

**NATIONAL FORECLOSURE MITIGATION COUNSELING PROGRAM
GRANT APPLICATION EVALUATION PROCESS
February 24, 2008**

Grant Application Evaluation Process

The grant evaluation process was fair and balanced:

- External reviewers were recruited to evaluate applications for funding. These external reviewers were either consultants or loaned staff from the U.S. Department of Housing and Urban Development, the U.S. Treasury Department's Community Development Financial Institutions Fund, the Federal Deposit Insurance Corporation, the Federal Reserve, Freddie Mac, and the U.S. Department of Health and Human Services.
- The ratio of internal (NeighborWorks staff) to external reviewers was 2:1 for evaluation of applications from NeighborWorks Organizations and 1:2 for evaluation of applications from HUD-approved Housing Counseling Intermediaries and State Housing Finance Agencies (HFAs). Additionally, a NeighborWorks staff team lead was assigned to each team to synthesize reviewers' comments, facilitate discussion, and help the team to arrive at consensus around scoring decisions. The team lead did not score the proposals.
- To ensure that applications were scored using the same objective criteria, all team leaders and reviewers were provided a Reviewer's Manual which contained a rubric for scoring and guidelines for determining final award amounts. Team leaders and reviewers all participated in training before they reviewed applications to ensure they understood the rubric, the program design, and the scoring guidelines. Representatives from two of NeighborWorks' Board agencies attended these trainings as observers.
- Each reviewer scored the applications independently and a team concurrence call was held where reviewers discussed their scores and came to consensus on a recommended funding amount. Representatives from two of NeighborWorks' Board agencies participated in these calls as observers.
- The sum of the review teams' award recommendations totaled \$206,485,228, much higher than the \$130 million made available. Additional cuts were made to each award based on the average score each achieved (e.g., if an applicant's total score was 75% of the highest score achieved, they were given 75% of the review team's recommended amount). Even with this reduction, the recommendations exceeded the amount of funds available, so a 12% reduction was applied across the board.
- Both a cap and a floor were placed on the award amounts. Recognizing the extreme demand for these funds, the need to provide access to foreclosure counseling services across the county -- particularly in areas of greatest need, and the desire to mitigate risks associated with the concentration of funds with any one applicant, a \$15 million cap was instituted. A floor was placed on grants as well to reflect the cost benefit of processing and monitoring the grant as well as program effectiveness, so no grant was made for less than \$10,000. The result was total recommended funding of \$130,438,408.
- Throughout the process, the same standards, criteria, and review process was used for both NeighborWorks Organizations and Intermediary/HFA applications. The process only varied when criteria for Intermediaries and HFAs were not relevant for NeighborWorks Organizations. HFAs and Intermediaries were scored out of a possible 45 points and NeighborWorks Organizations were scored out of a possible 39 points. The rubrics were very similar -- differing only by the questions related to oversight, quality control and program administration that would be required by the additional function of an intermediary or housing finance agency as a grantee with sub-grantees. To compensate Intermediaries and HFAs for this additional function, these applicants could apply for an operational oversight budget line item of up to 7%. The NeighborWorks Organizations were not eligible for the operational oversight funding.