funds are expended. National Foreclosure Mitigation Counseling Program funds will be available until they are fully expended, with a projected end date of December 31, 2008.

Grantees will use the funds to provide mortgage foreclosure intervention and loss mitigation counseling assistance primarily in states and areas with high rates of defaults and foreclosures. The target clients are owner-occupants of single-family (one to four unit) properties that obtained subprime loans, are delinquent on their mortgages, and are at risk of default and foreclosure. Secondarily, grants may also be awarded to organizations serving areas where there is a prevalence of subprime mortgages that are at risk of becoming delinquent and entering default. As a lower priority, grants may be made to organizations serving other areas where there is a demonstrated need.

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 counseling activities such as an analysis of the client's financial situation; an evaluation of the current value of the home that is subject to the mortgage; and a review of options such as the assumption of the mortgage by another non-federal party, the purchase of the mortgage by a non-federal third party, other restructuring and refinancing strategies, or the approval of a workout strategy by all interested parties. While the goal is to help homeowners retain their homes with a mortgage they can afford, in some instances the only way to successfully cure a default may be to sell the home. HUD-Approved Intermediaries and state HFAs must demonstrate the capacity to serve as an intermediary, including capacity to distribute funds, communicate with Sub-grantees or Branches, collect requisite data, and monitor quality and performance of each Sub-grantee or Branch.

It is expected that eligible Applicants will make every effort to receive reimbursement for counseling services from other sources to increase the sustainability of these services. National Foreclosure Mitigation Counseling Program funds are not meant to replace current or future fee-for-service arrangements between counseling agencies and servicers, lenders, or other interested parties.

The intent of the NFMC funding is to expand counseling opportunities available to American families facing foreclosure. It is not expected that counseling agencies will collect fees from multiple sources to fund the same counseling client with respect to their foreclosure mitigation needs. However, it is recognized that the full cost of providing foreclosure mitigation counseling to a client may exceed the Level 1, Level 2, and Level 3 rates detailed in this Funding Announcement beginning on page 9. If a counseling agency receives fee payment from another source for the same client that it is reporting to NFMC, the total fees should not exceed an additional 50% beyond the NFMC level (i.e., for Level 1, total fees collected from all sources should not exceed $225; total fees collected for Level 2 cannot exceed $300; and total fees for Level 3 cannot exceed $525). If additional fees are collected beyond the NFMC Levels 1, 2, and 3, documentation should be kept by the agency to justify those fees and be reviewed by the Intermediary or HFA. Philanthropic grants that generally support the counseling program are not considered fees. Fees for other services provided to the same client beyond foreclosure mitigation (such as mental health, bankruptcy, tenant counseling, etc) would not be included in this cap. Additionally, funds received from the HUD Housing Counseling program should not be used to underwrite the same counseling services provided to the same clients counseled under this program.

NeighborWorks® America will train foreclosure counselors across the country through a combination of weeklong training sessions at NeighborWorks® Training Institutes, regional multi-course foreclosure counseling courses, place-based trainings in partnership with HUD-approved Housing Counseling Agencies and State HFAs, and the development of an on-line *Foreclosure Basics* e-learning course. Scholarships will be made available to defray the cost of training.

Details about the National Foreclosure Mitigation Counseling Program, including the legislative language that governed the program development and frequently asked questions about the application and funding process, can be found at www.nw.org/nfmc. NeighborWorks® reserves the right to make exceptions to the guidelines set forth in this Funding Announcement under extraordinary circumstances.

Any questions about this program should be directed to 202-220-6314 or nfmc@nw.org.

Funding Available

This Funding Announcement makes available up to $130 million in grant funds, with a minimum of $50 million to be awarded by February 24, 2008 in areas of greatest need. Depending on the demand for funding and the strength of applications received, NeighborWorks® America may elect to award the entire $130 million in this initial round. If necessary, in order to fully allocate funds by December 31, 2008, NeighborWorks® America may elect to hold a second funding round later in the year.

There is no minimum or maximum application amount. Depending on total demand for available funding, NeighborWorks® America reserves the right to establish award limits during the grant review and award process. NeighborWorks® America also reserves the right to award Applicants less than their full funding request. Award decisions will be based upon 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 and Branches (including performance and compliance under previous HUD Housing Counseling grants); (2) the reasonableness of Applicant’s counseling goals; (3) geographic diversity; (4) coverage in areas of greatest need; and (5) total demand for funding from all Applicants. In making award decisions, NeighborWorks® America 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, and other available relevant information.

As noted in paragraph 1 of this Funding Announcement, $37.8 million of the $167.8 million minimum available for grants will be set aside to provide subsequent grants. NeighborWorks® America will add to these funds any award money recaptured from Grantees that have not made significant progress on their goals within an identified timeframe. Possible uses of these funds may be (without limitation) to make additional funds available to Grantees that meet or exceed their goals of clients counseled or to provide flexibility to respond to an area of the country experiencing a higher than projected demand for delinquency and foreclosure intervention counseling later in the year. Additional information about fund recapture, and the capitalization and use of the set aside funds, will be published before June 30, 2008.

A minimum of $140.8 million of the grant funds will be awarded to HUD-approved Housing Counseling Intermediaries and to State HFAs. Up to $27 million will be awarded directly to housing counseling agencies (HCAs) that are chartered members of the NeighborWorks® network. These groups are specifically named as eligible Applicants in the authorizing legislation.

Definitions

1. Affiliate. An Affiliate is a separately incorporated or organized Housing Counseling Agency connected with an Intermediary or State HFA for the purposes of its housing counseling program. To be eligible for a sub-grant an Affiliate must be: (1) Duly organized and existing as a nonprofit or public entity, (2) in good standing under the laws of the state of its organization, and (3) authorized to do business in the states where it proposes to provide housing counseling services.

2. Applicant. ‘‘Applicant’’ refers to a HUD-approved housing counseling Intermediary or State HFA, or NeighborWorks® chartered members that are HUD-approved housing counseling agencies (HCA).

3. Branch. ‘‘Branch’’ or ‘‘Branch Office’’ refers to an Applicant’s organizational and subordinate unit that is not separately incorporated or organized. A Branch or Branch Office must be in good standing under the laws of the state where it is authorized to do business and where it proposes to provide housing counseling services. A Branch or Branch Office cannot be an Applicant, Affiliate or Sub-grantee.

4. 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 must certify that it (and, if applicable, each of its Sub-grantees or Branches 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 one of the following is true for EACH Sub-grantee, Branch, or NeighborWorks® Organization that will receive NFMC funding either directly or through an Intermediary or HFA:
   1) Applicant 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 Applicant's service area is rural (see below for definitions), and the Applicant 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) Applicant has 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 4.C., above, are no longer on staff, Applicants must explain how Branches or Sub-grantees will achieve goals related to this grant, including how they will recruit and train new staff. NeighborWorks® America reserves the right to ask Grantees to provide documentation of their Demonstrated Experience and the Demonstrated Experience of any Sub-grantees or Branches as a condition of the award or at any point during the grant period or subsequent evaluation period.

Rural Definitions: When qualifying as "rural" for 4(c)(2) above, organizations must use one of the following three acceptable definitions:

A) USDA Rural Development Definition as outlined in 7CFR 3550.10: A rural area is:

(1) Open country which is not part of or associated with an urban area.

(2) Any town, village, city, or place, including the immediate adjacent densely settled area, which is not part of or associated with an urban area and which:

(a) Has a population not in excess of 10,000 if it is rural in character; or

(b) Has a population in excess of 10,000 but not in excess of 20,000, is not contained within a Metropolitan Statistical Area, and has a serious lack of mortgage credit for low- and moderate-income households as determined by the Secretary of Agriculture and the Secretary of HUD.

(3) An area classified as a rural area prior to October 1, 1990, (even if within a Metropolitan Statistical Area), with a population exceeding 10,000, but not in excess of 25,000, which is rural in character, and has a serious lack of mortgage credit for low- and moderate-income families. This is effective through receipt of census data for the year 2000.

B) Any micropolitan area (defined as having population greater than 10,000 but less than 50,000 people)

C) Any county identified using Isserman typology that is designated as rural or mixed rural

Isserman typology map is included as Exhibit 2.

5. Grantee. ‘‘Grantee’’ refers to the Intermediaries, State HFAs, or housing counseling agencies that receive awards under this National Foreclosure Mitigation Counseling Program Funding Announcement.

6. Intermediary. ‘‘Intermediary’’ refers to a HUD-approved national or regional organization that provides housing counseling services through its Branches or Affiliates. Intermediaries must have received HUD-approval on or before February 8, 2008 (the application due date) to be considered for funding.

7. Housing Counseling Agency (HCA). For the purposes of this Funding Announcement, an HCA is a local Housing Counseling Agency that is a chartered member of NeighborWorks® America. These HCAs may apply for National Foreclosure Mitigation Counseling funds directly. All other local housing counseling organizations must apply through an Intermediary or State HFA.

8. State Housing Finance Agency (HFA). A state HFA is the unique public body, agency, or instrumentality created by a specific act of a state legislature and empowered to finance activities designed to provide housing and related facilities and services, for example through land acquisition, construction or rehabilitation, throughout a state. The term “state” includes the fifty states, Puerto Rico, the District of Columbia, Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the U.S. Virgin Islands.

9. Sub-grantee. ‘‘Sub-grantee’’ refers to an organization to which the 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. Intermediaries and HFAs will be held responsible for ensuring that all Sub-grantees and Branches 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.

All Sub-grantees and Branches must be identified in the Grantee’s application, and Grantees must furnish a listing of Sub-grantees which includes the organization name, address, contact person name, e-mail, and telephone before initial grant disbursement will be made. Grantees may amend their Sub-grantee list after awards are made by submitting a written request to NeighborWorks® and such amendment will be approved at NeighborWorks® America’s sole discretion.

Funding Time Frame

While it is possible that all available funds will be awarded in this initial round, NeighborWorks® America reserves the right to conduct a second funding round if necessary. For this initial round, the schedule will be as follows:

January 15-16, 2008	Bidders’ conferences with eligible Applicants (offered twice to facilitate participation).
January 25, 2008	Applications available in the GrantWorks online application system.
February 8, 2008	Applications deadline 8 PM EST. Applications accepted electronically through GrantWorks only. No late applications will be accepted under any circumstances.
February 9 –23, 2008	Applications reviewed, ranked, and award decisions made
February 24, 2008	Grant award letters and grant agreements distributed. Award

	announcements posted on www.nw.org/nfmc.
March 1, 2008	Initial disbursements sent to Grantees upon receipt of executed grant agreements and all required start-up documentation. NeighborWorks® America reserves the right to reduce or de-obligate the award if the grant agreement is not signed and delivered within 20 days of the grant award.
April 9, 2008	Last day for Applicants to request debriefing meeting with NeighborWorks® America. All such request must be received by NeighborWorks® in writing by 5pm EST on this day.
March 1, 2008 – December 31, 2008	Throughout the grant period, client-level production reports are due as draw requests are made. Draws are not tied to quarterly reporting; however, Grantees must be current with their quarterly reports in order for draws to occur, and must demonstrate match proportional to the draw.
On or before June 30, 2008	Guidelines issued for fund recapture and for use of reserved/recaptured funds.
August 1, 2008	First quarterly report required – reporting period from time of receipt of initial disbursement to June 30, 2008.
August 15, 2008	First fund reallocation decisions are made. NeighborWorks® America may recapture funds from Grantees that have not made significant progress in meeting goals established in their grant agreements.
November 1, 2008	Second quarterly report required – reporting period July 1, 2008 to September 30, 2008.
November 15, 2008	Second fund reallocation decisions are made. NeighborWorks® America may recapture funds from Grantees that have not made significant progress in meeting goals established in their grant agreements.
December 31, 2008	End of the initial grant period. All funds awarded under the initial grant round must be expended or will be subject to recapture.
February 1, 2009	Third (and final) quarterly report required – reporting period October 1, 2008 – December 31, 2008.
February 27, 2009	Grantees' final programmatic report due.
Ongoing until June 30, 2010	Grantees must comply with program evaluation requests.

Eligible Applicants

There are two categories of eligible Applicants, as follows:

1) **Intermediaries** that have been approved as Housing Counseling Intermediaries by HUD on or before February 8, 2008 (the application due date), and **State Housing Finance Agencies (State HFAs).** Both HUD-approved intermediaries and State HFAs must have Demonstrated Experience in delivering foreclosure intervention and loss mitigation counseling services (see Definitions, #4.)

These Applicants' foreclosure intervention counselors must **not** be loss mitigation/servicing staff working on behalf of a lender or mortgage finance program.

State HFA Applicants 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.

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 Branches that will deliver the services, or (c) provide direct foreclosure intervention counseling.

Although the legislation allows NeighborWorks® America to independently certify Housing Counseling Intermediaries, NeighborWorks® has elected not to do so and instead refers interested parties to HUD for approval. Potential Applicants who are not currently HUD-approved should visit http://www.hud.gov/offices/hsg/sfh/hcc/hccprof13.cfm to learn about eligibility requirements and the approval process. (Please note that approval typically takes about two months and thus it may not be possible to complete the process in time to take advantage of this initial funding round.) Intermediaries must receive HUD-approval on or before February 8, 2008 at 8:00 PM EST (the application due date) to be eligible to receive an award during this funding round.

HUD-Approved Intermediaries and state HFAs must demonstrate the capacity to serve as an intermediary, including capacity to distribute funds, communicate with Sub-grantees or Branches, collect requisite data, and monitor quality, outcomes, and performance of each Sub-grantee or Branch.

Sub-grantees 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 assure that the Sub-grantees meet or exceed the standards required for HUD approval. A current list of State HFAs and HUD-approved Housing Counseling Intermediaries approved as of the date of this Funding Announcement can be found in Exhibit 3.

Intermediaries and State HFAs are permitted to add or remove Sub-grantees during the grant period with proper written notice and approval. However, they must formally request this of NeighborWorks® America. Adding Affiliates or Branches will not be accompanied by an automatic increase in the grant award. However, foreclosure counseling sessions completed by the added Sub-grantees can be counted towards the Applicants' goals, and the new Sub-grantees can also be included in applications for the set aside funds or a second round of funding should one occur.

2) **Existing chartered members of NeighborWorks® America that are housing counseling agencies (HCAs),** and that have Demonstrated Experience in delivering foreclosure intervention and loss mitigation services. HCAs that are not members of the NeighborWorks® network cannot apply directly but must instead apply through an Intermediary or State HFA as described in 1), above.

A note about affiliations with multiple intermediaries and state HFAs.

Housing counseling organizations, State HFAs, and HUD-Approved Housing Counseling Intermediaries may elect to participate in this program through affiliation with multiple intermediaries and HFAs, 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 activity 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 4) to prevent duplication of billing for the same client. They must also disclose their intent to apply under multiple applications to all intermediaries or State HFAs with which they are Affiliated, and supply a breakdown of projected counseling sessions to be conducted under each application in writing.

Eligible Activities

No funds made available under the National Foreclosure Mitigation Counseling Program may be provided directly to lenders or homeowners to discharge outstanding mortgage balances or for any other direct debt reduction payments.

There are 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® America reserves the right to award less than the amount Applicants request. When reductions in Counseling awards occur, proportional reductions in recommended Program-Related Support and Operational Oversight awards will be made as well.

1) Counseling- *All Applicants (HFAs, Intermediaries, and NWOs) may apply for this.*

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. More complex workouts, sometimes involving negotiations with mortgage lenders or servicers, require staff with additional expertise and will take longer to resolve. Recognizing this, NeighborWorks® America has developed a three-tiered structure for defining and estimating the cost of counseling activity, as described below. For the purposes of projecting counseling budgets, the value of Level One counseling has been set at $150, Level Two at $200, and Level Three at $350. Level Three activities combine those offered under Levels One and Two. **The maximum that may be drawn per individual counseling client is $350. NeighborWorks® America will not allow duplicate billing for the same client at each counseling level.**

"Level One" Counseling: To qualify for a level one payment ($150), a counseling agency will be required to complete all four of the following steps:

1. Organization must conduct an intake including client name and address, basic demographic information, lender and loan information, and reason for delinquency. The National Industry Foreclosure Counseling Standards provide guidance on what should be included in an Intake Form (See Exhibit 5 of this document and www.nw.org/nfmc). It is recommended, but not required, that contact information for one additional person is collected at intake in the event that client moves or is otherwise unable to be reached following initial intake.

2. Organization shall 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 data collection system for this grant, (b.) open files to be reviewed for program monitoring and compliance purposes, and (c.) pull credit record for purposes of program evaluation two additional times between intake and June 30, 2010 and authorization to conduct follow-up with client related to program evaluation. Organization must also allow client access to its privacy policy statement. NeighborWorks® will make a template authorization form available for Grantees to modify for their own use if they do not already have such a form.

3. Organization must develop a budget for the client based on client's oral representation of their expenses, debts, and available sources of income.

4. 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 National Industry Foreclosure Counseling provide guidance on what should be included in an Action Plan (See Exhibit 5 and www.nw.org/nfmc).

When billing for Level 1 activities, all 4 of these completed documents must be in client file: intake, authorization form, budget, Action Plan. Intermediaries and HFAs are responsible for ensuring proper documentation exists in client files at each of their Sub-grantee or Branch offices.

"**Level Two" Counseling**:

To qualify for a level two payment ($200), a counseling agency will be required to complete the following four steps:

1. Engage in budget verification during which the counselor reviews documented evidence provided by the client to establish true debt obligations (credit report), monthly expenses (monthly bills and banks statements) and spending patterns, and realistic opportunities for income (tax returns and pay stubs).

2. If not already on file, organization shall collect a signed authorization form from the client or have other legally-permissible client authorization on record that will allow agency to (a.) submit client-level information to the data collection system for this grant, (b.) open files to be reviewed for program monitoring and compliance purposes, and (c.) pull credit record for purposes of program evaluation two additional times between intake and June 30, 2010 and authorization to conduct follow-up with client related to program evaluation. Organization must also allow client access to its privacy policy statement. NeighborWorks® will make a template authorization form available for Grantees to modify for their own use if they do not already have such a form.

3. Steps to obtain a solution outlined in the written Action Plan are taken and documented using counseling notes that indicate date counseling occurred. This could include but is not limited to the following:

   a. Draft and submit to the servicer a hardship letter that describes for the servicer the situation of the client, 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.
   b. Documented attempt to contact the servicer or lender and, 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. NeighborWorks® will endeavor to post e-mail contact information for servicers who have made such available on the www.nw.org/nfmc web page so documentation of attempts to reach servicers is easily captured.
   c. Complete and submit application for local resource options including refinance programs or rescue funds.
   d. Assist in situations where client elects to pursue sale options.

4. Close-out documentation is completed. For purposes of this grant, "close-out documentation" refers to the documentation of steps taken in #3 above in order to report this client as having received Level 2 counseling. All files need to contain reason for close out and, if applicable, any documentation demonstrating solution. If steps 1 – 3 above have been taken and the client has not

contacted the agency for three consecutive months, the file can be marked inactive and the agency can submit that client's data in its next draw request.

When billing for Level 2 activities, all of these completed documents must be in client file: authorization form, verified budget, documentation of steps taken based upon Action Plan, and close-out documentation. Intermediaries and HFAs are responsible for ensuring proper documentation exists in client files at each of their Sub-grantee or Branch offices.

"Level Three" Counseling:

Level 3 counseling can be billed ($350) when all necessary documentation for Levels 1 and 2 are completed in succession by the same agency. *Intermediaries and HFAs are responsible for ensuring proper documentation exists in client files at each of their Sub-grantee or Branch offices.*

To develop their Counseling budget, Applicants will multiply the projected number of Level One, Two, and/or Three counseling sessions by the appropriate figure ($150, $200 or $350, respectively). **(Note: the maximum that may be billed per individual counseling client is $350. NeighborWorks® America will not allow duplicate billing for the same client at each counseling level.)**

Example: An LCHA Applicant projects that it will deliver 200 Level One Counseling sessions, and 125 Level Three Counseling sessions. The maximum Counseling award the LCHA may request is $73,750 (200 x $150 = $30,000; and 125 x $350 = $43,750).

2) Program-Related Support- *All Applicants (HFAs, Intermediaries, and HCAs) may apply for this.*

Applicants can apply for an amount up to 20 percent of their counseling request for Program-Related Support. A plan for use of these funds, **<u>including the estimated costs of major line-item budget items,</u>** must be included with the application and it is expected that these funds shall be used to increase foreclosure program efficiencies. State HFAs and intermediaries must pass through the full 20 percent to their Sub-grantees or Branches, ***unless*** they justify how retaining a portion of this support will have a timely and positive impact on the capacity of local Sub-grantees to conduct foreclosure mitigation counseling. If such a plan is submitted and justified, no more than 50 percent of the funds allocated under this section can be held at the Intermediary or State HFA level. These funds are not intended to be administrative fees; rather, they are meant primarily to support direct costs associated, as much as possible, with increasing the effectiveness and efficiency of Sub-grantees or Branches' ability to provide quality foreclosure counseling. Eligible uses of Program-Related Support are:

- Establishing a triage system that makes more effective and efficient use of counseling time so counselors are not scheduling and reserving time and sessions with 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. The earlier a delinquent homeowner reaches out for assistance, the more probable the success. Outreach strategies to encourage delinquent homeowners in their communities to come for assistance well before the foreclosure notice is received are encouraged.
- Group orientation and education sessions to help use counseling time more effectively. Registering attendees, preparing for and delivering these sessions are all eligible uses.

- 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 draw requests.
- Quality control of the counseling function.

Applicants may contract out part or all of the activities proposed under Program-Related Support, but they will be asked to demonstrate that their subcontractors have the required experience and expertise.

Example: A State HFA applies for a $3.5 million Counseling award. The HFA may also apply for up to $700,000 in Program-Related Support. At least $350,000 (50 percent of the $700,000) must be passed through to the local Sub-grantees or Branches identified in the application.

3) Operational Oversight *Only Intermediaries and State HFAs may apply for this funding*

Intermediaries and HFAs may request funding for operational oversight which would cover any quality control, day-to-day oversight and management of this grant award, and any improvements to systems and infrastructure required.

These requests must be limited to 7 percent of the first $2.5 million requested under the Counseling category (or $175,000). After the first $2.5 million in Counseling funds requested, the allowable percentage decreases to 5 percent.

Example: An Intermediary applies for $5 million under the Counseling category. The request for Operational Oversight funds is limited to $300,000 ($175,000, or 7 percent of the first $2.5 million in Counseling funds, plus $125,000, or 5 percent of the second $2.5 million in Counseling funds.)

Match Requirement

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

- Applicants must provide a 20 percent match for $500,000 or less in funding received from the National Foreclosure Mitigation Counseling Program. For funding in excess of $500,000 the required match rate drops to 10 percent. 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.nw.org/nfmc.
- Applicant match must be related to Applicants' 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 may not be counted toward match requirements. Examples of federal funds ineligible for use as match include (but are not limited to) other HUD Housing Counseling funds, HOME Funds, and grants awarded by NeighborWorks® America 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; funds received to capitalize mortgage rescue funds; Community Development Block Grant (CDBG) funds; foundation and corporate grants received for operating a foreclosure counseling and mitigation program; municipal, county, or state grants for operating a foreclosure counseling and mitigation program (as long as the funds do not have a federal source); contract income; and unrestricted funds or net assets dedicated towards the foreclosure program.
- The match "window," or period within which the match must be expended or raised, extends from January 1, 2008 to December 31, 2008. Any expenditures related to the Applicants' foreclosure mitigation program that occur between January 1, 2008 and the date award funds are received are eligible to be counted toward the match.
- 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 funds they have expended since January 1, 2008. Once grant funds are awarded, draws will be contingent upon Grantees' ability to demonstrate at least the amount of match proportional to the draw amount, including the initial disbursement, has been committed or expended.
- The match requirement may be waived for counseling delivered in areas where either the local poverty rate or the local unemployment rate is greater than 150 percent of the national rate. When requesting waivers, Applicants must use data that is no older than 2005. Applicants can find unemployment rates from the Bureau of Labor Statistics at www.bls.gov/lau/#data and poverty rates from the U.S. Census Bureau at www.census.gov/hhes/www/saipe/county.html.

  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 the SMALLER geographic area. 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 in the Grant Agreement. If you are requesting a match waiver for a service area smaller than county level, you must fill out the excel spreadsheet titled "Match Waiver Request – smaller than County Level" under the "For All Eligible Applicants" section of www.nw.org/nfmc and e-mail it to nfmc@nw.org before 8PM EST on February 8, 2008.

Draw Schedule

The draw schedule is designed to provide Applicants with sufficient up-front funds to strengthen their counseling capacity, while linking future draws to achievement of counseling goals. **NeighborWorks® America reserves the right to adjust individual Grantees' draw schedules and amounts if funds are being expended more slowly than projected.** Grantees will receive 35 percent of the Counseling award and 35 percent of the Operational Oversight award, as well as 70 percent of the Program-Related Support award following execution of the grant agreement and related start-up documents.

When Grantees can demonstrate that they have counseled 25 percent of the total number of clients they project they will serve under the full grant, they can request a second draw. This draw will be equal to 30 percent of the Counseling award, 30 percent of the Operational Oversight award and 15 percent of the Program-Related Support award.

When Grantees can demonstrate that they have counseled a total of 60 percent of the total number of clients they project they will serve under the full grant, they can request a third draw. This draw will be equal to 30 percent of the Counseling award, 30 percent of the Operational Oversight awards and the remaining 15 percent of the Program Related Support award.

The final 5 percent of the Counseling award and Operational Oversight award can be drawn after Grantees have achieved 100 percent of their production goal. Half (2.5 percent) will be disbursed upon completion of the final report and half (2.5 percent) upon completion of all the organization's obligations related to the program evaluation.

The benefit of this draw schedule is that it can occur more rapidly than a set quarterly schedule in the event that Grantees experience (and respond to) high counseling demand. It is tied to production, not to the calendar. However, after the first draw, Grantees will not be permitted to make additional draws unless they are current on their quarterly programmatic and expenditure reports and can demonstrate proportionate match funds have been expended or committed.

As part of the application, Applicants will be required to submit a workplan projecting counseling goals. Depending on the amount of funds they receive, Applicants may need to amend these goals following grant award, and these new goals will be included in their grant agreement. If, in NeighborWorks® America's sole determination, Grantees do not show substantial progress towards meeting their counseling goals in their reports filed at the end of each quarter, NeighborWorks® America reserves the right to recapture or de-obligate funds. Such funds will be added to the $37.8 million set-aside for subsequent awards, noted in paragraph one of this Funding Announcement. Among other uses, set-aside funds may be used to provide additional funding to emerging areas of greatest need, and to high-performing Grantees that fully draw down their initial award before December 31, 2008.

DRAW SCHEDULE EXAMPLE

Example: A State HFA is awarded a grant of $3.425 million. $2.7 million is awarded in Counseling funds (based on a projected 6,000 Level One counseling sessions, 2,000 Level Two counseling sessions, and 4,000 Level Three counseling sessions). The HFA is awarded $540,000 in Program-Related Support, and $185,000 for Operational Oversight. The draw schedule would be as follows:

Draw 1 total: $1,387,750:

$945,000 (35% x $2.7 million) (Counseling)
$ 64,750 (35% x $185,000) (Operational Oversight)
$378,000 (70% x $540,000) (Program-Related Support)

Draw 2 total: $946,500:

$810,000 (30% x $2.7 million) (Counseling)
$ 55,500 (30% x $185,000) (Operational Oversight)
$ 81,000 (15% x $540,000) (Program-Related Support)

Draw 2 requires that the HFA demonstrate it has met 25% of total counseling goals (1,500 clients at Level 1; 500 clients at Level 2; and 1,000 clients at Level 3)
In addition, the HFA must complete any quarterly reports that are due before the draw can occur and show evidence of proportional match funds expended or committed.

Draw 3 total: $946,500:

$810,000 (30% x $2.7 million) (Counseling)
$ 55,500 (30% x $185,000) (Operational Oversight)
$ 81,000 (15% x $540,000) (Program-Related Support)

Draw 3 requires that the HFA demonstrate it has met 60% of total counseling goals (3,600 clients at Level 1; 1,200 clients at Level 2; and 2,400 clients at Level 3) ***In addition,*** the HFA must complete any quarterly reports that are due before the draw can occur and show evidence of proportional match funds expended or committed.

Final Draws: The HFA must achieve projected production goals. Half of the remaining $144,250 ($72,125) will be disbursed after final report is completed and the remainder ($72,125) will be disbursed after organization has completed its obligations related to the program evaluation.

Strengthening Capacity of Housing Counseling Agencies

If, after an initial review of applications, NeighborWorks® determines that there is insufficient geographic coverage represented by the recommended Grantees, NeighborWorks® shall have the right to grant funding in accordance with this section. These funds would allow Applicants to either open new Branches or to enter into agreements with Sub-grantees or Branches that do not currently have foreclosure counseling operations under the following conditions:

1. Sub-grantees or Branches have a strong track record of providing homeownership counseling services (not necessarily foreclosure counseling services) as demonstrated by having a homeownership counseling line of business in operation for more than three years and having counseled at least 50 homebuyers in the last year (25 for rural areas)

2. Such Sub-grantees or Branches would have at least one counselor trained and able to provide quality counseling services within 90 days of grant award. Funds would not be disbursed until proof of such training was demonstrated.

3. Applicant understands that the grant period ends December 31, 2008 and, therefore, permanent foreclosure counseling capacity cannot be supported with these funds.

In the application, Applicants will describe its foreclosure prevention program start-up plan, which includes counselor training and deployment timeframe and expected date of grant disbursement and, if applicable, will demonstrate the organization's track record of providing oversight to a network of foreclosure counseling Affiliates.

In such cases, the same Program-Related Support and operational oversight ratios and draw schedule that apply to overall award would also apply here. If NeighborWorks® elects to make these awards, they would be contingent upon the submission and favorable review of a program start-up budget and other supporting documentation.

Other Program Requirements

- Applicants must agree to have clients reported under this program sign an authorization form or have other legally-permissible client authorization on record that will allow agency to (a.) submit client-level information to the data collection system for this grant, (b.) open files to be reviewed for program monitoring and compliance purposes, and (c.) pull credit record for purposes of program evaluation two additional times between intake and June 30, 2010 and authorization to conduct follow-up with client related to program evaluation. Organization must also allow client access to its privacy policy statement. The National Foreclosure Mitigation Counseling Program will provide template language for such an authorization form which can be used at the option of the Grantee.
- Applicants must be in good standing under the laws of the state in which they operate.
- Applicants must be authorized to do business in the states where they propose 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.
- Counseling offices and services must be accessible to persons with disabilities, as well as to homeowners needing translation services (depending on market area).

- To ensure no financial barriers would prohibit clients from receiving foreclosure mitigation counseling services, Applicants and their Sub-grantees and Branches agree not to charge fees (service fees, membership fees or otherwise) to clients in exchange for foreclosure counseling services.
- If Intermediaries or State HFAs are including non-HUD-approved housing counseling agencies as Sub-grantees under this Funding Announcement, they must certify that the these Sub-grantees meet or exceed HUD's housing counseling approval requirements and will monitor 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 or Branches, collect requisite data, and monitor quality, performance, and outcomes of each Sub-grantee or Branch. Each Intermediary or HFA is responsible for ensuring their Sub-grantees or Branches meet quality counseling standards and must maintain on file in its offices (a.) any multiple applicant disclosure letters received by Sub-grantees or Branches that are applying through multiple intermediaries and/or HFAs and (b.) signed certification forms from page 1 of the Grant Application for each of its Sub-grantees.
- Intermediaries and State HFAs must certify they can disburse funds received within 14 calendar days to their Sub-grantees or Branches. If counselors at Branch offices are employees of the Applicant corporation, a separate account does not need to be established for each Branch, but Grantee should be able to demonstrate in quarterly reports that the funds were allocated and expended at the Branches indicated in their original application. Otherwise, quarterly reports should clearly demonstrate that the Grantee has disbursed funds in accordance with this provision.
- Intermediaries and State HFAs that have received Housing Counseling grants from HUD in the past must be in good standing with HUD.
- Applicants must demonstrate capacity to obtain, track, and report household level data, 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. Exhibit 4 lists data points that will be collected with each draw request. Applicants must also have the capacity to collect, aggregate and report overall program and production data (similar to the HUD 9902).
- It is preferable that Applicants currently employ one of three client data management systems: CounselorMax, Home Counselor Online, or Nstep. If Applicants are not using one of these three, they must be using a system that can supply required client level and aggregate data.
- NeighborWorks® America 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.
- Applicants must have completed an independent audit within six months of the completion of their most recent fiscal year, and must submit their most recent audit with their application. Audits should be less than two years old. Chartered members of the NeighborWorks® network already have their audits on file with the Organizational Assessment Division and are therefore not required to submit again for this funding opportunity.

Post-Award Requirements

- 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 5)

- Grantees must provide client level data with each draw request. Draw requests will also be contingent upon Grantees demonstrating they have raised or expended match proportional to the next draw amount and are current with quarterly reporting.
- Quarterly Reports:
    - Quarterly reports must be filed on aggregate activity towards overall goals established under the grant award as will be specified in the Grant Agreement. While draw requests 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 draw. Quarterly reports will include (but not be limited to) progress against aggregate counseling goals, provision of client level data, and tracking of expenditures to date.
    - Reports will also include a narrative section on overall program activities, on 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.
    - All Grantees will maintain a separate budget for their foreclosure program, and all National Foreclosure Mitigation Counseling funding will be used to fund Grantees' foreclosure counseling program and related expenses. Intermediaries and HFAs are responsible for monitoring the expenditure reports of its Sub-grantees or Branches. Each quarter, all Grantees will report on expenditure of NFMC funds. Intermediaries and HFAs will report in the aggregate for its Sub-grantees or Branches but should collect and maintain on file expenditure reports from Sub-grantees and Branches and be able to furnish such during the course of the National Foreclosure Mitigation Counseling program's planned quality control and compliance measures.
- Grantees must also comply with a separate evaluation of National Foreclosure Mitigation Counseling Program activity and client outcomes, which may occur up to June 30, 2010.
- 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.

All award decisions are final; however, if Applicants request a debriefing meeting within 45 days of award announcements, NeighborWorks® shall grant a meeting to discuss Applicant's application.

Application Summary

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

The full application will be made available on GrantWorks between January 25, 2008 and January 30, 2008, and will be due February 8, 2008, at 8:00PM EST. No late applications will be accepted under any circumstance. The rating factors are summarized below. **Please note this is not the actual application, but is intended to provide potential Applicants with the type of information they will be asked to supply**.

More guidance on point allocations will be published on www.nw.org/nfmc on or before January 25, 2008.

While every effort has been made to write application questions clearly, NeighborWorks® America reserves the right to not score questions if responses indicate they were highly confusing to Applicants, and as a result were not helpful for scoring purposes.

Application Rating Factors

More specific information about how applications will be evaluated will be posted to www.nw.org/nfmc on or before January 30, 2008.

Factor 1: Capacity of Applicant and Relevant Staff

If applicable, Applicants will be required to provide a list of their proposed Sub-grantees or Branches.

Applicants will be asked to describe their experience operating a foreclosure intervention counseling program, the number of trained foreclosure counselors on staff, and their success in building partnerships. Applicants planning to sub-grant funds to Affiliates or Branches must maintain on file the names and titles of Sub-grantees' foreclosure counselors, their training, certifications (and sources of certification), education, and relevant experience. The number of bi-lingual staff will also be requested, as well as information on the accessibility of the offices and services to people with disabilities. In evaluating this factor, NeighborWorks® will consider information such as Organizational Health Assessment Rating of its chartered members.

Any housing counseling agencies, whether or not they are NeighborWorks® charter members, State HFAs or HUD-Approved Intermediaries that plan to participate in applications with more than one Intermediary or State HFA must justify why this is critical in order to meet the demand for foreclosure prevention counseling in their service area(s). They must also demonstrate their capacity to track and report activity under multiple applications, including their capacity to report client-level data with unique identifiers to prevent duplication of billing for the same client. Finally, they will have to attach a copy of a letter sent to all Intermediary/State HFAs with which they are applying, detailing the breakdown of their housing counseling goals.

Intermediary and State HFA Applicants will have to provide a list of the local Sub-grantees or Branches that are included in their application, their physical addresses, and their proposed service area. They should describe their past experience in managing housing counseling programs.

Factor 2: Areas of Greatest Need

Applicants will identify proposed service areas, including any that are MSAs and rural states that are defined as areas of greatest need (see Exhibit 4).

Applicants wishing to provide counseling in places other than areas of greatest need must provide evidence of current and projected foreclosure problems in their proposed service area(s), such as foreclosure starts, delinquency data, subprime lending patterns, or other relevant data. They should also discuss what percentage of their activity will likely occur in areas of greatest need.

Factor 3: Scope of Proposed Counseling Services

Applicants will be asked to indicate the number of Level One, Level Two, and Level Three counseling sessions they (or their Branches or Sub-grantees) have provided during Quarter 1, FFY 07 (Oct 1, 2006 – Dec 31, 2006); Quarter 2, FFY 07 (Jan 1, 2007 – March 31, 2007); Quarter 3, FFY 07 (April 1, 2007 – June 30, 2007); Quarter 4, FFY 07 (July 1, 2007 – Sept. 30, 2007) and Quarter 1, FFY 08 (October 1, 2007 – Dec 31, 2007) (a table will be supplied). In evaluating this report, NeighborWorks® America reserves the right to review Applicants' HUD Housing Counseling Agency Activity Report (HUD-9902) submissions for the same time periods.

Applicants must also identify "New Goals" for the period from March 1, 2008 – December 31, 2008, for Level One, Level Two, and Level Three counseling delivered both within and outside of areas of greatest need. New goals are defined as realistic goals for the number of additional people that *could reasonably* be counseled, if Applicants received additional funding from the National Foreclosure Mitigation Counseling Program, over and above what would be expected based on historical performance. Applications will be scored both on the reasonableness of their goals and the projected impact.

Intermediaries and state HFA Applicants must identify which Sub-grantees will do Level One, Level Two, or Level Three counseling, or some of each, and how they will ensure they have the capacity to track and report the types of counseling provided.

Intermediaries and state HFA Applicants will also have to describe their strategies for supporting and assisting their Sub-grantees, especially if they elect to retain half of the Program-Related Support rather than passing the full amount through to their Sub-grantees. Intermediaries and state HFA Applicants must also describe their projected activities under Operational Oversight.

Applicants will also be asked to identify how many foreclosure mitigation counselors they have on staff currently, as well as the number they anticipate having on April 1, July 1, and October 1 in order to respond to projected demand for counseling services. Applicants should be prepared to describe their proposed strategy for recruiting, orienting, training and compensating any new staff hired under this program, especially in light of the fact that the funds are time-limited and will likely be used to hire contract employees.

Factor 4: Match

- Applicants will complete a table that will identify both the amount of funds requested from the National Foreclosure Mitigation Counseling Program, as well as the amount of in-kind and cash match they are providing. Applicants serving counties of high poverty or high unemployment may request a waiver for the match. When requesting waivers, Applicants must use data that is no older than 2005. Applicants can find unemployment rates from the U.S. Department of Labor, Bureau of Labor Statistics at http://www.bls.gov/lau/#data and poverty rates from the U.S. Census Bureau at http://www.census.gov/hhes/www/saipe/county.html.

  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 the SMALLER geographic area. 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 in the Grant Agreement. If you are requesting a match waiver for a service area smaller than county level, you must fill out the excel spreadsheet titled "Match Waiver Request – smaller than County Level" under the "For All Eligible Applicants" section of www.nw.org/nfmc and e-mail it to nfmc@nw.org before 8PM EST on February 8, 2008.

Indirect costs are factored into the Level One, Level Two, and Level Three Counseling fees and into the Program-Related and Operational Oversight funding and will not be separately evaluated or awarded.

Factor 5: Measuring Results and Program Evaluation

Applicants will be asked to specify the client management system to be used by each of its Sub-grantees: CounselorMax , Home Counselor Online, or Nstep. If they do not use one of these three, they should identify the system they do use and certify that it can perform required data tracking and reporting, both on the individual client and on an aggregate basis. To the maximum extent possible, NeighborWorks® America will use the same program outcomes housing counseling agencies already track and report for the HUD Housing Counseling Agency Activity Report (HUD 9902) form for quarterly reporting. Intermediaries and State HFAs must certify that they have the ability to aggregate data and submit reports on a quarterly basis.

Applicants will be asked to supply a workplan for the period March 1, 2008 to December 31, 2008 that identifies key action steps, timeline, and counseling production goals.

Applicants will also be asked to certify their willingness to participate in ongoing quality control and program evaluation, extending until June 30, 2010.

Exhibit 1: Areas of Greatest Need

Four criteria were used to determine areas of greatest need:

1. Number of subprime delinquent loans (30-90 days)
2. Percent of subprime loans delinquent (30-90 days)
3. Percent of subprime loans in foreclosure process or REO
4. Percent of all loans that are subprime.

Metropolitan and micropolitan areas were separately ranked in each of the four categories. Every metropolitan area that was in the top quintile for at least one of these criteria was considered an area of greatest need, a total of 192 metro areas. For rural areas, states where half or more of the micropolitan areas met at least one criterion were considered areas of greatest need; 29 of the 48 states with rural areas were so designated.

The database from which criteria 1, 2, and 3 above were drawn consisted of LoanPerformance.com data provided through the Board of Governors of the Federal Reserve. This database is a snapshot of all securitized subprime (B & C paper) and Alt-A loans from 357 metropolitan and 588 micropolitan areas as of September 30, 2007. These data take into account owner-occupancy.

Home Mortgage Disclosure Act (HMDA) data were used for the fourth criteria to determine the portion of loans in an area that were considered "high cost" or "subprime". High cost loans are defined as loans whose rates are three or more percentage points higher than a benchmark rate; these loans are what are typically referred to as "subprime." Each metropolitan area was ranked by the percentage of owner-occupied home loans for any purpose that was subprime. For rural areas, the data were taken from the counties that comprise the micropolitan area.

MSAs defined as areas of greatest need:

Anniston-Oxford, AL	AL
Birmingham-Hoover, AL	AL
Decatur, AL	AL
Dothan, AL	AL
Gadsden, AL	AL
Mobile, AL	AL
Montgomery, AL	AL
Tuscaloosa, AL	AL
Phoenix-Mesa-Scottsdale, AZ	AZ
Tucson, AZ	AZ
Jonesboro, AR	AR
Pine Bluff, AR	AR
Bakersfield, CA	CA
El Centro, CA	CA
Fresno, CA	CA
Hanford-Corcoran, CA	CA
Los Angeles-Long Beach-Santa Ana, CA	CA
Madera, CA	CA
Merced, CA	CA
Modesto, CA	CA
Oxnard-Thousand Oaks-Ventura, CA	CA

Riverside-San Bernardino-Ontario, CA	CA
Sacramento--Arden-Arcade--Roseville, CA	CA
San Diego-Carlsbad-San Marcos, CA	CA
San Francisco-Oakland-Fremont, CA	CA
San Jose-Sunnyvale-Santa Clara, CA	CA
Stockton, CA	CA
Vallejo-Fairfield, CA	CA
Visalia-Porterville, CA	CA
Yuba City, CA	CA
Denver-Aurora, CO	CO
Greeley, CO	CO
Pueblo, CO	CO
Bridgeport-Stamford-Norwalk, CT	CT
Hartford-West Hartford-East Hartford, CT	CT
New Haven-Milford, CT	CT
Washington-Arlington-Alexandria, DC-VA-MD-WV	DC-VA-MD-WV
Cape Coral-Fort Myers, FL	FL
Deltona-Daytona Beach-Ormond Beach, FL	FL
Jacksonville, FL	FL
Miami-Fort Lauderdale-Pompano Beach, FL	FL
Naples-Marco Island, FL	FL
Ocala, FL	FL
Orlando-Kissimmee, FL	FL
Palm Bay-Melbourne-Titusville, FL	FL
Port St. Lucie, FL	FL
Punta Gorda, FL	FL
Sarasota-Bradenton-Venice, FL	FL
Tampa-St. Petersburg-Clearwater, FL	FL
Albany, GA	GA
Atlanta-Sandy Springs-Marietta, GA	GA
Dalton, GA	GA
Macon, GA	GA
Savannah, GA	GA
Valdosta, GA	GA
Warner Robins, GA	GA
Columbus, GA-AL	GA-AL
Augusta-Richmond County, GA-SC	GA-SC
Danville, IL	IL
Decatur, IL	IL
Kankakee-Bradley, IL	IL
Rockford, IL	IL
Chicago-Naperville-Joliet, IL-IN-WI	IL-IN-WI
Anderson, IN	IN
Elkhart-Goshen, IN	IN
Fort Wayne, IN	IN
Indianapolis-Carmel, IN	IN
Kokomo, IN	IN
Lafayette, IN	IN
Muncie, IN	IN
Terre Haute, IN	IN
Evansville, IN-KY	IN-KY

South Bend-Mishawaka, IN-MI	IN-MI
Ames, IA	IA
Des Moines-West Des Moines, IA	IA
Dubuque, IA	IA
Davenport-Moline-Rock Island, IA-IL	IA-IL
Sioux City, IA-NE-SD	IA-NE-SD
Louisville/Jefferson County, KY-IN	KY-IN
Alexandria, LA	LA
Baton Rouge, LA	LA
Lake Charles, LA	LA
Monroe, LA	LA
New Orleans-Metairie-Kenner, LA	LA
Shreveport-Bossier City, LA	LA
Bangor, ME	ME
Lewiston-Auburn, ME	ME
Baltimore-Towson, MD	MD
Salisbury, MD	MD
Barnstable Town, MA	MA
Pittsfield, MA	MA
Springfield, MA	MA
Worcester, MA	MA
Boston-Cambridge-Quincy, MA-NH	MA-NH
Ann Arbor, MI	MI
Battle Creek, MI	MI
Bay City, MI	MI
Detroit-Warren-Livonia, MI	MI
Flint, MI	MI
Grand Rapids-Wyoming, MI	MI
Holland-Grand Haven, MI	MI
Jackson, MI	MI
Kalamazoo-Portage, MI	MI
Lansing-East Lansing, MI	MI
Monroe, MI	MI
Muskegon-Norton Shores, MI	MI
Niles-Benton Harbor, MI	MI
Saginaw-Saginaw Township North, MI	MI
Rochester, MN	MN
St. Cloud, MN	MN
Minneapolis-St. Paul-Bloomington, MN-WI	MN-WI
Hattiesburg, MS	MS
Jackson, MS	MS
Pascagoula, MS	MS
Joplin, MO	MO
St. Louis, MO-IL	MO-IL
Kansas City, MO-KS	MO-KS
St. Joseph, MO-KS	MO-KS
Omaha-Council Bluffs, NE-IA	NE-IA
Las Vegas-Paradise, NV	NV
Vineland-Millville-Bridgeton, NJ	NJ
Poughkeepsie-Newburgh-Middletown, NY	NY
New York-Northern New Jersey-Long Island, NY-NJ-	NY-NJ

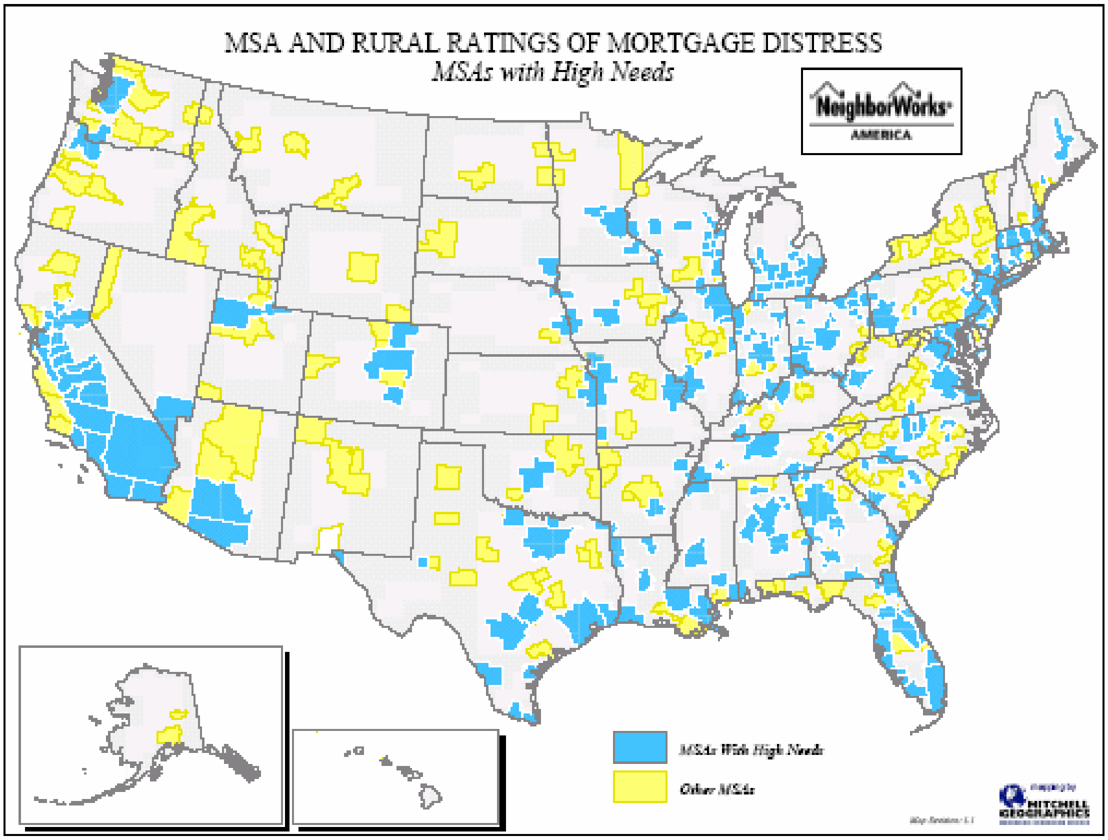
Burlington, NC	NC
Durham, NC	NC
Goldsboro, NC	NC
Greensboro-High Point, NC	NC
Rocky Mount, NC	NC
Charlotte-Gastonia-Concord, NC-SC	NC-SC
Akron, OH	OH
Canton-Massillon, OH	OH
Cleveland-Elyria-Mentor, OH	OH
Columbus, OH	OH
Dayton, OH	OH
Lima, OH	OH
Mansfield, OH	OH
Sandusky, OH	OH
Springfield, OH	OH
Toledo, OH	OH
Cincinnati-Middletown, OH-KY-IN	OH-KY-IN
Youngstown-Warren-Boardman, OH-PA	OH-PA
Oklahoma City, OK	OK
Portland-Vancouver-Beaverton, OR-WA	OR-WA
Altoona, PA	PA
Erie, PA	PA
Pittsburgh, PA	PA
Allentown-Bethlehem-Easton, PA-NJ	PA-NJ
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	PA-NJ-DE-MD
Providence-New Bedford-Fall River, RI-MA	RI-MA
Florence, SC	SC
Spartanburg, SC	SC
Sumter, SC	SC
Sioux Falls, SD	SD
Cleveland, TN	TN
Jackson, TN	TN
Morristown, TN	TN
Nashville-Davidson--Murfreesboro--Franklin, TN	TN
Chattanooga, TN-GA	TN-GA
Clarksville, TN-KY	TN-KY
Memphis, TN-MS-AR	TN-MS-AR
Austin-Round Rock, TX	TX
Beaumont-Port Arthur, TX	TX
Brownsville-Harlingen, TX	TX
Corpus Christi, TX	TX
Dallas-Fort Worth-Arlington, TX	TX
El Paso, TX	TX
Houston-Sugar Land-Baytown, TX	TX
Laredo, TX	TX
McAllen-Edinburg-Mission, TX	TX
Odessa, TX	TX
San Antonio, TX	TX
Sherman-Denison, TX	TX
Texarkana, TX-Texarkana, AR	TX
Wichita Falls, TX	TX

Salt Lake City, UT	UT
Danville, VA	VA
Richmond, VA	VA
Virginia Beach-Norfolk-Newport News, VA-NC	VA-NC
Seattle-Tacoma-Bellevue, WA	WA
Charleston, WV	WV
Huntington-Ashland, WV-KY-OH	WV-KY-OH
Weirton-Steubenville, WV-OH	WV-OH
Appleton, WI	WI
Eau Claire, WI	WI
Fond du Lac, WI	WI
Green Bay, WI	WI
Janesville, WI	WI
Milwaukee-Waukesha-West Allis, WI	WI
Oshkosh-Neenah, WI	WI
Sheboygan, WI	WI
Wausau, WI	WI
La Crosse, WI-MN	WI-MN

States defined as having rural areas of greatest need:

Alabama	Arizona
California	Connecticut
Delaware	Florida
Georgia	Hawaii
Illinois	Iowa
Indiana	Kentucky
Louisiana	Maine
Maryland	Michigan
Minnesota	Mississippi
Nevada	New Hampshire
North Carolina	Ohio
Oklahoma	South Carolina
Tennessee	Texas
Utah	Virginia
Wisconsin	

Map of MSAs defined as areas of greatest need:



Map of states defined as having rural areas of greatest need:

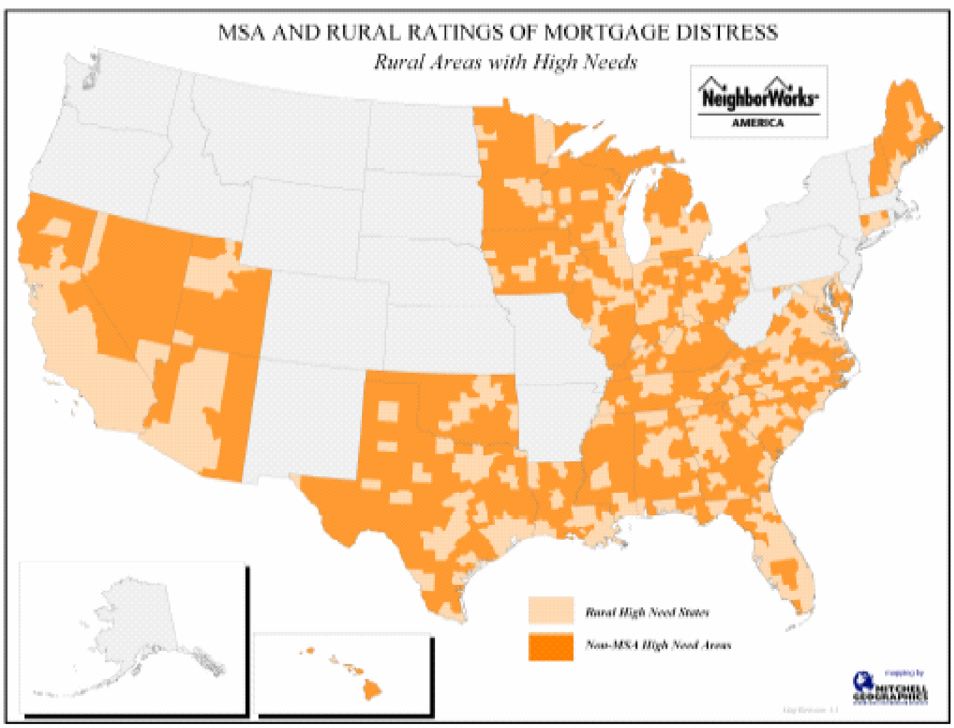


Exhibit 2: Isserman typology designating counties as rural or mixed rural

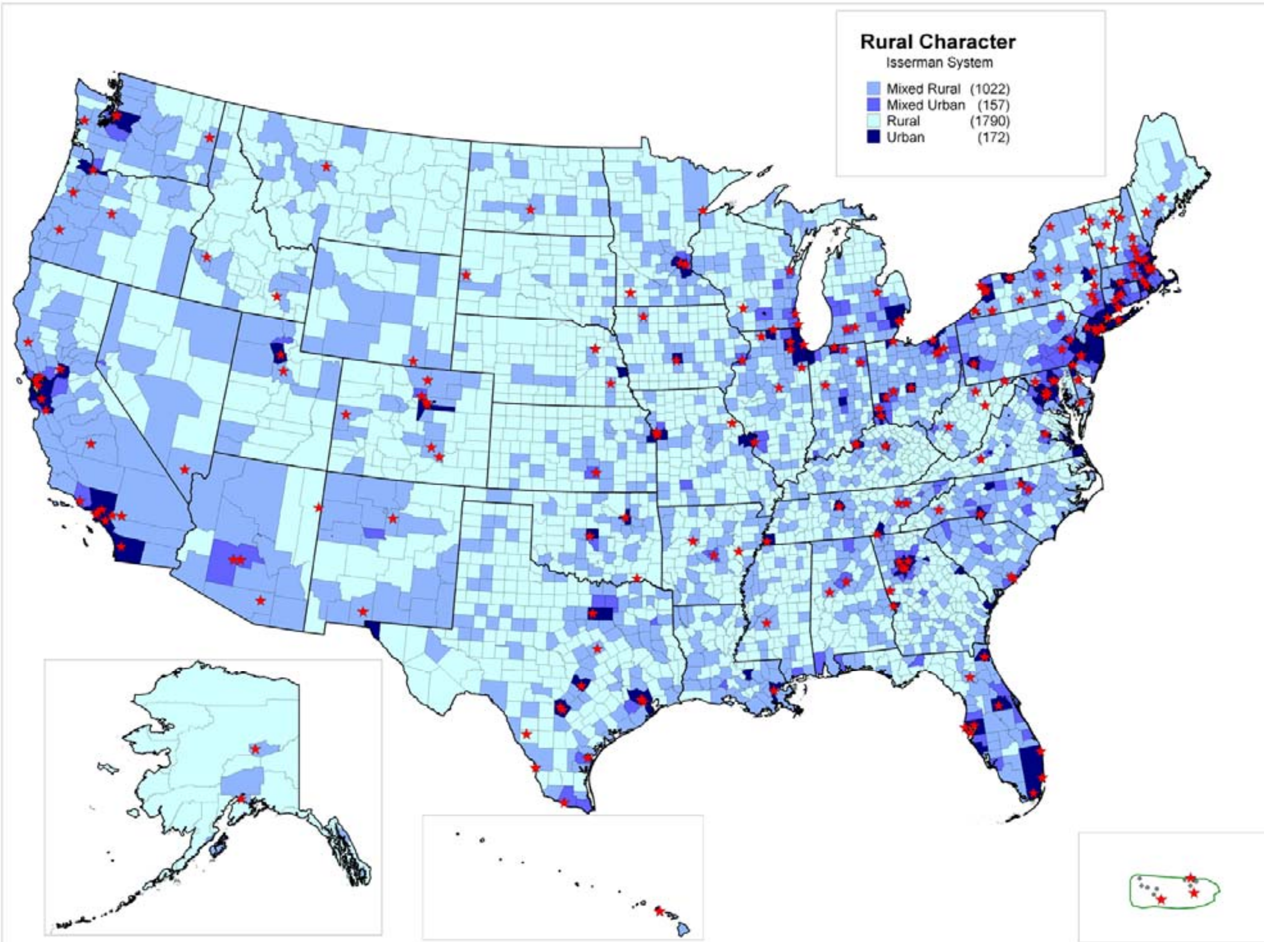


Exhibit 3: HUD-Approved Housing Counseling Intermediaries and State Housing Finance Agencies as of January 25, 2008.

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 Name	City	State
AARP	Washington	DC
ACORN HOUSING CORPORATION	Philadelphia	PA
CATHOLIC CHARITIES USA	Alexandria	VA
CITIZENS' HOUSING AND PLANNING ASSOCIATION, INC.	Boston	MA
HOMEFREE - U S A	Washington	DC
HOMEOWNERSHIP PRESERVATION FOUNDATION	Minneapolis	MN
HOUSING PARTNERSHIP NETWORK	Boston	MA
MISSION OF PEACE	Flint	MI
MISSISSIPPI HOMEBUYER EDUCATION CENTER- INITIATIVE	Jackson	MS
MON VALLEY INITIATIVE	Homestead	PA
MONEY MANAGEMENT INTERNATIONAL INC.	Houston	TX
NATIONAL ASSOCIATION OF REAL ESTATE BROKERS-INVESTMENT DIVISION, INC	Oakland	CA
NATIONAL COUNCIL OF LA RAZA	Washington	DC
NATIONAL COUNCIL ON THE AGING	Washington	DC
NATIONAL CREDIT UNION FOUNDATION	Washington	DC
NATIONAL FOUNDATION FOR CREDIT COUNSELING, INC.	Silver Spring	MD
NATIONAL URBAN LEAGUE	New York	NY
NEIGHBORHOOD ASSISTANCE CORPORATION OF AMERICA	Jamaica Plain	MA
NEIGHBORHOOD REINVESTMENT CORPORATION	Washington	DC
RURAL COMMUNITY ASSISTANCE CORPORATION	West Sacramento	CA
STRUCTURED EMPLOYMENT ECONOMIC DEVELOPMENT CO	New York	NY
WEST TENNESSEE LEGAL SERVICES, INCORPORATED	Jackson	TN

STATE HOUSING FINANCE AGENCIES

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
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 Finance Agency
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 Division of Housing 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
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 4: Client level data to be submitted with each draw request

The following data points will be collected for each draw request. 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.

1 Unique Organization Identification Number (assigned by NFMC)
2 Branch or Sub-grantee Identification Number (assigned by Grantee – could be HUD ID sub-grant number)
3 Client Identification Number (assigned by Grantee)
4 Counseling level
- Level 1
- Level 2
- Level 3

5 Counseling Intake Date
6 Mode of Counseling
- Phone
- face to face
- Internet
- video conference
- Other

mode of counseling may be collected quarterly instead, decision pending.

7 Clients first name
8 Clients last name
9 Clients Age
10 Clients Race
11 Client's Ethnicity (Hispanic Y/N)
12 Client's Gender
13 Household Type
- Single adult
- Female-headed single parent household
- Male-headed single parent household
- Married without children
- Married with children
- Two or more unrelated adults
- Other

14 Household Family Income
15 Household Income Level
- Extremely low: less then 30% of Metropolitan Statistical Area (MSA) Median
- Very low: = or greater then 30% and less than 50% of Metropolitan Statistical Area (MSA) Median
- Low; = or greater than 50% and less than 80% of MSA Median
- Moderate; = or greater than 80% and less then or = 120% of MSA Median
- Above moderate; higher than 120% of MSA Median

16 Address of Property - do not use PO Box
- Street Number
- Street Name
- City
- County
- State
- Zip

17 Total individual foreclosure counseling)hours received
18 Total group foreclosure education hours taken
19 Name of originating lender (if available)
- FDIC Number

20 Original Loan Number (if available)
21 Name of Current Servicer
22 Loan number assigned by Current Servicer
23 Credit Score at Intake
24 Source of credit score
- TransUnion
- EquiFax
- Experian
- Tri-merge

Note: this data point is important for program evaluation purposes, but we recognize that not every Applicant routinely pulls credit reports for Level 1 counseling. If that is the case and it would present a hardship for your agency to do so, you may request an exemption from this data point for clients that receive Level 1 counseling only.

25 Total Monthly Payment (PITI) at intake
26 Type of first Loan Product at Intake
- Fixed rate currently under 8%
- Fixed rate currently 8% or greater
- ARM currently under 8%
- ARM currently at 8% or greater
- Hybrid ARM (2/28 or 3/27
- Option ARM
- Other
- Unknown
- Interest only (Y/N)
- FHA or VA fixed rate loan
- FHA or VA ARM
- Privately held (Y/N)

27 If type of loan at intake is an ARM -has the interest rate already reset?
- yes/no

28 Primary reason for default
- Reduction in income
- Poor budget management skills
- Loss of income
- Medical issues
- Increase in Expense
- Divorce/Separation
- Death of Family member
- Business Venture Failed
- Increase in loan payment
- Other

29 Loan Status at First Contact
- Current
- 30 - 60 days late
- 61 - 90 days late
- 91 - 120 days late
- 120+ days late
- Unknown or Unsure

30 Outcome (if known at time of draw request)
- Brought mortgage current
- Mortgage refinanced
- Mortgage modified
- Received second mortgage
- Initiated forbearance agreement/repayment plan
- Executed a deed-in-lieu
- Sold property/chose alternative housing solution

Pre-foreclosure sale
Mortgage foreclosed
Counseled and referred to another social service or emergency assistance agency
Obtained partial claim loan from FHA lender
Bankruptcy
Entered debt management plan
Counseled and referred for legal assistance
Currently receiving foreclosure prevention/budget counseling
Withdrew from counseling
Other

Exhibit 5: National Industry Foreclosure Counseling Standards

National Industry Standards for Homeownership Counseling – Foreclosure Intervention Specialty

National Industry Foreclosure Counseling Standards

The National Industry Standards for Homeownership Education and Counseling allow organizations and homeownership professionals to demonstrate that all clients receive consistent, quality service in homeownership education and counseling. The standards create a level of consistency in the industry and add to the professionalism of homeownership educators and counselors.

As the link between sustainable homeownership and counseling/education becomes increasingly clear, now more than ever the housing industry recognizes the need to ensure high quality education and counseling for households throughout the country. Seizing on the ever-changing market conditions, in 2005 a National Advisory Council (see Exhibit C for a list of member organizations) collaborated with other industry partners such as homeownership professionals; non-profit executive directors; local, state and national housing counseling organizations; financial institutions, mortgage insurance institutions, GSEs[1] and government entities to develop National Homeownership Industry Standards (including benchmark recommendations) and National Industry Code of Ethics and Conduct for Homeownership Professionals.

Organizations, counselors and educators are encouraged to endorse and adopt the voluntary National Industry Standards and National Industry Code of Ethics and Conduct. These standards are a critical first step in evolving efforts to professionalize and elevate the visibility of the homeownership education and counseling industry.

How to Utilize National Industry Foreclosure Counseling Standards

Organizations Providing Foreclosure Intervention Counseling: Organizations providing services in the highly-specialized area of foreclosure intervention counseling are encouraged to endorse and adopt the National Industry Standards for Homeownership Counseling-Foreclosure Intervention Specialty and sign the National Industry Code of Ethics and Conduct. At a minimum, organizations should integrate the recommended benchmarks from the National Industry Foreclosure Counseling Standards into their everyday business operations. Organizations and individual counselors are encouraged to strive to exceed the benchmarks.

The National Industry Foreclosure Counseling Standards are integral to the National Industry Standards for Homeownership Education and Counseling and the National Industry Code of Ethics and Conduct. The Foreclosure Counseling Standards are integrated into the National Industry Standards for Homeownership Education and Counseling as an added specialty that counseling organizations can adopt, based on service delivery. For example, if an organization provides comprehensive services including pre-purchase education, counseling and foreclosure intervention, they will be encouraged to adopt the standards in all three categories (homeownership education, homeownership counseling, foreclosure counseling). For those organizations that only provide foreclosure intervention counseling, this affords the opportunity to

[1] GSE is an acronym for government-sponsored enterprise.

adopt the National Foreclosure Counseling Standards directly related to that specialty, along with signing the National Industry Code of Ethics and Conduct.

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

For more information on how to demonstrate adoption of the National Industry Standards for Homeownership Counseling-Foreclosure Intervention Specialty and the National Industry Code of Ethics and Conduct, visit www.homeownershipstandards.com.

Purpose of 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:

<u>Core Operating Standards</u>

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 B) based on the client's goals outlining the resultant 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 6-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 A herein.

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

Continuing Education: Complete a minimum of 10 hours of continuing education annually in subjects primarily relative 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.

5. **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.

6. **Code of Ethics and Conduct Statement:** Sign and adopt the written National Industry 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.

National Industry Standards for Homeownership Counseling – Foreclosure Intervention Specialty

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 so 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 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 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 B) 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 B).

   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 3 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 B) 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 have resultant civil and/or tax liability.

   Recommended Benchmark: Foreclosure Intervention Counselor should collect pertinent information as outlined in Exhibit A.

   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 telephonic mediums.

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 A.

   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 (3) 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 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). 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.

To adopt the National Industry Foreclosure Counseling Standards and the National Industry Code of Ethics and Conduct visit

www.homeownershipstandards.com

For more information and to download a copy of the National Industry Standards for Homeownership Education and Counseling visit www.homeownershipstandards.com or call 1-866-472-9477

Exhibit A

Minimum Standard Activities for Foreclosure Intervention and Default Counseling

1. Perform intake by gathering baseline information from client including:

    a. Client's goals/intent
    b. Reason for delinquency or default
    c. Client's financial situation and possibility of workout
    d. Client's loan type
    e. Home's value/condition
    f. Credit report
    g. Original loan documents, if available
    h. Demographic information (contact information, household size, household income, ethnicity (optional), etc.

2. Assess client's mortgage, payment status and urgency in the delinquency and foreclosure process

3. Develop loss mitigation options

4. Communicate with the servicer*

5. Submit loss mitigation package to servicer*

6. Negotiate with junior lien holders and Homeowners Association*

7. Create written action plan for foreclosure avoidance or client's preference

8. Provide follow up to client

9. 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 from Exhibit A vary, and may not always be performed for a client.

National Industry Standards for Homeownership Counseling – Foreclosure Intervention Specialty

EXHIBIT B

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.
- Issued within 24 hours of counseling session (and immediately if face-to-face)

Exhibit C

National Advisory Council convened by NCHEC[2]

The National Industry Standards were developed by a broad representation of industry stakeholders comprising the National Advisory Council (facilitated by NCHEC). Companies and organizations include:

Bank of America

Chase

Chrysalis Consulting Group, LLC

Citi

Community Development Corporation of Long Island, Inc.

Consumer Credit Counseling Services of San Francisco

Countrywide Financial Corporation

Fannie Mae

The Housing Partnership Network

Federal Reserve Board

Freddie Mac

Minnesota Housing

Mortgage and Credit Center

Mortgage Guaranty Insurance Corporation (MGIC)

NAREB-National Investment Division (NID)

National Association of Realtors®

National Council of State Housing Finance Agencies

National Council of La Raza (NCLR)

NeighborWorks® America

NHS of Great Falls

University of North Carolina Chapel Hill

U.S. Department of Housing and Urban Development

Wells Fargo

[2] NCHEC is an acronym for the NeighborWorks® Center for Homeownership Education and Counseling