NEIGHBORHOOD REINVESTMENT CORPORATION
Doing business as NeighborWorks® America

FY 2016 Annual Program Performance Report

Prepared in accordance with the provisions of
The Government Performance and Results Act of 1993

May 2017
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I. SUMMARY DESCRIPTION OF NEIGHBORWORKS AMERICA

Charter
The Neighborhood Reinvestment Corporation, doing business as NeighborWorks America, a public nonprofit organization, was chartered by Congress in the Housing and Community Development Amendments of 1978 (Public Law 95-557). NeighborWorks America evolved from a 1972 effort by the Federal Home Loan Bank Board to increase thrift-industry lending in declining neighborhoods.

Purpose
To strengthen distressed urban, suburban and rural communities through a formal national network of local community-based partnership organizations composed of community residents, private sector and local government entities – known collectively as the NeighborWorks network; and to advance the goals of the broader community development field. In creating NeighborWorks America, Congress envisioned a highly flexible, non-bureaucratic laboratory – a place where “new ideas and approaches could be studied, refined, pilot-tested, and replicated.”

Governance
The NeighborWorks America Board of Directors is composed by statute of executives from six federal agencies, including the Federal Reserve Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration and the Department of Housing and Urban Development.

The Dodd-Frank Wall Street Reform and Consumer Protection Act eliminated the Office of Thrift Supervision which reduced NeighborWorks America’s Board to five members.

Results
Three interrelated components of the NeighborWorks System fulfill a coordinated mission to promote locally-directed community revitalization and expand affordable-housing opportunities in communities across the nation. They are:

- NeighborWorks America;
- the NeighborWorks network; and
- Related Capital Corporations

The NeighborWorks System generated more than $7.1 billion in total investment in distressed communities across America in FY 2016.
Among other economic and community benefits, this investment directly:

- Assisted 360,009 individuals or families with affordable housing and counseling, including:
  - 21,051 new homeowners
  - 16,194 rental homes developed and preserved
  - 12,733 single family homes preserved
  - 55,575 homes repaired
  - 154,064 rental homes owned and/or managed by NeighborWorks organizations
  - 114,975 families and individuals received financial, pre-purchase, post-purchase, or foreclosure counseling.
- Awarded 18,860 professional training certificates, and trained 2,701 nonprofit and public sector organizations; and,
- Lent $125 million to NeighborWorks organizations for housing and community development activities through its two related Community Development Financial Institutions.

The NeighborWorks System

For almost 40 years, the NeighborWorks system has been an effective and efficient model for leveraging significant private-sector resources in support of community revitalization, affordable housing, and community development opportunities.

Composed of three interrelated components: 1) NeighborWorks America; 2) a national network of 247 affiliated community-based nonprofit organizations (collectively referred to as the NeighborWorks network); and 3) two Community Development Financial Institutions (CDFIs) which lend exclusively to the NeighborWorks network, referred to collectively as Related Capital Corporations, the NeighborWorks System has generated significant investment in thousands of underserved communities across the nation.

NeighborWorks America

NeighborWorks America is the nation’s original community/public/private partnership model, with locally-driven, efficient community development and the leveraging of public investment as its hallmark. The organization was created by Congress in 1978 to provide financial support, technical assistance and training for community-based revitalization in an effort to turn once-blighted communities into vibrant, healthy communities.

Over the years, NeighborWorks America has developed a number of core competencies that continue to drive revitalization efforts nationwide and support its mission to create opportunities for people to live in affordable homes, improve their lives and strengthen their communities. These core competencies include homeownership and affordable rental
programs, professional training and certification, consumer counseling and education, rehabilitation of housing, outcomes measurement and evaluation and the training and empowerment of community residents.

NeighborWorks America provides grants, programmatic support, training scholarships, access to capital, organizational assessment/evaluation and other programmatic support services to the NeighborWorks network and the broader community development field.

NeighborWorks America’s Officers and Board of Directors actively monitor performance pursuant to the corporation’s strategic plan.

The NeighborWorks Network

The NeighborWorks network is comprised of 247 community-based organizations in all 50 states, Puerto Rico and the District of Columbia. Each NeighborWorks organization is unique and autonomous, and defines how it can best serve the needs of its community, with careful assessment, guidance, technical and financial support from NeighborWorks America.

Related Capital Corporations

NeighborWorks America works with several specialized capital corporations to build partnerships, develop loan products, and support financing vehicles that expand affordable housing opportunities in communities served by local NeighborWorks organizations.

Community Housing Capital: a national financial intermediary based in Decatur, Georgia, which serves as a direct lender to the NeighborWorks network, providing financing for the development and preservation of single-family and multifamily affordable housing. Incorporated in 2000, Community Housing Capital is certified as a Community Development Financial Institution (CDFI) and a Community Development Entity by the U.S. Treasury’s CDFI Fund, rated by AERIS™, a consulting, rating, and due-diligence corporation that is now used instead of the old CDFI rating system, CARS™.

NeighborWorks Capital (NC): a national non-profit community development loan fund based in Silver Spring, Maryland offering lending to all NeighborWorks America’s member organizations (NWOs). NC is certified as a CDFI by the U.S. Department of the Treasury’s CDFI Fund and rated by AERIS™. NC’s products provide flexible capital to create or preserve affordable single and multifamily properties and commercial projects. Products assist with pre-development costs, acquisition of land and buildings, construction, rehabilitation, and preservation of NeighborWorks organizations’ owned rental properties.
The NeighborWorks System is the only coordinated effort of its kind in the nation. It is unique in that it:

- Provides national access to a delivery system built on locally-directed, community-based partnerships;
- Fosters local and regional leveraging of critical private sector and government resources;
- Serves as a laboratory for developing, testing and documenting creative solutions to problems that impede affordable-housing production and neighborhood revitalization;
- Sets stringent chartering standards and requirements for continued participation in the network through a comprehensive system of ongoing organizational assessments;
- Facilitates an environment conducive for benchmarking and disseminating best practices amongst peers in the field; and
- Creates a controlled environment for testing new products and approaches in the community development arena so that successful efforts can be replicated.

Information on the Use of Non-Federal Parties

This annual performance report is submitted pursuant to the requirements of The Government Performance and Results Act (GPRA). In addition, NeighborWorks America certifies that the report was prepared solely by employees of the Corporation and the Corporation was not aided by non-Federal parties in its preparation.

By statute, NeighborWorks America is not an agency or instrumentality of the Federal Government and its employees are not considered Federal employees.
## II. KEY MEASURES

**NeighborWorks America’s FY 2016 Scorecard**

<table>
<thead>
<tr>
<th>GOAL</th>
<th>EXCEEDED</th>
<th>MET*</th>
<th>DID NOT MEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct investment</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>New homebuyers</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>New or preserved multifamily rental homes</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Housing preservation (Single-family rehabilitated, refunded or retained through successful foreclosure mitigation counseling)</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Repaired rental homes</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Multi-family rental – homes owned</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Multi-family rental – homes managed, not owned</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Individuals or families provided with homeownership counseling</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Percent of organizations using Success Measures</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Community Impact measures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of organizations with organizational health improvements</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Number of professional training certificates issued</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Capital provided by related capital corporations</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

*Met = 90 to 100 percent of goal.
## NeighborWorks America Performance Goals
**FY 2013- FY 2016**

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY2016</th>
<th>FY2016</th>
<th>% of</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Total Investment (000s)</strong></td>
<td>$5,854,746</td>
<td>$5,963,615</td>
<td>$6,697,036</td>
<td>$6,580,000</td>
<td>$7,136,800</td>
<td>108%</td>
</tr>
<tr>
<td><strong>B. Total Housing Production:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Homeownership homes</td>
<td>20,974</td>
<td>20,781</td>
<td>21,717</td>
<td>20,000</td>
<td>21,051</td>
<td>105%</td>
</tr>
<tr>
<td>2. Multi-family homes</td>
<td>12,159</td>
<td>9,609</td>
<td>15,374</td>
<td>11,500</td>
<td>16,194</td>
<td>141%</td>
</tr>
<tr>
<td>3. Housing Preservation (Single Family Rehab, Refinance and Other)</td>
<td>16,194</td>
<td>16,614</td>
<td>15,727</td>
<td>13,000</td>
<td>12,733</td>
<td>98%</td>
</tr>
<tr>
<td>4. Repaired rental homes</td>
<td>43,809</td>
<td>58,648</td>
<td>63,272</td>
<td>40,000</td>
<td>55,575</td>
<td>139%</td>
</tr>
<tr>
<td><strong>C. Multifamily rental - homes owned</strong></td>
<td>103,929</td>
<td>113,077</td>
<td>132,634</td>
<td>119,000</td>
<td>147,458</td>
<td>124%</td>
</tr>
<tr>
<td>Multi-family rental- homes managed, not owned</td>
<td>4,269</td>
<td>5,086</td>
<td>9,969</td>
<td>4,000</td>
<td>6,606</td>
<td>165%</td>
</tr>
<tr>
<td><strong>D. Individuals provided with pre- and post-purchase housing counseling</strong></td>
<td>109,384</td>
<td>108,516</td>
<td>110,354</td>
<td>110,000</td>
<td>114,975</td>
<td>105%</td>
</tr>
<tr>
<td><strong>E. Community Level Results</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of network with clear specific goals for community impact</td>
<td>91%</td>
<td>93%</td>
<td>92%</td>
<td>90%</td>
<td>87%</td>
<td>97%</td>
</tr>
<tr>
<td><strong>ORGANIZATIONAL ASSESSMENT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of organizations with organizational health improvements</td>
<td>2%</td>
<td>7%</td>
<td>2%</td>
<td>2%</td>
<td>6%</td>
<td>300%</td>
</tr>
<tr>
<td><strong>TRAINING AND INFORMING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of professional training certificates earned</td>
<td>20,070</td>
<td>20,140</td>
<td>20,505</td>
<td>18,000</td>
<td>18,860</td>
<td>105%</td>
</tr>
<tr>
<td><strong>ACCESSING CAPITAL MARKETS ($000)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital provided by affiliated capital entities</td>
<td>$84,537</td>
<td>$91,275</td>
<td>$111,515</td>
<td>$80,000</td>
<td>$125,020</td>
<td>156%</td>
</tr>
</tbody>
</table>
# NeighborWorks America
## Sources and Uses of Funds by Expense Category
### FY 2016 Plan and Actual Un-Audited Appropriated Funds
(Amounts in $000's)

<table>
<thead>
<tr>
<th></th>
<th>FY 2016 Plan (A)</th>
<th>FY 2016 Actual</th>
<th>Actual/Plan Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOURCES OF FUNDS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Appropriation</td>
<td>$135,000</td>
<td>$135,000</td>
<td>$0 0%</td>
</tr>
<tr>
<td><strong>USES OF FUNDS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>$32,067</td>
<td>$32,385</td>
<td>$318 1%</td>
</tr>
<tr>
<td>Travel</td>
<td>1,869</td>
<td>1,772</td>
<td>(97) -5%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>4,564</td>
<td>4,008</td>
<td>(556) -12%</td>
</tr>
<tr>
<td>Conferences and Workshops</td>
<td>389</td>
<td>316</td>
<td>(73) -19%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>3,500</td>
<td>3,485</td>
<td>(15) -0.4%</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>4,504</td>
<td>4,671</td>
<td>167 4%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>46,893</td>
<td>46,637</td>
<td>(256) -1%</td>
</tr>
<tr>
<td><strong>GRANTS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expendable</td>
<td>45,890</td>
<td>46,837</td>
<td>947 2%</td>
</tr>
<tr>
<td>Equity Capital</td>
<td>38,166</td>
<td>38,251</td>
<td>85 0.2%</td>
</tr>
<tr>
<td>Training and Informing</td>
<td>4,051</td>
<td>3,275</td>
<td>(776) -19%</td>
</tr>
<tr>
<td><strong>Total Grants</strong></td>
<td>88,107</td>
<td>88,363</td>
<td>256 0.3%</td>
</tr>
<tr>
<td><strong>TOTAL USES OF FUNDS</strong></td>
<td>$ 135,000</td>
<td>$ 135,000</td>
<td>$ - 0%</td>
</tr>
</tbody>
</table>

Grants % of Appropriation 65% 65.5%

(A) These figures reflect the base federal appropriation only, excluding supplemental funds for the National Foreclosure Mitigation Counseling Program.
III. UPDATE ON ACTIONS TAKEN IN RESPONSE TO PROGRAM ASSESSMENT RATING TOOL (PART) RECOMMENDATIONS

Geographic Targeting of Service Areas

Over the 2012-2016 strategic plan period, NeighborWorks America targeted expansion of its services to underserved areas that demonstrated need across a range of economic and housing indicators, drawing from relevant national data at the census tract level. In its new 2017-2021 Strategic Plan, NeighborWorks America will continue to target service expansions and affiliations in areas of persistent poverty where such areas have little or no current service. From FY2012-FY2015, a total of $8.36 million was provided to the network in support of Goal 3, Outcome 2: By 2016, NeighborWorks® America has invested in 5-10 NeighborWorks® network-driven collaborative models that improve the NeighborWorks network’s efficiency and impact.
IV. FY 2016 PERFORMANCE GOALS AND RESULTS

- **AFFORDABLE HOUSING AND COMMUNITY DEVELOPMENT SERVICES**
  Provide housing and community development services to NeighborWorks organizations so that they can be self-sustaining and respond efficiently to the affordable housing and revitalization needs of their communities.

- **AFFORDABLE HOUSING AND COMMUNITY DEVELOPMENT EQUITY CAPITAL/CAPITAL MARKETS**
  Support NeighborWorks organizations in their use of equity capital to preserve and expand housing affordable to lower-income families in ways that revitalize neighborhoods, regenerate active market processes and strengthen the communities’ tax base. Work with Related Capital Corporations to build partnerships, develop loan products, and support sustainable financing vehicles that expand affordable housing opportunities in communities served by local NeighborWorks organizations.

- **ORGANIZATIONAL ASSESSMENT**
  Improve the proactive, program-monitoring process designed to measure the health of individual NeighborWorks organizations and the network as a whole.

- **TRAINING AND INFORMING**
  Advance NeighborWorks organizations and the community development industry through the provision of high quality training and information.

- **ADMINISTRATION**
  Manage the Corporation to achieve maximum benefit for taxpayer funds in accordance with the law.

- **NATIONAL FORECLOSURE MITIGATION COUNSELING PROGRAM**
  Administer the National Foreclosure Mitigation Counseling (NFMC) Program, first authorized by President George W. Bush as part of the FY 2008 Consolidated Appropriations Act in response to the nationwide foreclosure crisis.

**Affordable Housing and Community Development Services**

*Network of 247 local community development organizations:* To advance its mission of creating opportunities for people to live in affordable homes, improve their lives and strengthen their communities, NeighborWorks America supports a national network of chartered local and regional nonprofit organizations in rural, urban, and suburban communities, and fosters efficiency by building the skills and performance of the NeighborWorks network through financial assistance, consulting services, educational opportunities, assessments, and strategic
partnerships. Services are primarily delivered through NeighborWorks America’s four regions, and national business line teams, whose staff implement and oversee most NeighborWorks grants and provide specialized services that help local NeighborWorks organizations evaluate operations, manage sustainable business lines, overhaul systems and programs, improve service delivery, and successfully manage their resources and programmatic risks for greater community impact.

NeighborWorks America uses grant awards and other services to help affiliated NeighborWorks organizations:

- Achieve their housing and community development strategic plan goals;
- Expand their reach, programmatic capacity and impact;
- Improve their internal systems and procedures for financial and business management, impact measurement and board oversight;
- Collaborate to increase efficiency, impact and scale;
- Develop outreach and marketing strategies; and
- Implement financing mechanisms and partnerships with the private and public sectors.

Building the Skills of Community Development Professionals: NeighborWorks America provides training, technical assistance and consulting services to NeighborWorks organizations and nearly 3,000 other nonprofit organizations and partners in the following primary areas:

- Homeownership creation, preservation, and lending;
- Financial capability and financial education;
- Rental and homeownership real estate development and preservation;
- Rental portfolio and asset management;
- Resident services in rental housing;
- Community stabilization;
- Communications and marketing;
- Community building and resident engagement;
- Community economic development;
- Organizational Management;
- CDFI management and lending;
- Nonprofit management, leadership and board governance; and
- Performance and impact measurement.

Assessing Services and Measuring Results and Impact: NeighborWorks America regularly measures and assesses the services provided to NeighborWorks organizations through quarterly production reports, on-site and off-site assessments, review of annual audits and other feedback mechanisms. It also regularly assesses its training delivery through individual course evaluations and post training effectiveness evaluations. NeighborWorks America
evaluates this data and feedback to ensure its services are necessary, nimble and relevant. The impact of NeighborWorks America’s efforts will continue to be demonstrated by the increased productivity, investment and community impact generated by NeighborWorks organizations in their communities.

FY 2016 Results:

In FY 2016, NeighborWorks and the NeighborWorks network assisted 360,009 families in total, including:
- 21,051 new homeowners
- 16,194 multifamily homes developed and preserved
- 12,733 single family homes preserved
- 55,575 homes repaired
- 154,064 rental homes owned and/or managed by NeighborWorks organizations and
- 114,975 families and individuals received financial, pre-purchase, post-purchase, or foreclosure counseling.

- In total, NeighborWorks organizations generated nearly $7.14 billion in direct investment in their communities.
- NeighborWorks America issued 18,860 training certificates.
- As of the end of December 2016 the NFMC program has counseled more than 2 million homeowners facing foreclosure.

NeighborWorks America’s FY 2016 goals included:
- Ensuring the share of grants equaled 65% of the federal appropriation;  2
- Re-engineering our grant process to improve efficiencies by leveraging information already collected and lessening the reporting burden on network organizations;
- Launching Project Re-invest funding opportunities to make at least $105,000,000 in grants to qualified organizations inside and outside of the NeighborWorks network;

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1 The total number of families assisted (360,009) includes only that portion of multifamily homes developed that are not owned by the organization as well as those that are fee developed (also not owned) but not managed either, as owned homes and managed-not-owned homes are both included in the rental portfolio figure, so there is no double counting. This leaves 1,611 rental homes developed that are neither owned nor managed to be added to the calculation.

2 Based on draft FY 2016 actuals, 89% of the federal core appropriation, including grants, is spent on program services (Capacity Building, Equity Capital, Organizational Assessment, and Training & Informing); 11% is associated with general and administrative support.
• Launch Phase III of the Sustainable Homeownership Program (SHP) where 44 organizations are working towards greater efficiency, sustainability, scale and impact of their homeownership business line;
• Strengthening NeighborWorks organizations’ rental property portfolios;
• Supporting new and innovative strategies for affordable rental housing development, preservation, and asset management;
• Assisting affiliated NeighborWorks organizations to expand their services and/or partner with other nonprofits to serve additional underserved communities and populations;
• Providing technical assistance and consulting services to network organizations undergoing staff transitions, especially at the executive level, and providing support via interim assistance;
• Providing professional training and certification in all facets of affordable housing, homeownership and community development to practitioners from nonprofit organizations and municipalities around the country;
• Tailoring homeownership preservation strategies and counseling skills to assist homeowners that faced foreclosure and mortgage resets, and to address the effects of underwater homes, which limit a homeowner’s ability to sell or refinance the home; and
• Continued assessments of network members’ health to ensure that it remains a network of excellence and to ensure that NeighborWorks is a good steward of the funds it receives.

NeighborWorks America also focused on improving its internal operations in FY 2016. The Corporation:

• Instituted an IT governance and controls process;
• Finalized a Board-approved strategy around how we will integrate a Race, Equity, Diversity, & Inclusion (REDI) Initiative into internal operations and support for the Network;
• Developed a new strategic plan, covering FY2017-FY2021;
• Continued the Customer Alignment Project which ensures NeighborWorks America is focused on highest-value services to the network; and
• Focused on attracting additional outside resources that could further the programmatic work of the network.

NeighborWorks America’s efforts have helped NeighborWorks organizations meet numerous recurring challenges, including:

• Securing new resource partners;
• Developing and managing loan funds;
• Creating 3-5 year strategic plans;
• Creating revitalization strategies that meet community articulated needs;
• Conducting asset and portfolio management for rental properties;
• Developing affordable for-sale and rental homes;
• Compliance with federal and state lending regulations;
• Promoting homeownership;
• Upgrading financial management and other internal systems;
• Examining and addressing sector-wide issues such as foreclosure, community stabilization and difficult market conditions; and
• Encouraging collaboration between NeighborWorks organizations to promote greater efficiencies for communities.

In prior years, NeighborWorks has accepted pre-applications for network affiliation each year from January to March via its website, www.nw.org. NeighborWorks typically receives 50-100 pre-applications for affiliation. After review of the pre-applications, a small number of organizations (4 - 10), are asked to submit full applications and go through a rigorous application process. In FY 2016 NeighborWorks focused on completing reviews of organizations already in the affiliation application process, and held off on accepting new pre-applications until a new affiliation strategy is developed as part of the new FY 2017-2021 strategic plan.

NeighborWorks completed the affiliation process for the following organizations in FY 2016:

<table>
<thead>
<tr>
<th>Organization</th>
<th>City and state</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Housing Coalition</td>
<td>Richmond, VA</td>
</tr>
<tr>
<td>Hispanic Housing Development</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Housing Development Corporation Mid-Atlantic</td>
<td>Lancaster, PA</td>
</tr>
<tr>
<td>Metro Community Development</td>
<td>Flint, MI</td>
</tr>
</tbody>
</table>

Affordable Housing and Community Development/Equity Capital and Capital Markets

To meet its goal of creating and preserving affordable housing opportunities and building stronger communities, NeighborWorks America is engaged in three national programmatic initiatives:

1. National Homeownership Programs;
2. National Real Estate Programs; and
3. Comprehensive community development
National Homeownership Programs

NeighborWorks continued to focus on sustainable homeownership. As communities around the country experience redevelopment and growth, affordable and sustainable homeownership is becoming increasingly more difficult. The suite of services offered by the NeighborWorks network is a vital piece of the puzzle to not simply attain homeownership, but to also maintain and manage homeownership over the long term. NeighborWorks has always provided homeownership services that promote financial capability and sustainable homeownership. However, these programs and services are more necessary and in higher demand as a result of increasing home prices and rising interest rates.

NeighborWorks worked to leverage current capacities while also identifying opportunities to serve potential homeowners and communities more efficiently and at greater scale. NeighborWorks America and the NeighborWorks network capitalized on emerging homeownership opportunities in a strategic and focused way through homebuyer engagement using innovative and seamless new technologies and methods. NeighborWorks has launched several projects to increase sustainable homeownership, including the Sustainable Homeownership Project (SHP), Project Reinvest Homeownership, and the Let’s Invest for Tomorrow (LIFT) program.

The Sustainable Homeownership Project is an effort that resources 44 organizations who are collectively working at changing their organizational culture to function as social enterprises, deploy customer-centric outreach methods and integrate technology for greater efficiency, program management and reporting. SHP has been transformative to organizations that have been heavily reliant on philanthropic and grant funding by increasing fee-generation.

The LIFT Down Payment Assistance Program is a partnership with the Wells Fargo Foundation. Over $220 million has been invested into down payment assistance grants in over 40 cities across the country, creating over 12,000 new homeowners through the end of FY 2016. LIFT is an innovative program that works with many different first mortgage products and enables families to achieve their dream for homeownership in a sustainable way.

Project Reinvest Homeownership is designed to assist approximately 4,000 low- to moderate-income people to build assets through the purchase of homes while at the same time contributing to the local economy and stabilizing distressed communities. The funding opportunity will provide grant funding to eligible CDFIs to provide deferred down payment assistance (DPA) loans to borrowers at 100 percent of Area median income (AMI) or less in urban, suburban, and rural communities in the U.S. and Puerto Rico.
FY 2016 Results:

- Assisted 21,051 families to become new homeowners;
- Preserved homeownership for 12,733 families and individuals;
- Provided Financial Capability counseling to 5,152 individuals;
- Provided 114,975 families with pre-purchase and post-purchase housing counseling and foreclosure intervention counseling; and
- Continued to preserve homeownership through the Loan Scam Alert Campaign (in six languages) including:
  - Over 2 billion media impressions;
  - $22 million in donated media;
  - 750+ approved campaign partners;
  - Coordination of the National Loan Scam Prevention Network Steering Committee made up of Federal enforcement agencies, nonprofit service providers and related trade organizations such as the American Bar Association;
  - 121,809 complaint calls received through the HOPE Hotline from October 2009 through October 2016;
  - 66% of all scams reported by target audience;
  - Over 453,000 visitors to the www.LoanScamAlert.org website since the campaign launched (2009); and
  - 9,305 followers on Twitter.

National Real Estate Programs

NeighborWorks America’s National Real Estate Programs focus on:

- Utilizing new construction, acquisition, rehabilitation and refinancing to create and preserve affordable rental properties for families, individuals, elderly and people with special needs
- Developing affordable and sustainable homes for purchase by low- and moderate-income families; and
- Advancing best practices of the affordable housing field through development and promotion of broad, industry-wide initiatives;

Since 2000, the NeighborWorks network has grown from developing, acquiring and rehabilitating under 1,000 rental homes per year to over 16,000 rental homes in FY 2016 alone. The NeighborWorks network has also provided 1,703 for-sale homes through both new construction and acquisition and rehabilitation of existing structures in FY 2016. These homes provide low- and moderate-income homeowners with quality, affordable housing and provide stable housing in communities.
FY 2016 Results:

- Developed or preserved 16,194 rental homes;
- 154,064 affordable rental homes owned and/or managed by NeighborWorks network organizations;
- 79% of all network organizations rental portfolios were positively performing (covering operating costs, amortization and interest, and their reserve contribution); and
- Delivered and coordinated 203,456 services to residents in NeighborWorks-network owned rental communities, and 545,159 services to residents of the surrounding areas.³

Community Initiatives

The Community Initiatives Department supports local efforts to build vibrant local communities that provide opportunities for people to thrive. Community Initiatives is comprised of NeighborWorks America’s Community Stabilization, Community Building and Engagement, Rural, and Healthy Homes and Communities Initiatives. The Department supports the following community-based strategies across urban, rural and suburban communities:

- Place-based community stabilization strategies aimed at creating a strong and balanced real estate market, safe, healthy and attractive conditions, and a positive neighborhood image;
- Community building and engagement strategies aimed at building resident leadership, collective capacity and social connections; and
- Systems-level strategies that bring together community stakeholders to address complex challenges and improve health, education and economic outcomes.

Community Initiatives accomplishes this vision by elevating and strengthening local practice through technical assistance and capacity building, peer-to-peer learning, demonstration projects, stakeholder convenings, and research.

FY 2016 Results:

- Leveraged nearly $1.17B in community stabilization efforts;
- Trained 3,503 resident leaders; and
- Provided service in over 3,000 rural-designated census tracts.

³ Services include access to public benefits, community building, public safety and community improvement, crisis assistance, education programs, extracurricular success, family readiness for homeownership, financial capability, greening support, health services, housing stability, eviction prevention, positive senior well-being, service to military households, and workforce development. Multiple services may have been provided to each resident.
Access to Equity Capital

NeighborWorks America focuses on many national partnerships and relationships to leverage its investment in network organizations with other private capital. To do this, NeighborWorks America invests in Community Housing Capital and NeighborWorks Capital, two national CDFIs that serve the entire network of NeighborWorks affiliates, and in support of the development of new loan and investment products. These products further the mission-related activities of the network.

In FY 2016 these related capital corporations lent NeighborWorks’ network organizations over $125 million for real estate development activities. NeighborWorks America also supports the development of new loan and investment products which further the mission-related activities of the network.

Organizational Assessment

NeighborWorks America supports each NeighborWorks organization’s capacity to successfully manage programmatic risks and to ensure financial and organizational stability through organizational assessment. NeighborWorks evaluates all NeighborWorks network members’ health and performance, including an assessment of critical lines of business. These evaluations are shared with the NeighborWorks organizations to help them identify and concentrate on specific areas for improvement.

To provide ongoing assessment of each NeighborWorks organization, NeighborWorks uses a system of on-site and off-site assessments, an annual review of independent audits submitted by each NeighborWorks organization for compliance and financial health, and the NeighborWorks’ Organizational Health Tracking System.

The underlying philosophy behind NeighborWorks America’s approach to organizational assessment is to:

- Steadily increase the health, performance, productivity and effectiveness of NeighborWorks organizations.
- Identify risk to individual organizations, thereby identifying the presence of risk to the entire NeighborWorks system.
- Better focus support and technical assistance to increase the capacity of NeighborWorks organizations to successfully predict, mitigate and manage risk.

A committee composed of senior managers from NeighborWorks America, NeighborWorks Capital, and Community Housing Capital reviews key risk and performance indicators quarterly, obtained from various sources throughout NeighborWorks America, and assigns an organizational health rating to each NeighborWorks organization.
NeighborWorks America maintains continuous oversight of NeighborWorks organizations, through the vehicles described below.

**On-Site Reviews**

NeighborWorks America conducts on-site organizational assessments of each NeighborWorks organization approximately every three years through comprehensive program reviews. These on-site assessments result in written reports that identify programmatic performance, financial health, organizational capacity, corrective actions, and areas for improvement in order for a NeighborWorks organization to address vulnerabilities and remain in good standing.

On-site charter reviews of organizations applying for NeighborWorks network membership are conducted to ensure that they can meet established performance objectives and baseline membership criteria.

**Off-Site Reviews and Annual Audit Reviews**

In addition to on-site reviews, NeighborWorks America annually monitors organizations through off-site, risk-based assessments. These reviews focus on areas of potential risk and are based on individual organizational profiles that are updated on an ongoing basis as financial and programmatic information is received. NeighborWorks America also reviews annual financial audits, management letters, and IRS Form 990 submissions from each NeighborWorks organization.

**Lines of Business**

As a part of its organizational assessment process, NeighborWorks America conducts performance assessment and risk analysis for major lines of business. These lines of business are the major programs, products and services provided by a NeighborWorks organization. An activity is a Line of Business only if the organization has a long-term commitment to it and has dedicated staff and revenues that support the activity. The following illustrates lines of business of NeighborWorks organizations:

1. **Homeownership Preservation**: Loans, grants and home improvement services for existing owners of 1- to - 4 family properties. Activities include rehabilitation, repair, hazard abatement, energy conservation, post-purchase counseling and foreclosure intervention activities, as well as loans and grants to homeowners to finance these kinds of improvements.

2. **Homeownership Promotion**: Activities promoting sustainable homeownership including financial capability and other education, pre-purchase counseling, foreclosure
counseling, mortgage lending, down payment/closing costs assistance (both loans and grants), and the marketing and sale of newly developed properties.

3. **Community Building & Engagement:** Programs and activities that support resident engagement as an essential component of effective and sustainable community development. Community building and engagement should include all three of the following activities: developing resident leaders, facilitating community building events and activities, and supporting resident-driven groups and initiatives. Additionally, community building and engagement priorities should be clearly aligned to the overall mission and strategic plan of an organization.

4. **Property Management:** Property management includes the day-to-day operating responsibility for managing real estate owned directly or by affiliated parties. Organizations are often responsible for this function on properties that they own directly, and may include management of properties owned by other entities.

5. **Real Estate Development/Asset Management:** All the activities involved in developing real estate, regardless of whether the project is residential or commercial and intended for rental or for-sale. Development activities might include conceptualizing projects, selecting and acquiring sites, managing design, assembling predevelopment and permanent construction financing, overseeing construction and lease-up. Asset Management includes long-term responsibilities of ownership of real estate including such activities as deciding on the type of portfolio to be developed, market positioning of properties, refinancing, capital improvements, and selection and oversight of the property manager. Asset Management responsibilities come with any property owned outright by the organization, a subsidiary, or a general partner interest held by the organization or its subsidiary.

6. **Lending and Loan Portfolio Management:** All activities involved in underwriting, originating, brokering and/or servicing loans to individuals, nonprofits and businesses on a regular basis, and managing the portfolios of these loans. Their purpose is to provide capital for building or purchasing residential or commercial property and creating entrepreneurial and community wealth opportunities. Functions include analysis and allocation of risk, due diligence, negotiation, proper documentation, bookkeeping, billing, collections, monitoring, remediation, workouts, foreclosures and management of secured assets. The routine production of loans generally generates a portfolio which must be actively managed in terms of risk concentration, liquidity, leverage and impact.
FY 2016 results

During FY 2016, NeighborWorks conducted annual audit analyses for all NeighborWorks organizations, 85 full-scope on-site program reviews, and 102 off-site assessments. NeighborWorks also provided 125 audit reviews of applicants of the National Foreclosure and Mitigation Counseling Program (NFMC).

These review activities, in combination with audit analyses which are required for each grantee, ensure compliance with sub recipient monitoring requirements. To ensure that grants made outside of the NeighborWorks network are made to healthy organizations and to ensure that non-network grantees accomplish the agreed upon outcomes of the grants, NeighborWorks evaluated the financial health of 68 non network organizations.

Training and Informing

NeighborWorks America works to advance the NeighborWorks network and the community development industry through the provision of high quality training and information.

FY 2016 Results:

- NeighborWorks America awarded 18,860 professional training certificates to affordable housing and community practitioners and community leaders from 2,701 organizations and municipalities from around the country at national NeighborWorks Training Institute (NTIs), Place-based Trainings (PBTs) and online learning. A breakdown of these certificates includes the following:
  - 7,332 certificates in financial capability, homeownership education and counseling and foreclosure counseling; over 1,300 of these were foreclosure counseling-related training certificates under the NFMC program to NFMC grantees and sub-grantees and other nonprofits. Over 1,000 housing counselors completed new online and in-person training courses to prepare them for soon-to-be-released HUD certification test;
  - 2,197 certificates in affordable housing development, asset management and construction and rehab management;
  - 2,213 certificates in community revitalization, community economic development, and resident engagement;
  - 2,694 certificates in nonprofit management and leadership; and
  - 128 certificates in Native American Community Development.
In addition, in FY 2016, NeighborWorks:

- Conducted a national Community Leadership Institute (CLI) in Columbus, Ohio for more than 800 resident leaders from over 110 communities;
- Hosted four symposia at NeighborWorks Training Institutes, featuring cutting-edge research, strategies, tools and best practices attended by the highest ever average of 318 practitioners and leaders at each. Symposium topics were as follows:
  - NextGen Nonprofits: Organizing Capacity, Sustainability and Boundary Spanning Leadership – December 2016 Washington, DC
  - Cross-Sector Collaboration to Create Opportunity February 2016 Atlanta, GA.
  - Race, Culture and Opportunity – May 2016 Los Angeles, CA
- Using three online learning formats, NeighborWorks increased its “E-Learning” training offerings to 26 highly interactive, pedagogically sound courses available to housing and community development practitioners twenty-four hours a day, seven days a week; conducted eleven four-weeklong university-style “faculty led” trainings; developed and facilitated forty live offerings of “E-Classroom Express”, a 90-minute, interactive webinar training. In total, over 3,870 participants joined online sessions resulting in the award of 2,805 certificates for successful completion of online learning courses; provided training and technical assistance on a number of projects in collaboration with federal and state agencies, including training for rural homeownership in collaboration with USDA-Rural Community Development Initiative; homeownership education and counseling training for HUD-approved housing counseling organizations under a cooperative agreement with HUD; and foreclosure intervention training on a program funded by the New York State Attorney General’s office. Finally, provided various CDFI training efforts, including one for Native American CDFIs, in collaboration with the Department of Treasury/CDFI Fund;
- Conducted a comprehensive evaluation for each training event and each individual course achieving an average course rating of 4.4 out of 5;
- Administered a national AmeriCorps*VISTA program in which the newest cohort of 51 VISTA members achieved program goals serving 37 local NeighborWorks organizations (NWOs) in 24 states. One hundred percent of NWOs report that their VISTAs made a significant contributions in the areas of housing, community stabilization, financial fitness, resident engagement, employment, and evaluation and performance measurement. Since the first NeighborWorks VISTA program member began in July 2009 to the present, VISTAs have been instrumental in supporting their organizations to:
  - Acquire $41,408,281 in cash resources and $4,224,810 in non-cash resources
  - Save 21,424 families' homes from foreclosure
  - Build the financial fitness and asset-building capacity of 44,232 individuals in underserved communities; and
- Recruit 53,837 volunteers that have performed 364,910 hours of service in their communities.
- Completed the seventh round of Achieving Excellence for 50 nonprofit leaders who continue to implement transformational changes in their organizations. This cohort was joined by approximately 100 graduates for a daylong forum in Atlanta in February 2016 highlighting lessons learned and applying new frameworks to challenges for the future; andFor the third time, collaborated with the Brown School of Social Work at Washington University in St Louis to deliver three 3-credit courses to students, introducing them to the fundamentals of mixed-income housing property and resident services operations, ways for evaluating and maximizing property performance and service delivery, and key financial tools and techniques for proper oversight. Students completing the series earn a certificate issued by the Brown School and NeighborWorks America. NeighborWorks America instructors serve as a visiting faculty team.

Administration

In accordance with the National Affordable Housing Act (P.L. 101-625), NeighborWorks America’s administrative expenses are consistently held to less than 15 percent of expenditures. These expenses include the offices of the chief executive officer, chief operating officer, chief financial officer, the general counsel, internal audit, public policy and legislative affairs, as well as finance, budget, information technology and services, procurement, human resources, and corporate facilities units.

FY 2016 Results:

- In FY 2016, 329 NeighborWorks America employees (92 percent of all staff) participated in at least one staff development opportunity. In addition to staff members taking advantage of courses and classes from colleges, universities and a wide range of learning/teaching organizations, staff members took advantage of a number of internal training opportunities. The internal training included corporate orientation for new employees (63 staff); training in such topics as coaching, facilitation, and procurement policy and procedure; and Code of Ethical Conduct. Human Resources designed and facilitated a Supervisory Training program to provide comprehensive supervisory and management training, to include the Americans with Disabilities Act, Family and Medical Leave Act, performance management, policies and procedures, active shooter training, as well as core communication, delegating, and conflict management skills. Employees have also engaged in a variety of external trainings to include Time Management, Project Management, Non Profit Leadership, and many technical/computer courses. There have also been a variety of special peer-led sessions.
on corporate initiatives such as: Race, Ethnicity, Diversity & Inclusion, Green Strategies, and Board Governance. Employees also had access to on-line NeighborWorks Training Institute courses and online learning courses. Finally, over 200 NeighborWorks America employees enrolled in NeighborWorks Training Institute courses in FY 2016, taking an array of courses in affordable housing, community development and management and leadership. The FY 2015 Retirement Plan audit was completed during the year with a clean opinion.

- In FY 2016, Human Resources transitioned the Performance Management process to a cloud-based platform. Moving NeighborWorks' performance evaluation program to an electronic Performance Management Software (PMS) platform has optimized organizational performance, saving managers and employee’s time; helping align our workforce with the organization's goals and priorities; tracking progress; and assisting us in moving towards a feedback-rich culture to ensure employees get the continuous feedback they need to be high-performing.

- In FY 2016, Human Resources conducted research and recommended a new Human Resource Information System (HRIS) which offers flexible, user-friendly, integrated technology and a mobile platform supporting expanded manager and employee self-service for transactional business processes. UltiPro Human Capital Management system was selected as our new HR Information System. Moving to a more flexible, user-friendly and web-based HRIS solution will enable HR to leverage HR metrics and link HR practices to achieve bottom-line business objectives. Managing metrics will allow us to explore analytics where we will see the inter-connectedness of business functions and operations and then begin to project future needs based on such information. Having the ability to easily enter data and create and pull reports will provide the Corporation with historical, real-time and forward-looking metrics which will aid in mining for such analytics and pre-pare for the future needs of our organization.

- In FY2016, Information Technology & Services (IT&S) implemented new processes for management of key projects, improved the network infrastructure and began effort and a number key business initiatives:
  - **Project Management and Systems Development Life Cycle (SDLC):** Institutionalized System Development Life Cycle (SDLC) processes and hired Project Management professionals to manage major investment projects utilizing structured project management procedures and tailored SDLC processes.
  - **Information Technology Governance:** Introduced IT Project Governance and Oversight to review status, risks and issues on key IT related projects
  - **Network Redesign:** Completed the redesign of the NeighborWorks America network and delivered improved internet services to offices in Washington DC, Atlanta, Los Angeles and Denver.
  - **Enterprise Business Intelligence:** Developed systems requirements,
conducted product and vendor research, and selected the application package for the business intelligence project. Completed the first rollout of the multi-phase effort to implement an organization-wide data warehousing system.

- **PROMPT Portal**: Conducted vendor research and selection for the development of a new system to replace an obsolete Access based “Switchboard” system. Began design and development efforts with the new vendor.

- **Grants Management**: Began efforts to implement a new Grants Management system in conjunction with Project Reinvest. Worked with the Project Reinvest team to conduct vendor reviews and established high-level implementation timeframes.

- **Information Security Management**: Implemented software tools to more effectively manage and respond to system security incidents.

- **Improve system availability**: Created plans to migrate key IT services to the Cloud environment in order to reduce risk of system unavailability.

- With the establishment of the Centralized Procurement Division, NeighborWorks has revised its procurement policies and procedures to more effectively procure required supplies and services and is in the process of right-sizing the staff required.

- The Procurement division has also developed and provided corporate-wide training sessions to familiarize NeighborWorks staff with the centralized procurement function.

**National Foreclosure Mitigation Counseling Program**

NeighborWorks America administers the National Foreclosure Mitigation Counseling Program, which was established by Congress in FY 2008. There have been ten Congressional appropriations totaling over $853.1 million to fund the NFMC Program, with ten corresponding funding rounds administered by NeighborWorks.

- **Round 1**: FY 2008 Consolidated Appropriations Act was signed on December 26, 2007 and named NeighborWorks America to administer the NFMC program. The original legislation appropriated $180 million to the effort. NeighborWorks awarded over $130.4 million of these funds to 143 applicants on February 24, 2008, and held the balance to be awarded once performance and need were assessed.

- **Round 2**: On July 30, 2008, the Housing and Economic Recovery Act of 2008 (P.L. 110-289) appropriated $180 million for the NFMC Program, including $30 million for legal assistance. On December 3, 2008, $177.5 million of these funds, including carryover from Round 1,
were awarded to 135 applicants for counseling efforts, and $25.1 million in legal assistance funds were awarded to 54 applicants.

- **Round 3:** On March 11, 2009, the Omnibus Appropriations Act of 2009 (P.L. 111-8) allocated $50 million to the program. With this appropriation and funds recaptured or de-obligated from Round 1, NeighborWorks awarded nearly $48.2 million to 124 applicants on October 1, 2009.

- **Round 4:** On December 16, 2009, the Consolidated Appropriations Act of 2010 (P.L. 111-117) provided an additional $65 million to the program. With this appropriation and funds recaptured or de-obligated, NeighborWorks awarded $59.5 million to 135 applicants on April 16, 2010.

- **Round 5:** Effective April 15, 2011, the Department of Defense and Full Year Continuing Appropriations Act, 2011 (P.L. 112-10) appropriated $64.87 million to the NFMC Program (funded at the FY 2010 level less 0.2 percent). With this appropriation and funds recaptured or de-obligated, NeighborWorks awarded nearly $69.5 million to 144 applicants.

- **Round 6:** On November 18, 2011, the Consolidated and Further Continuing Appropriations Act of 2012 (P. L. 112-55) appropriated $80 million to the program. With this appropriation and funds recaptured or de-obligated, NeighborWorks awarded $73.87 million to 138 applicants on March 19, 2012.

- **Round 7:** On March 26, 2013, the Department of Defense, Military Construction and Veterans Affairs and Full-Year Continuing Appropriations Act of 2013 (P.L. 113-6) appropriated more than $75.81 million to the program. This amount represented a 5 percent cut from the prior year as a result of sequestration. With this appropriation and funds recaptured or de-obligated, NeighborWorks awarded more than $70.1 million to 121 applicants on April 15, 2013.

- **Round 8:** On January 17, 2014, the 2014 Omnibus Appropriations Act (P.L. 113-76) appropriated $67.5 million to the program. With this appropriation and funds recaptured or de-obligated, NeighborWorks awarded $63.1 million to 117 applicants on March 18, 2014.

- **Round 9:** On December 14, 2014, the Consolidated and Further Continuing Appropriations Act of 2015 (P.L. 113-235) appropriated $50 million to the program. With this appropriation and funds recaptured or de-obligated, NeighborWorks awarded $44.8 million to 111 applicants on March 13, 2015.

- **Round 10:** On December 18, 2015, the Consolidated Appropriations Act, 2016 (P.L. 114-113) appropriated $40 million to the program. With this appropriation and funds recaptured or de-obligated, NeighborWorks awarded $39.9 million to 100 applicants on May 26, 2016.

As of the end of December 2016, two million homeowners facing foreclosure around the country had been counseled by the 1,700 grantees and sub-grantee foreclosure counseling agencies that have received funds from the National Foreclosure Mitigation Counseling Program since the program’s inception. With the NFMC Program’s tenth appropriation, occurring in FY2016, demand for these funds continued to exceed the amount of funding available; eligible applicants requested over $83 million. A total of 100 grantees were awarded
Round 10 counseling grants with plans to provide 90% of all counseling services in Areas of Greatest Need and 58% of all services projected to be provided in a subset of 87 Metropolitan Statistical Areas (MSAs) and rural areas designated as Areas of Extraordinary Need.

On September 24, 2016, NeighborWorks America released its 13th report to Congress that focused on state-by-state field interviews of NFMC Program-funded counseling agencies and homeowners across the nation that provided or received foreclosure counseling. The report showed NFMC Program-funded counseling organizations collaborate with homeowners and servicers to achieve positive foreclosure mitigation outcomes. NFMC counselors help homeowners find alternatives to foreclosure when saving the home is not an option, and are more likely to obtain short sales than non-counseled homeowners. As government mortgage assistance programs wind down through 2017, counselors will play a major role in helping homeowners navigate the new loss mitigation landscape moving forward.

In 2014, an Urban Institute evaluation of NFMC Program clients served from July 2009 to June 2012 (Rounds 3 through 5) found that:

- NFMC Program clients were nearly three times as likely to receive a loan modification cure compared to non-counseled homeowners.
- NFMC Program-counseled homeowners were about 1.5 times more likely to not have their mortgage re-enter a troubled status after receiving a loan modification cure than homeowners who did not receive NFMC Program counseling.
- NFMC-counseled homeowners who received a modification achieved an average reduction in payment of $4,980 per year compared to non-counseled owners.
- Annual savings resulting from loan modifications for NFMC clients was approximately $518 million.
Training: Building Foreclosure and Default Mitigation Counseling Capacity

Training for foreclosure counselors remains an important component of foreclosure mitigation strategies for the following reasons:

- Turnover rates will continue to be high for foreclosure counselors who experience high levels of stress in their daily interactions with distressed borrowers. The need to train new counselors remains strong.
- Both experienced and new counselors require additional training as federal regulations and legislation and industry practices continues to evolve related to loan modifications, mediations, workouts, refinancing and other assistance for delinquent homeowners.
- New testing requirements will be in place for all counselors, including foreclosure counselors beginning in 2017. NeighborWorks has developed a suite of courses to enable counselors to pass the test.
- NFMC counseling agencies will need training on close-out procedures and administration for the NFMC Program if the program does in fact sunset in FY 17.
- Preparing counseling agencies for post-HAMP implications when these federal programs and other programs are no longer available mitigation options for many homeowners.

NeighborWorks America has established an aggressive program to train foreclosure counselors across the country. This includes eight foreclosure counseling-related courses and a certification program for the foreclosure counselors. In FY 2016, NeighborWorks awarded over 1,300 training certificates in foreclosure prevention-related coursework at four NeighborWorks Training Institutes, two placed-based trainings and online learning courses.

Some of the courses offered to foreclosure counselors include:

- Using Effective Practices to Improve Your Foreclosure Counseling Program – E-Learning Course
- Transitioning Consumers: Counseling Clients to Take the Next Step - 2 Day Course
- Efficient Strategies and Techniques for Loss Mitigation Counseling: Analyzing and Sharing the Results - 2 Day Course
- Enhancing the Effectiveness of a Foreclosure Intervention Counseling Program - 2 Day Course
- Foreclosure Intervention and Default Counseling Certification, Part 1 - 5 Day Course

Quality Control and Compliance in NFMC

NeighborWorks America continues to deploy oversight of quality control and compliance efforts to ensure grants are well managed by NFMC Program recipients and sub-recipients. NeighborWorks' program staff work with NFMC Program grantees as needed to confirm program activity is completed and recorded according to established requirements.
NeighborWorks’ oversight practices include Programmatic and Random Client File reviews of direct grantees, their sub-grantees, branches, affiliates and/or contracted counseling entities adherence to the NFMC Programs’ Grant Agreement, Funding Announcement, other related documents and Federal requirements.

Through a competitive process, NeighborWorks contracts with a third-party accounting and management firm to conduct onsite and remote quality control and compliance monitoring activities of grantee and sub-recipient adherence to programmatic requirements. Based on a risk assessment and sampling method, a set of agreed-upon procedures are applied to all grantees which are examined under a Programmatic Review. Those agreed upon procedures include:

- Compliance with program policies and procedures;
- Completeness of client files;
- Compliance with federal laws and standards, as described in OMB Uniform Guidance (2 CFR 200);
- Quality of the counseling and qualifications of the counselors;
- Confirmation that those who were reported actually received counseling; and
- Customer satisfaction

Programmatic reviews are conducted semi-annually. These reviews are scheduled to occur again in spring 2017 covering the NFMC Program’s Round 8 and 9 performance activities.

NeighborWorks continues to conduct annual Random Client File Reviews to test direct Grantees, their Sub-grantees, Branches, Affiliates and/or Contracted Counseling Entities adherence to the client level counseling standards and requirements. Every Grantee is subject to reviews based on a risk assessment and sampling method. In FY 2016 over 1,000 Round 9 client files, representative of 64% awarded grantees, were randomly selected for compliance testing by NeighborWorks NFMC Program staff. Finally, NeighborWorks continues to provide ongoing forums for technical assistance and training available to all NFMC Program participating counseling agencies to help reinforce program requirements. These forums include standing monthly webinars, newsletters, a dedicated NFMC member website, NFMC helpdesk support and workshops at NeighborWorks Training Institutes (NTIs).

Help for Borrowers
To assist borrowers seeking approved foreclosure counselors, NeighborWorks America established and maintains a website (www.findaforeclosurecounselor.org) which lists all housing counseling agencies funded through the National Foreclosure Mitigation Counseling program. The website connects borrowers with counselors who can provide the information and assistance they need to avoid foreclosure. In addition, NFMC counseling agencies (grantees and sub-grantees) are also listed on HUD’s website, offering homeowners another way to find reputable housing counselors.
NFMC Wind Down

The NFMC Program was designed as a special intervention to help ensure that sufficient foreclosure counseling resources were available throughout the nation. As national foreclosure rates have returned to approximate historical pre-crisis averages, the need for NFMC Program funding has diminished. As the economy continues to recover and, improvements have been realized in servicing standards, employment, and job rates nationwide, foreclosure rates should continue to decline to pre-crisis levels.

Although the national inventory of loans in foreclosure has declined to its lowest level since 2006, NeighborWorks recognizes that there are many distressed localities where delinquency and foreclosure rates continue to trend well above the national average. These distressed localities represent homeowners and properties at risk of foreclosure in the future. While NeighborWorks America no longer seeks funding for the NFMC Program due to overall improvements in national foreclosure rates, the shrinking size of the program and the diseconomies of scale, NeighborWorks has begun efforts to award a remaining limited pool of unobligated no-year counseling funds targeted to areas of extraordinary need and counseling agencies continuing to demonstrate demand.

NeighborWorks has developed a plan for an orderly closure using $4 million of no year funding made available from the $50 million appropriated for the NFMC Program in FY 2015. These funds will remain available until expended— to be used in future years to satisfy final evaluation, data protection, and program requirements.

Specifically, wind down activities will include final compliance and oversight reviews, internal auditing, transitioning externally hosted data to NeighborWorks America, organization and storage of internal files, organization and secure storage of electronic files, retention of externally maintained data for three years following the completion of all grant performance as required by federal document retention standards described in OMB Uniform Guidance, a final programmatic summary report to Congress and close-out evaluation/assessment.

Additionally, NeighborWorks will provide a transition course for NFMC Grantees to prepare counseling agencies for the program’s eventual wind-down. Grantees awarded counseling grants after Round 6 will be offered tuition-free training to aid their understanding of the NFMC Program wind-down process, to assist organizations in developing a close out plan and to help organizations understand long-term programmatic requirements. Emphasis will be placed on how to properly close-out the grant with topics such as documentation retention and storage along with compliance with any relevant federal regulations.
FY 2016 Results:

- As of the end of FY 2016, 2.08 million homeowners facing foreclosure around the country had been counseled by over 1,700 grantees and sub-grantee foreclosure counseling agencies that have received funds from the National Foreclosure Mitigation Counseling Program since the program’s inception.

- With funding provided in FY 2016 for Round 10, NeighborWorks announced $39.9 million in NFMC Program foreclosure counseling grants to counseling agency grantees projected to serve over 122,000 homeowners facing foreclosure around the country. Round 10 will be completed in FY 2017.

- A total of 100 grantees were awarded Round 10 counseling grants with plans to provide 90% of all counseling services in Areas of Greatest Need and 58% of all services projected to be provided in Areas of Extraordinary Need.

- In FY 2016, NeighborWorks awarded over 1,300 training certificates in foreclosure prevention-related coursework at NeighborWorks Training Institutes, place-based trainings and online learning courses.

- In FY 2016 the NFMC Program released two Congressional Reports detailing activity under the NFMC Program since its inception in 2008. NeighborWorks’ September 2016 Congressional Report focused on state-by-state field interviews of NFMC Program-funded counseling agencies and homeowners across the nation that have received foreclosure counseling. The report showed NFMC Program-funded counseling organizations collaborate with homeowners and servicers to find positive foreclosure mitigation outcomes. As government mortgage assistance programs wind down through 2017, counselors will continue to play a major role in helping homeowners navigate the new loss mitigation landscape.

- NeighborWorks America continues to annually conduct Random Client File Review audits through sampling reported counseling sessions under the NFMC Program. Every Grantee is subject to these reviews based on risk assessment, inclusive of a sampling of sub-grantees, branches, affiliates and contracted counseling entities. In FY 2016 over 1,000 Round 9 client files, representative of 64% awarded grantees, were randomly selected and reviewed for compliance by NeighborWorks NFMC Program staff.