



National Foreclosure Mitigation Counseling Program (NFMC) Round 3

Application Guide

I. PROGRAM OVERVIEW

The Illinois Housing Development Authority is submitting an application to NeighborWorks America to receive federally appropriated foreclosure mitigation counseling funds under the National Foreclosure Mitigation Counseling Program (NFMC). This grant will cover the period July 1, 2009 through June 30, 2010.

If you are interested in being part of our joint application, please complete the attached application spreadsheet. You must fill out this application even if you are currently receiving Round 2 funds.

NeighborWorks is requesting IHDA to have a completed application submitted on August 7. Therefore, we have a very limited time to compile all potential sub-grantees applications. We are giving you as much time as possible. To ensure your participation in Round 3 please be sure your submission is accurate and error free.

We must receive your completed application **no later than Friday, July 31, 2009 at 4:30pm.** Please email your completed application to aweaver@ihda.org and fax your signature page to 312-832-7693.

We will be holding a call for any questions on Friday, July 24, 2009 at 2:30pm.

Program Changes under Round 3

- There is no Level 3
- Agencies will receive a flat 20% for Program Related Support
- All clients must be screened for *Making Home Affordable*

These are each discussed in further detail throughout the text.

Use of Funding

The National Foreclosure Mitigation Counseling Program (NFMC) will cover direct counseling and Program Related Support. Your direct counseling request is linked to the number of clients you project you will counsel during the grant period. Program Related Support covers the activities you will undertake to increase your capacity to provide foreclosure mitigation counseling. (See instructions below for more detail on these funding types). For more information on NFMC, please visit the NeighborWorks America web site at www.nw.org/nfmc and look at any information regarding HFA's, Round 3, or that has been updated since the end of June 2009.

Demonstrated Experience

To be eligible for funding, applicants to IHDA will need to demonstrate their experience working with financial institutions and borrowers facing default, delinquency, or foreclosure.

In particular, your organization will need to meet one of the following experience thresholds:

1. Provided foreclosure counseling services that included documented action plans to at least 50 people during the past year, or 20 people during the past quarter; or
2. Provided foreclosure counseling services that included documented action plans to at least 25 people during the past year or 10 people during the past quarter AND > 75% of your service area is rural; or
3. Provided foreclosure counseling services that included 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.

Match Requirements

As an applicant, IHDA must demonstrate at least a 20% match to be eligible for funds. As a joint applicant, you are not required to provide match in order to be eligible for funding, however, the higher IHDA's ratio of match to grant funds, the more competitive our overall application will be. More guidance is provided below.

Draw Schedule

Release of grant funds for this program will be based on achievement of production goals. NeighborWorks has created the following draw schedule:

- **1st Draw** (upon receipt of grant agreement): 10% of counseling award + 25% of Program Related Support;
- **All Subsequent Draws:** All counseling award payouts after the first draw will be based on your production in the previous month.
 - **Counseling Funds will be disbursed according to the following formula:**
 - \$150 per client that received Level 1 counseling during the previous month, plus
 - \$300 per client that received Level 2 counseling during the previous month, plus
 - \$150 per client that received Level 4a counseling during the previous month, plus
 - \$300 per client that received Level 4b counseling during the previous month.**These levels are explained below in *Factor 4***
- **Program Related Support:** Applicants will be eligible for a flat 20% of total requested counseling amount to use for Program Related Support. In order to receive these funds after the first draw you will be required to submit expenditure reports on a monthly basis for out-of-pocket expenses incurred for Program Related Support. (You will not be required to exhaust the initial disbursement before receiving the reimbursable payments.) These funds must be expended during the grant period.

II. APPLICATION INSTRUCTIONS

There are six (6) sheets included in the attached Excel Workbook, *Round 3 Sub-Grantee Application*, each corresponding to the titles listed in bold below. Please be sure to complete each section, you will only be allowed to click in boxes where answers are required. Further instructions are outlined below.

A. Organization Information, Certification & Authorized Signature: On this application sheet you will indicate your organization name, all contact information, the number of months the organization has provided foreclosure counseling and any other sources through which you will be applying for NFMC funds. This section also includes several required applicant certifications to be checked off. ***If you cannot certify that all are true, your organization is not eligible for funding.*** Finally, this section must include a signature by the president or executive officer of your organization certifying that the information contained in the workbook accurately reflects your foreclosure counseling program.

You will need to fax the signature page to Amber Weaver at (312) 832-7693.

B. Factor 1: This is only for agencies who participated in NFMC Round 1 and/or Round 2. It requests that you address your participation in Rounds 1 & 2. Please explain what date you expect to fully expend your Round 2 funds, be realistic in your estimation and timeline, and base the date on your most recent monthly counseling unit production. In addition, you are required to describe any challenges you have experienced in implementing previous NFMC awards as well as how you have addressed those (i.e., staff turnover, training new and existing staff, data management, etc). Where possible and appropriate, please quantify your challenges and the impact of the solutions you implemented. Lastly, please address any changes to your service delivery model since receiving NFMC funds. You should be sure to discuss each of the following in your description: a) **intake and triage procedures**, including expected response time to each homeowner's request for counseling, b) **method(s) of counseling used**, including face to face, phone, internet, email, and/or group education/workshops, c) **counseling staff roles**, including if counselors are full-time, part-time, or volunteer; and if they are fully dedicated to foreclosure services, or if counselors split their time between counseling and management or other programs, d) **staffing models** – describe if counselors complete all portions of foreclosure counseling or if they are specialized in any way to handle only certain aspects of the process. (For example, some counselors do only intake and budget counseling, while other counselors are dedicated to securing outcomes and all negotiations with servicers), e) **data collection**, consolidation, and reporting procedures, and f) **methods of communicating** with loan servicers during the counseling process

C. Factor 2: This factor is to determine the qualifications of your organization's staff. Here you will explain the number of staff currently providing foreclosure counseling, average months of foreclosure counseling experience of those providing the services, number of staff certified or trained in foreclosure counseling, and the amount of client experience the counselors have. You will also need to explain any issues your organization may have had with HUD monitoring or compliance in the past. If you were not an IHDA sub-grantee in Round 2, please quantify your counseling production achieved between January 2009 and June 2009. In addition, we are looking for information on how many counselors you have added in the last 7 months. Lastly, please complete the table indicating the specific individuals who are or will be providing counseling services with NFMC funds, their titles, education, the specific training and certification that each individual has received in the past 24

months along with the hours spent earning each certification or training, and how recently that training occurred. **You must send in documentation of the listed certifications that staff has received.**

- D. Factor 3:** For *Factor 3*, please determine a geographic itemization of where you will serve your clients based on your counseling goals listed in *Factor 4*. (Please be sure that the number of clients you predict to serve in this category match the number of clients you propose in *Factor 4*). You must also state your commitment, if any, to serve low-income/minority homeowners and zip codes with Round 3 NFMC funds. (Please use this link to determine which zip codes are considered low-income and minority <http://www.nw.org/network/nfmcp/zipcodes.asp>) Please note that if you commit to provide services to these individuals and areas, it will be enforced.
- E. Factor 4:** This will determine your organization's counseling funding request based on your prediction of how many clients you intend to see during Round 3. You will be asked for an explanation of how you intend to use your Program Related Support to meet your Round 3 NFMC counseling goals. Please note **there is NO "Level Three" under Round 3**, all clients previously reported at Level Three will now be considered twice – once at Level 1 and once at Level 2.
1. **Direct Counseling:** In the *Factor 4* worksheet, enter the total number of clients you predict you will be able to counsel under NFMC in Round 3, for both of the counseling levels described below. If you are a current Round 2 recipient, who will counsel clients during any of the quarters listed for Round 3, predictions should reflect only the time following your estimated closing of Round 2. If there are certain quarters listed on the form in which you believe you will still be participating in Round 2 and therefore have no goals for Round 3, please leave those blank.

Remember that Round 3 will not begin until IHDA's network has completed their Round 2 commitments. If you are a new NFMC recipient or a current recipient who completes Round 2 early, you will be reimbursed for clients counseled under NFMC guidelines during the entire eligible Round 3 period (July 1, 2009 to June 30, 2010). However, reimbursement will not occur until IHDA's network completes Round 2.

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

- **Conduct an intake** including basic demographic information, lender and loan information, and reason for delinquency (Guidance at www.nw.org/network.nfmcp/documents/NationalIndustryForeclosureCounselingStandards-FINAL.pdf);
- Collect a **verbal or written authorization form** 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 to share information among servicer, counselor, and program administrators and their agents, and (c.) conduct follow-up with client related to program evaluation. Clients may opt-out of only (c.) above, but proof of this opt-out must be retained in the client's file. Organization must also allow client access to its privacy policy statement;
- **Develop a budget** for the client based on client's oral representation of their expenses, debts, and available sources of income, and
- **Develop a written Action Plan** for follow-up activities, to be taken by the client, and then review this Action Plan with the client. (Guidance at www.nw.org/network.nfmcp/documents/NationalIndustryForeclosureCounselingStandards-FINAL.pdf)

- Agency must also screen for *Making Home Affordable* Program (modification or refinance) before completing the Level One session.

When billing for Level 1 activity, all of these completed documents must be in the client file: intake, authorization form, budget, and action plan with documentation that Making Home Affordable screening occurred.

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

- Engage in **budget verification**;
- If not already on file, collect the **authorization form** for release of data;
- **Take steps to obtain a solution** outlined in the written Action Plan and document using counseling notes that indicate date counseling occurred, and
- **Close-out documentation** is completed. This includes documentation of all steps taken for Level Two counseling. All files must show a reason for close-out and, if applicable, any documentation demonstrating a solution. Client data may be uploaded into the data collection system before an outcome is reached, as long as close-out documentation is in client file.

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.

Example:

- When you work with a client through the intake process and the client does not return, or you refer them to another agency, you may report this client **as Level One**.
- If a client comes to you from another agency, or referral, with the intake process already complete, you will report that client as a **Level Two**.
- However, if your agency counsels a client through all the steps included in Levels One and Two, intake through close-out, you will report that client **as both a Level One and a Level Two**.

“Level Three” has been eliminated in Round 3.

Making Home Affordable: (referred to as “Level Four”) While you will not be requesting specific funds for this level, you will be eligible to use up to 30% of your award to fund this level. The *Factor 4* spreadsheet of the application will calculate this total for you. This level of counseling is for clients participating in a *Making Home Affordable* trial loan modification with a back end debt-to-income ratio at or above 55% who have been referred by their Servicer to a NFMC Program participating agency.

The counseling agency must follow the Counseling Protocol available on HUD’s web site at http://www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm.

To qualify for a “Level Four” payment (\$450), a counseling agency will be required to complete the following steps:

Level 4a (\$300):

- Collect **Proof of referral from servicer**;

- Collect the **authorization form** for release of data (as described under Counseling Level One above);
- Document **DTI**, the counselor will verify income, debt, and expenses and calculate back end debt-to-income ratio. The back end DTI is the ratio of the borrower's total monthly debt payments to the borrower's Monthly Gross Income;
- Develop a **budget**, Counselor will create a crisis budget (if necessary) and long-term budget using standard form and recalculate new back end debt-to-income ratio;
- Develop **Action Plan** which includes a timeline to eliminate unnecessary debt, minimize expenses, increase income, and increase savings;
- **Discuss terms of mortgage** and how to stay current, even if/when rate resets. Explain incentive component and that redefaulting loans will be terminated from the program;
- Refer to **job training or referral programs**, if applicable;
- Establish a **follow-up schedule with client**, with at least one additional appointment, as required by action plan;
- Establish that budget must be tracked over course of counseling, and
- Document each session; including borrowers back end debt-to-income ratio and the borrower's willingness to continue/complete counseling.

When billing for Level 4a activities, all of these completed documents must be in client file: proof of referral from servicer, authorization form, verified budget at intake, documentation of back end DTI, Action Plan, and date of follow-up meeting.

Level 4b (\$150):

Level 4b can be reported when a "Level 4a" client has completed one follow-up session and the counselor has done the following:

- Document **DTI**, the counselor will verify income, debt, and expenses and calculate back end debt-to-income ratio. The back end DTI is the ratio of the borrower's total monthly debt payments to the borrower's Monthly Gross Income;
- **Document borrower's ability to keep crisis budget** and/or long-term budget;
- **Document progress against Action Plan** developed during first visit, and
- **Status of borrower's payment** on modified loan;

When billing for Level 4b activities, all of these completed documents must be in client file: verified budget at time of second appointment, documentation of back end DTI at second appointment, progress against Action Plan, and status of borrower's modified loan.

2. **Program-Related Support:** Applicants will receive a flat 20% of their counseling request for Program Related Support. Your Program Related Support is required to be expended in the grant period. The *Factor 4* spreadsheet of the application will auto-calculate this amount based on your total counseling request.

Eligible uses include:

- Establishing a triage system

- Outreach to delinquent borrowers
- Group orientation and education
- Infrastructure development and communication
- Improving capacity 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
- Local operational oversight

F. Matching Funds:

As an applicant, IHDA must demonstrate at least a 20% match to be eligible for funds. As a joint applicant, you are not required to provide match in order to be eligible for funding, however, the higher IHDA's ratio of match to grant funds, the more competitive our overall application will be.

On this sheet, you will list source and amount of support for your foreclosure counseling program specifically, not your general housing counseling program. Match need not be new resources generated for this grant program. These funds can be expended, anticipated, committed, or pending between January 1, 2009 and June 30, 2010. Applicants need not have all the match committed at the time of application, but can include funds they expect to raise during the year and any qualifying funds they have expended since January 1, 2009.

The sheet will calculate your total match based on the amounts you list on the chart.

You will not need to submit copies of documents that verify this support. However, you must have these documents on file at your organization to submit upon request.

Match can be cash or in-kind. In-kind valuation will be considered consistent with requirements for other federal grant programs (please see pg. 8). No federal funds, with the exception of Community Development Block Grant funds, may be included as match funds for this program. Funds used to match NFMF Round 1 or Round 2 grant awards cannot be counted toward match requirements.

III. Submission Deadline

We must receive your completed application by **Friday, July 31 at 4:30pm.** Please email your application to Amber Weaver at aweaver@ihda.org and fax the signature page to (312) 832-7693.

Amber will be available for questions July 22 – July 24. In addition, we will be holding an open conference call for questions about the application, at 2:30pm on Friday, July 24, 2009.

If you have any questions during the week of July 27 – July 31 please contact Cami M. Freeman at 312-836-7411 or cfreeman@ihda.org.



Guidance Regarding Value of In-Kind Contributions

Updated January 21, 2008

Source: OMB Circular A-110 (Uniform Administrative Requirements for Grants and Agreements with Institutions of higher education, hospitals, and other non-profit organizations).

“Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient’s organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.”

“When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee’s regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.”

“Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.”