



FREQUENTLY ASKED QUESTIONS FROM ELIGIBLE APPLICANTS

HUD-APPROVED HOUSING COUNSELING INTERMEDIARIES AND STATE HOUSING FINANCE AGENCIES

Q1. Should Intermediaries apply on behalf of their Sub-grantees and submit one application?

A. Yes. Only HUD-approved Housing Counseling Intermediaries, State HFAs and NeighborWorks® organizations are eligible to apply for Round 2 NFMC Program funding. We will not entertain applications from each of an Intermediary or HFA's affiliates or branches. The Intermediary or HFA needs to aggregate the information and submit one application on behalf of all its affiliates and branches.

Q2. Can an agency apply for funds through more than one Intermediary or HFA? Is that considered "double-dipping"?

A. An agency can apply through more than one Intermediary or HFA. Please see page 10 of the Funding Announcement for details about what additional information is required from organizations who wish to do this. A sample letter which organizations can use to disclose their intent to do this is located on www.nw.org/nfmc.

Q3. We're interested in affiliating new organizations as partners for the purpose of this funding opportunity - what do we need to do?

A: Send an e-mail to nfmc@nw.org with your contact information. If local housing counseling organizations contact us looking to affiliate with an Intermediary or state HFA, we will provide them with your contact information.

Q4. How is the distribution of funding for the National Foreclosure Mitigation Counseling Program broken down – who gets what?

A: There are three types of funding available to Intermediaries and state HFAs:

- 1) Counseling Funds – 100% is passed through to Sub-grantees or Branches
- 2) Program-Related Support – 100% is passed through to Sub-grantees or Branches *unless* a clear plan is in place that would have a timely impact on Sub-Grantees' effectiveness and capacity to deliver foreclosure counseling services. In that case, up to 50% can be retained at the Intermediary or HFA level
- 3) Operational Oversight – 100% is retained at the Intermediary or HFA level

Q5. I can't tell if we are applying to HUD directly, or NeighborWorks® directly or NeighborWorks® monitors.

A: Congress approved and the President signed a bill that provides a direct appropriation to Neighborhood Reinvestment Corp. (DBA NeighborWorks[®] America) for foreclosure mitigation counseling. NeighborWorks[®] America will administer the program and manage the competitive process to provide grants to NeighborWorks[®] organizations, HUD-approved Housing Counseling Intermediaries and state Housing Finance Agencies (HFAs).

In order to maintain objectivity, NeighborWorks[®] has put the following measures in place:

- 1) Assembled an Advisory Committee representing a diverse array of industry experts to provide input into program design and implementation
- 2) Recruited a cadre of external, skilled consultants and industry experts who will serve as review teams to rate applications. Applications received from NeighborWorks[®] organizations will be reviewed by two internal (NeighborWorks[®]) reviewers and one external reviewer; HFA and Intermediary applications will be reviewed by two external reviewers and one NeighborWorks[®] reviewer
- 3) Contracted out for the development of the data collection system
- 4) Hired a third party to review audits and conduct ongoing quality control, compliance and monitoring functions
- 5) Hired a third party to evaluate the program

Q6. How do I apply for the legal assistance funds?

A. Only HUD-approved Housing Counseling Intermediaries, state HFAs and NeighborWorks[®] organizations applying for Round 2 NFMC Program funding are eligible to apply for legal assistance funds. This will be a separate, shorter, application, and the program's timeframe will become streamlined with the general program timeframe. More information on this process will be available shortly

Q7. How much money can one realistically ask for?

A: No one Intermediary or HFA can request more than 15% of the total pool of funding available. For Intermediaries and HFAs, the request cap is set at \$26,274,300, with a counseling award request cap of \$20,979,440. Applicants may not get the full amount for which they apply, and NeighborWorks may establish further limits on maximum funding per organization based on such considerations as overall demand and geographic dispersion. 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; (5) total demand for funding from all Applicants; and (6) performance in Round 1, if applicable.

Q8. How will my Round 1 performance affect my Round 2 application?

A. If a NFMC Round 2 applicant received funds in NFMC Round 1, they will be asked questions about their performance under that grant and progress against goals. If applicant did not submit reports on time, if their goals were not within the allowable variance, or if they intend to request an extension because they will be unable to complete their Round 1 goals before December 31, 2008, they will be asked additional questions regarding challenges they have faced and will need to justify their need for additional funds.

Q9. We participated in Round 1 of the NFMC Program and are applying for Round 2 funds as well. Will we receive Round 2 funds while we still are spending Round 1 funds?

A. No. Grantees must complete 100% of their awarded units of counseling for Round 1 and expend all their Round 1 funds before receiving any Round 2 funds, *except* for the 2.5 percent of Counseling and Operational Oversight funding that is withheld until the Grantee completes their program evaluation obligations.

Q10. If the program year for Round 2 is 1/1/09 to 12/31/09, does the funding need to be expended by awarded recipients before the end of 2009, or does the funding need to be awarded to recipients in full by the end of 2009?

A: All funding must be awarded to Grantees by NeighborWorks[®] America by December 31, 2008 and expended by Grantees before December 31, 2009.

Q11. In the scope of the proposed services, when your application refers to unduplicated customers, what do you mean?

A. You cannot count the same client for the same service twice; this would be double-dipping. The client can only be counted a second time if that person receives Level One counseling at one point in time and comes back to receive Level Two counseling at another point in time (or from a different agency). Therefore, any client you project serving at Level Three should not be included in either your Level One or Level Two counts. If you are submitting through multiple Intermediaries and HFAs, you are required to divide your total projected goals amongst applications. You cannot count the same client for the same level of counseling in two or more different applications. See the www.nw.org/nfmc site for a sample Disclosure Letter which will help clarify.

Q12. Can these funds be used to build capacity for our affiliates? Would we apply for capacity-building funds to be awarded to the counseling agencies?

A: Intermediaries and HFAs are eligible to apply for an additional 20% of the counseling award for Program-Related Support in order to increase the effectiveness and efficiency of the Sub-grantees that provide foreclosure mitigation counseling. As the Grantee, you must pass through the entire Program-Related Support award to your Sub-grantees unless you provide documentation detailing 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 %

of the total Program-Related Support award can be held at the Intermediary or HFA level. Examples of Program-Related Support are detailed in the Funding Announcement.

All Sub-grantees must meet the demonstrated experience thresholds outlined in the Funding Announcement. You would apply for counseling funds on behalf of a network of Sub-grantees or Branches. Intermediaries must show capacity to distribute funds, communicate with Sub-grantees or Branches, collect requisite data, and monitor quality and performance of each Sub-grantee or Branch.

Q13. What consideration is made for those of us who service multiple MSAs?

A: Applicants will be provided the opportunity within the application to disclose which MSAs and rural areas they service and also to provide an estimate of the number of counseling units that will be provided in each.

Q14. The application has a section where we have to report on how many clients we will counsel in certain MSAs. Is there a way we can upload a spreadsheet into this question to answer it?

A. No. We have created a spreadsheet to assist Grantees with compiling this information based on the MSAs to be measured for Round 2, but timing does not allow us to change the application system to support uploading such a spreadsheet. This spreadsheet, and other spreadsheets designed to help you gather information for other questions in the application, are posted on www.nw.org/nfmc.

Q15. For the purpose of match funds, are CDBG and HOME considered federal funds?

A: CDBG funds lose their federal identity and can, therefore, be counted toward your match. HOME funds, on the other hand, are considered federal funds and cannot be counted toward your match.

Q16. If we raise match funds prior to the match window, but won't expend them until during the program timeframe, is this acceptable?

A. Yes. As long as the funds will not be expended until during the NFMC Program timeframe you can use funds raised before the match window (before July 1, 2008) to count toward this requirement. For example, if you have a two-year grant that covers the timeframe of the NFMC Program but was awarded in 2007, the portion of that grant that applies to the NFMC Program timeframe would count toward your match requirement.

Q17. If my city or state has an unemployment rate greater than 150% of the national rate, can I qualify for the match waiver?

A: 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 September 26, 2008.

Q18. What would prevent an agency from applying?

A: For NFMC funding all eligible applicants must demonstrate experience. Applicant must certify that each of its Sub-grantees or branches that will receive funding has:

- 1) Worked successfully with financial institutions and with borrowers facing default, delinquency and foreclosure; AND
- 2) Documented counseling capacity, outreach capacity, past successful performance and positive outcomes with documented counseling plans (including foreclosure mitigation counseling), loan workout agreements, and loan modification agreements; AND one of the following:
 - A. Provided foreclosure intervention counseling services which include documented action plans to at least 50 people during the past year or 20 people during the most recent quarter; OR
 - B. 75 percent or more of applicant's service area is rural, 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
 - C. 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.

Additional eligibility criteria are outlined in the Funding Announcement.

Q19. What are the requirements for targeting special populations?

A. Applicants will be asked to describe any outreach efforts designed and implemented to reach minority and low-income homeowners and neighborhoods, and to indicate a percentage of their total goal they would commit to serving should NFMC Round 2 funds be awarded. Applicants will be asked to review a list of heavily-impacted zip codes and heavily-underserved MSAs and indicate whether it could commit to providing services in these areas. Additionally, applicants will be asked whether it conducts targeted outreach to any special populations, such as the elderly, disabled, or veterans/active duty military.

Q20. Do we have to upload a written plan for conducting in-person counseling and personal outreach for each of our Sub-grantees?

- A. No. If applicants have an “umbrella” plan, that is acceptable. If you do not have an overall plan, we would like to know if your Sub-grantees have written action plans as defined in the Funding Announcement. Please upload a summary file describing whether or not the majority of your Sub-grantees have such a plan and highlight some of the components of their plans.

Q21. Can we charge our clients for credit reports?

- A. Yes. You can charge for credit reports, as long as in doing so you do not cause a financial hardship on the client receiving services.

Q22. Can Program-Related Support funds be utilized to set up rescue funds?

- A. Yes. Program-Related Support can be utilized to establish a program structure for rescue funds, but other funds must be committed for the rescue funds themselves. No funds made available under the NFMC Program may be provided directly to lenders or homeowners to discharge outstanding mortgage balances or for any other direct debt reduction payments.