NEIGHBORHOOD REINVESTMENT CORPORATION

Doing business as NeighborWorks® America

FY 2017 Annual Program Performance Report

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

February 2018
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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
NeighborWorks was established 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 was originally 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 Federal Home Loan Bank Board (later replaced by 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;
- a national network of nearly 250 affiliated community-based nonprofit organizations (referred to as the “Network”); and
- two related capital corporations that lend exclusively to the Network (referred to as the Capital Corporations).

The NeighborWorks System generated nearly $8.3 billion in total investment in distressed communities across America in FY 2017.
Among other economic and community benefits, this investment directly:

- assisted 455,097 individuals or families with affordable housing and counseling, including:
  - 22,702 new homeowners;
  - 15,210 rental homes developed and preserved;
  - 12,543 single family homes preserved;
  - 71,252 homes repaired;
  - 165,479 rental homes owned and/or managed by NeighborWorks organizations; and
  - 181,408 families and individuals received financial, pre-purchase, post-purchase, or foreclosure counseling;
- awarded 17,020 professional training certificates, and trained 2,395 nonprofit and public sector organizations; and
- leveraged $147.66 million in lending to Network organizations for housing and community development activities through NeighborWorks’ two related Capital Corporations.

**The NeighborWorks System**

For 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. The NeighborWorks System has also 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 activities in an effort to turn once-blighted places 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 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 nearly 250 community-based organizations located in all 50 states, Puerto Rico, and the District of Columbia. Each 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 two 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 (CHC): 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, CHC is certified as a Community Development Financial Institution (CDFI) and a Community Development Entity by the U.S. Department of Treasury’s CDFI Fund, and 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 nonprofit community development loan fund based in Silver Spring, Maryland offering lending to all NeighborWorks America’s member organizations (NWOs). NC is also 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 NWOs with pre-development costs; acquisition of land and buildings, construction, rehabilitation; and preservation of NWO-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, department, or instrumentality of the Federal Government and its employees are not considered Federal employees.
II. KEY MEASURES

NeighborWorks America’s FY 2017 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>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New homebuyers</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New or preserved multifamily rental homes</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing preservation (Single-family rehabilitated, reverse mortgage, refinanced, or retained through successful foreclosure mitigation counseling)</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Repaired rental homes</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-family rental units owned</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individuals or families provided with home-ownership counseling</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of organizations using Success Measures Community Impact measures</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of organizations with organizational health improvements</td>
<td>X</td>
<td></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>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Housing preservation fell short of its goal for two reasons: the goal itself was too ambitious and foreclosures mitigation (FM) counseling declined more than expected. In part due to improved economic conditions, from 2014 to 2017, FM clients declined by 50%.

The FY 2017 certificate target was predicated on the assumption that there would be a continuation of NFMC funding in addition to private funding levels for scholarships approximating the average from previous years. The drop-off in certificates issued is due to NFMC funding terminating in Q2 and private outside funding for scholarships and place-based training dropping by nearly a third from the average of the previous three years.
### NeighborWorks America Performance Goals

#### Total Housing Production:

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY2017</th>
<th>FY2017</th>
<th>% of Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Investment ($000s)</strong></td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>GOAL</td>
<td>ACTUAL</td>
<td></td>
</tr>
<tr>
<td>Total Housing Production:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Homeownership Units</td>
<td>20,781</td>
<td>21,717</td>
<td>21,051</td>
<td>22,000</td>
<td>22,702</td>
<td>103%</td>
</tr>
<tr>
<td>2. Multi-family units</td>
<td>9,609</td>
<td>15,374</td>
<td>16,194</td>
<td>12,000</td>
<td>15,210</td>
<td>127%</td>
</tr>
<tr>
<td>3. Housing Preservation (Single Family Rehab, Refinance and Other)</td>
<td>16,614</td>
<td>15,727</td>
<td>12,733</td>
<td>16,000</td>
<td>12,543</td>
<td>78%</td>
</tr>
<tr>
<td>4. Repaired units</td>
<td>58,648</td>
<td>63,272</td>
<td>55,575</td>
<td>50,000</td>
<td>71,252</td>
<td>143%</td>
</tr>
<tr>
<td><strong>Multifamily rental units owned</strong></td>
<td>113,077</td>
<td>132,634</td>
<td>147,458</td>
<td>145,000</td>
<td>156,559</td>
<td>108%</td>
</tr>
<tr>
<td><strong>Individuals provided with pre- and post-purchase housing counseling</strong></td>
<td>108,516</td>
<td>110,354</td>
<td>114,975</td>
<td>113,000</td>
<td>181,408</td>
<td>161%</td>
</tr>
</tbody>
</table>

#### Community Level Results

- Percent of network with clear specific goals for community impact: 93%\(^{1}\), 92%\(^{2}\), 87%\(^{3}\), 90%\(^{4}\), 81%\(^{5}\), 90%

#### Organizational Assessment

- Percent of organizations with organizational health improvements: 7%\(^{1}\), 2%\(^{2}\), 6%\(^{3}\), 2%\(^{4}\), 7.6%\(^{5}\), 380%

#### Training and Informing

- Number of professional training certificates earned: 20,140\(^{1}\), 20,505\(^{2}\), 18,860\(^{3}\), 21,000\(^{4}\), 17,020\(^{5}\), 81%

#### Equity Capital ($000s)

- Capital provided by affiliated capital entities: $91,275\(^{1}\), $111,515\(^{2}\), $125,020\(^{3}\), $140,000\(^{4}\), $147,660\(^{5}\), 105%

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\(^{1}\) FY2014, \(^{2}\) FY2015, \(^{3}\) FY2016, \(^{4}\) FY2017, \(^{5}\) FY2018
NeighborWorks America  
Sources and Uses of Funds by Expense Category  
FY 2017 Plan and Actual un-audited  
Appropriated Funds  
(Amounts in $000's)

<table>
<thead>
<tr>
<th></th>
<th>FY 2017 Plan (A)</th>
<th>FY 2017 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>$140,000</td>
<td>$140,000</td>
<td>$0 0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></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>$32,708</td>
<td>$32,891</td>
<td>$183 1%</td>
</tr>
<tr>
<td>Travel</td>
<td>1,708</td>
<td>1,357</td>
<td>(351) -21%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>5,095</td>
<td>5,157</td>
<td>62 1%</td>
</tr>
<tr>
<td>Conferences and Workshops</td>
<td>363</td>
<td>395</td>
<td>32 9%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>3,500</td>
<td>3,450</td>
<td>(50) -1.4%</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>4,383</td>
<td>3,764</td>
<td>(619) -14%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>47,757</td>
<td>47,014</td>
<td>(743) -2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRANTS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expendable</td>
<td>48,506</td>
<td>49,622</td>
<td>1,116 2%</td>
</tr>
<tr>
<td>Equity Capital</td>
<td>39,686</td>
<td>39,153</td>
<td>(533) -1.3%</td>
</tr>
<tr>
<td>Training and Informing</td>
<td>4,051</td>
<td>4,210</td>
<td>159 4%</td>
</tr>
<tr>
<td><strong>Total Grants</strong></td>
<td>92,243</td>
<td>92,986</td>
<td>743 0.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL USES OF FUNDS</strong></td>
<td>$ 140,000</td>
<td>$ 140,000</td>
<td>$ (0) 0%</td>
</tr>
<tr>
<td>Grants % of Appropriation</td>
<td>66%</td>
<td>66.4%</td>
<td></td>
</tr>
</tbody>
</table>

(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

In NeighborWorks America’s current 2017-2021 Strategic Plan, the Corporation plans to continue to target service expansions and affiliations in those areas of persistent poverty which have little or no service. However, the Corporation decided to not accept new affiliation applications in 2017 due to the difficult budgetary environment, which may make it difficult for existing network organizations to expand beyond their current service areas.
IV. FY 2017 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 opportunities affordable to lower-income families in ways that revitalize neighborhoods, regenerate active market processes, and strengthen the communities' tax base. Work with the Capital Corporations to build partnerships, develop loan products, and support sustainable financing vehicles that expand affordable housing opportunities in communities served by 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 INFORMATION**
  Advance NeighborWorks organizations and the broader 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 sunset and close-out of the National Foreclosure Mitigation Counseling (NFMC) Program, first authorized as part of the FY 2008 Consolidated Appropriations Act in response to the nationwide foreclosure crisis.

**Affordable Housing and Community Development Services**

Fostering A Network of Nearly 250 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 strategic housing and community development 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 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 property and asset management;
- resident services in rental housing;
- community stabilization;
- communications and marketing;
- community building and resident engagement;
- economic development;
- organizational management;
- CDFI management and lending;
- management, leadership and board governance; and
- performance and impact measurement.

Assessing Services and Measuring Results and Impact: NeighborWorks America regularly measures and assesses 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 own 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 2017 Results:
In FY 2017, the NeighborWorks System assisted 455,097 families in total, including:
- 22,702 new homeowners;
- 15,210 multifamily homes developed or preserved;
- 1,713 turnkey rental units developed on behalf of client or partner entities;
- 12,543 single family homes preserved;
- 71,252 homes repaired;
- 165,479 rental homes owned and/or managed by NeighborWorks organizations;\(^1\) and
- 181,408 families and individuals received financial, pre-purchase, post-purchase, or foreclosure counseling.

- In total, NeighborWorks organizations generated nearly $8.3 billion in direct investment in their communities.
- By its conclusion at the end of December 2017, the NFMC program had counseled more than 2.1 million homeowners facing foreclosure.

NeighborWorks America's FY 2017 goals also included:
- ensuring at least 66 percent or more of the federal appropriation was disbursed as grants\(^2\);
- reviewing data from NeighborWorks organizations and developing a strategy for aligning these activities with a more holistic understanding of our NeighborWorks organizations, in terms of what they do, their business models, and the communities they serve. This analysis will inform any future changes to our organizational assessment and grant formulas;
- launching Project Reinvest funding opportunities to make at least $105 million in grants to qualified organizations inside and outside of the NeighborWorks network;
- launching Phase III of the Sustainable Homeownership Program (SHP), an effort to support 44 organizations working towards greater efficiency, sustainability, scale and

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\(^1\) The total portfolio of rental homes owned and/or managed includes the 15,210 multifamily units developed or preserved in FY 2017 but does not include the 1,713 turnkey rental units developed.

\(^2\) Based on draft FY 2017 actuals, 87 percent of the federal core appropriation, including grants, was spent on program services (Capacity Building, Equity Capital, Organizational Assessment, and Training & Informing); 13 percent was associated with general and administrative support.
impact of their homeownership line of business through a comprehensive suite of services that includes pre-purchase buyer preparation, realty, mortgage-lending and post-purchase services;

• strengthening NeighborWorks organizations’ rental property portfolios;
• supporting new and innovative strategies for affordable rental housing development, preservation, and asset management;
• assisting NeighborWorks organizations to expand their services and/or partner with other nonprofits to reach 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 undervalued homes; and
• continuing assessments of network members’ organizational health to maintain 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 2017, building on progress made in FY 2016. The Corporation:

• developed a risk management plan and created performance metrics to measure progress in FY 2018;
• adopted the inclusion of an equity lens in all our policies and practices for internal operations and support for the Network as a result of our Race, Equity, Diversity, & Inclusion (REDI) Initiative;
• developed a draft business plan for the NeighborWorks Services Group (NWSG) that embodies a social enterprise approach to improve earned revenues and reduce reliance on outside funding;
• completed a number of components of the Customer Alignment Project (CAP), including efforts to centralize and streamline grant-making and making changes to the way in which NeighborWorks offers financial support for participation in the Training Institutes;
• focused on improving internal resource development practices to secure new resources and increase existing partnerships; and
• redesigned NeighborWorks’ procurement function to increase efficiency and ease of use.
NeighborWorks America’s efforts have helped NeighborWorks organizations meet numerous recurring challenges, including:

- securing new resource partners;
- developing and managing loan funds;
- creating 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;
- complying 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 accepted pre-applications for network affiliation from January to March via its website, www.nw.org. Typically, NeighborWorks would receive 50-100 pre-applications for affiliation. After review, 4-10 organizations would be asked to submit full applications and go through a rigorous application process. In FY 2017, NeighborWorks froze new affiliation applications for a second year due to the funding environment and budget pressures and focused on completing reviews of organizations already in the affiliation application process. The four groups that completed affiliation in FY 2017 are:

<table>
<thead>
<tr>
<th>Organization</th>
<th>City and state</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASA of Oregon</td>
<td>Sherwood, OR</td>
</tr>
<tr>
<td>Fifth Avenue Committee</td>
<td>Brooklyn, NY</td>
</tr>
<tr>
<td>NeighborWorks Community Partners</td>
<td>Rochester, NY</td>
</tr>
<tr>
<td>Rural Enterprises, Inc. of Oklahoma</td>
<td>Durant, OK</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 and Lending Programs;
2. National Real Estate Programs; and
3. Comprehensive Community Development.
National Homeownership and Lending Programs

NeighborWorks continues to focus on sustainable homeownership. As communities around the country continue to experience a host of challenges, affordable and sustainable homeownership is becoming increasingly more difficult. NeighborWorks has always provided homeownership services that promote financial capability and prepare consumers to be sustainable homeowners. The suite of services offered by the NeighborWorks network is a toolkit to help families not simply attain homeownership, but to also maintain and manage homeownership over the long term. Demand for these programs and services continue to increase.

In 2017, NeighborWorks leveraged current capacities while also identifying opportunities to serve potential homeowners and communities more efficiently and at greater scale. NeighborWorks America and the NeighborWorks network sought to capitalize on emerging homeownership opportunities in a strategic and focused way through homebuyer engagement using innovative and seamless new technologies and methods. NeighborWorks has continued to support several initiatives designed to increase sustainable homeownership, including the Sustainable Homeownership Project (SHP), Project Reinvest: Homeownership, and the LIFT (Let’s Invest for Tomorrow) program.

SHP began as a pilot in 2012 and was completed in late 2017. In partnership with network organizations, NeighborWorks America created SHP to increase efficiencies, achieve scale, create more resilient and sustainable network organizations, and create exponential impact. SHP was an effort that provided resources and support to 44 organizations that collectively followed a progressive journey which included the adoption of a comprehensive set of business disciplines, transformational culture change, and the implementation of innovative technology. These NWOs grew the number of homebuyers produced at a rate three times higher than NWOs not participating in the pilot. Groups with the longest tenure in the pilot also increased the number of customers served by 95%, reduced cost per customer by 43%, and increased the percentage of earned revenue covering operating costs by 101%.

NeighborWorks’ long term goal is to mainstream this model across the network. In recognition that this model should be applied not just at the program level, but at the organization level, the name was changed to the “Sustainable Business Initiative.” The continued support for this innovative and results-oriented initiative is consistent with our statutory purpose to replicate effective business models and best practices in the community development field. By distributing more broadly the learnings and tools from SHP, NeighborWorks goes back to its roots. The Corporation’s authorizing language directs the Corporation to “…experimentally replicate neighborhood preservation projects which have demonstrated success.” The objective of SHP is to improve the operational and financial health of the NWOs and improve their bottom lines; sharing this learning is thus fundamental to what the Corporation does.
The LIFT Down Payment Assistance Program is a partnership with the Wells Fargo Foundation. LIFT is an innovative program that works with many different first mortgage products and enables families to achieve homeownership in a sustainable way. Clients are required to complete 8 hours of homebuyer education and one-on-one counseling. First mortgage lenders are carefully vetted to ensure best lending practices. In FY 2017, six new LIFT programs were launched, including the first-ever statewide programs in Idaho and South Dakota. Since its inception in 2012, more than $221 million has been invested into down payment assistance in over 50 markets across the country, creating nearly 15,000 new homeowners and leveraging $1.87 billion in first mortgages through the end of FY 2017. In FY 2017 alone, 2,883 new homebuyers purchased their homes with LIFT grants—a total of over $23 million in down payment assistance.

FY 2017 Results (across all Homeownership activities):
- Assisted 22,702 families to become new homeowners;
- Preserved homeownership for 12,543 families and individuals;
- Provided financial capability counseling to 8,881 individuals;
- Provided 181,408 families with pre-purchase and post-purchase housing counseling and foreclosure intervention counseling; and
- Wound down the Loan Scam Alert Campaign (in six languages), which achieved:
  - 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 479,111 visitors to the www.LoanScamAlert.org website since the campaign launched in 2009; and
  - 9,384 followers on Twitter.
- In FY 2017, NeighborWorks CDFIs originated over $217 million in commercial lending—a 27 percent increase over FY 2016. This lending leveraged an additional $518 million of other community investment. NeighborWorks CDFIs also originated $310 million in residential lending in FY 2017. Twenty-five network CDFIs successfully competed for a total of $18.8 million in assistance from the CDFI Fund in the 2017 awards cycle.

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 15,000 rental homes in FY 2017. The NeighborWorks network also created 1,521 for-sale homes through both new construction and acquisition and rehabilitation of existing structures in FY 2017. These homes provided low- and moderate-income homeowners with quality, affordable housing and provided stable housing in communities.

FY 2017 Results:
• Developed or preserved 15,210 rental homes;
• 165,479 affordable rental homes owned and/or managed by NeighborWorks network organizations;
• 81% of all network organizations’ rental portfolios were positively performing (i.e., covering operating costs, amortization and interest, and their reserve contribution); and
• Delivered and coordinated 124,900 services to residents in NeighborWorks network-owned rental communities, and 1,028,867 services to residents of the surrounding areas.³

Community Initiatives
The Community Initiatives Department supports local efforts to build vibrant 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

³ This is a count of service ‘instances’ to residents and not a count of residents, as individuals can (and often do) receive multiple services. The definition includes direct health and well-being, food security, long term supportive housing, tax preparation, workforce development, and youth-related education.
• Systems-level strategies that bring together community stakeholders to address complex challenges and improve health, education and economic outcomes.

Community Initiatives advances comprehensive community development as a core strategy for creating communities of opportunity. The department implements 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 2017 Results:
• Leveraged over $1.2 billion in comprehensive community development efforts;
• Trained 2,676 resident leaders; and
• Provided service in over 2,962 rural-designated census tracts.

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.

In FY 2017 the Capital Corporations lent NeighborWorks network organizations over $147 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 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 undertakes quarterly reviews of key risk and performance indicators 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 through comprehensive program reviews of each NeighborWorks organization approximately every three years. 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. NeighborWorks America recognizes the following lines of business of member 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 cost 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, but may also manage properties owned by other entities to generate additional revenues.

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, construction and permanent 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 2017 results:**
During FY 2017, NeighborWorks conducted annual audit analyses for all NeighborWorks organizations, 84 full-scope, on-site program reviews, and 100 off-site assessments for network members.

These review activities, in combination with audit analyses which are required for each grantee, ensure compliance with sub-recipient monitoring requirements and enabled NeighborWorks America to assign health ratings to each network member. Further, the assessment process identified areas for network members to improve their health and operations and to mitigate risk.

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 all non-network organizations that received grants, including all grantees under the Project Reinvest program.

**Training and Information**

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

**FY 2017 Results:**
- NeighborWorks America awarded 17,020 professional training certificates to affordable housing and community development practitioners and community leaders from 2,395 organizations and municipalities from around the country to participants at national NeighborWorks Training Institute (NTIs), Place-Based Trainings (PBTs) and online learning courses. A breakdown of these certificates includes the following:
  - 8,628 certificates in financial capability, homeownership education and counseling, and foreclosure counseling; over 1,500 of these were foreclosure counseling-related training certificates supported by the NFMC program to NFMC grantees and sub-grantees and other nonprofits. Over 1,100 housing counselors completed online and in-person training courses to prepare for the recently released HUD certification test;
  - 2,206 certificates in affordable housing development, asset management and construction and rehab management;
  - 2,332 certificates in community revitalization, community economic development, and resident engagement; and
2,610 certificates in nonprofit management and leadership.

In addition, in FY 2017, NeighborWorks:

- Conducted a national Community Leadership Institute (CLI) for more than 800 resident leaders from over 100 communities;
- Hosted four symposia at NeighborWorks Training Institutes, featuring cutting-edge research, strategies, tools and best practices. Each event was attended by an average of 266 practitioners and leaders. Symposium topics were as follows:
  - Reframing the Narrative Around Race, Equity and Inclusion – February 2017 – Seattle, Washington
  - Pathways Out of Poverty: Solutions on the Ground – May 2017 – Minneapolis, Minnesota
- Used online learning formats to increase its “self-guided” training offerings to 27 highly interactive, pedagogically sound courses available to housing and community development practitioners twenty-four hours a day, seven days a week; conducted month-long, university-style “faculty led” trainings; developed and facilitated 26 offerings of live 90-minute, participatory “Interactive Webinars.” In total, over 3,705 registrants joined online sessions resulting in the award of 2,791 certificates for successful completion of the courses, representing 16% of the total training certificates awarded in FY 2017;
- 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’s 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.
- Conducted its biannual, post-course impact study with over 3,000 respondents offering the following highlights:
  - 89% affirmed 3-12 months after the training that it was either useful or extremely useful in building their skills and knowledge to do their work;
  - 59% indicated that they have implemented new or improved services, programs or interventions as a result of NeighborWorks training;
  - 71% said they were “extremely likely” to attend a NeighborWorks training event in the future.
- Administered a national AmeriCorps VISTA program in which the newest cohort of 62 members achieved program goals serving 41 local NeighborWorks organizations in 26
states. NWOs consistently report that their VISTAs made 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, 889 VISTAs have helped support their organizations’ activities. Since 2009, NeighborWorks VISTA-supported organizations have:

- Acquired $43.6 million in cash resources and $4.4 million in non-cash resources
- Improved the financial fitness and asset-building capacity for 48,302 individuals in underserved communities
- Recruited 55,261 volunteers that have provided 381,465 hours of service in their communities.

- Completed the eighth round of the NeighborWorks Achieving Excellence Program for 47 nonprofit leaders who continue to implement transformational changes in their organizations and communities. This cohort graduates in January 2018 to join the ranks of more than 300 other alumni working across the country.
- For the fourth time, collaborated with the Brown School of Social Work at Washington University in St. Louis to deliver 3 NTI courses to students, introducing them to the fundamentals of mixed-income housing property and resident services operations, ways to evaluate and maximize property performance and service delivery, and key financial tools and techniques for proper oversight. Students completing the series earn a certificate issued by NeighborWorks America as well as credits towards a master’s degree at the Brown School. 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, administrative services and facilities management.

FY 2017 Results:

- In FY 2017, 323 NeighborWorks America employees (87 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 and teaching organizations, staff members also took advantage of a number of internal training opportunities. Human Resources leveraged economies of scale to bring training opportunities on popular subjects in-house, including trainings in project
management, Six Sigma, visual facilitation, and code of ethical conduct. An active shooter training as well as core communication, delegating, and conflict management trainings were offered in FY 2017. Other internal training included corporate orientation for new employees. Staff also engaged in a variety of external trainings, including time management, non-profit leadership, and technical and computer courses.

- A variety of special peer-led sessions on corporate initiatives, such as race, ethnicity, diversity, and inclusion (REDI); were also conducted in FY 2017. The REDI staff committee and senior leaders spent several months immersed in a meaningful process with the Center for Equity and Inclusion to develop a common equity framework and to begin to further embed the values of equity, diversity and inclusion in our policies, practices and programs. In an effort to foster an organization-wide adoption, multiple REDI training sessions were offered in the Boston, DC, and Kansas City offices in October and November 2017. The objective of the training was to establish a common language and to develop an equity framework to apply to all facets of our work. Staff had the opportunity to provide input into an equity statement, equity lens, and equity plan drafted by the REDI staff committee.

- In FY 2017, Human Resources also continued to enhance the performance management process by streamlining core competencies to align with the new strategic plan. Human Resources also implemented a process for entering fiscal year strategic goals into the performance management system, cascading corporate and divisional goals down to the employee level. This enables employees to see, directly, how their individual goals tie into the corporate strategic goals.

- In FY 2017, Information Technology & Services (IT&S) strengthened IT project management and governance processes, improved the network infrastructure, and managed and provided oversight to several key business initiatives.
  - **Information Technology Governance**: Strengthened IT project governance and oversight processes to ensure management is aware of the status of and risks associated with critical IT-related projects and initiatives; introduced additional project management metrics, including earned value management to further mitigate risk and course correct in a timely manner.
  - **Enterprise Business Intelligence**: Continued the implementation of an organization-wide data warehousing system which allows NeighborWorks America to completely control the geocoding of NeighborWorks activities to improve accuracy of reporting. Allows for more self-service data visualization and analytics. In FY 2017, provided Tableau dashboards to the NeighborWorks network and NeighborWorks America staff.
  - **PROMPT Portal**: Began design and development efforts with the new vendor and rolled out the Organizational Health Tracking System workflow which includes scheduling, assessment, and Field interfaces. Additionally, made
modifications to handle the rating system changes, intersections with the Grants Portal and NWInformation (the new CMS).

- **Enterprise Resource Planning (ERP) System:** Supported post-implementation efforts of the corporate-wide ERP system, working in collaboration with both the vendors and key stakeholders across the organization.
- **Grants Management:** Completed implementation a new Grants Management System for use with all grants, including migration of data from prior system.
- **Customer Relationship Management (CRM):** Successfully implemented and deployed the corporation’s new CRM system based on the Salesforce platform.
- **Information Security Management:** Implemented software tools to more effectively manage and respond to system security incidents.
- **Improve system availability:** Furthered the IT&S division’s strategy to move applications and other key IT services to a cloud environment in order to reduce the risk of system unavailability, with the migration to Microsoft Office 365.

- The centralized Procurement division was fully staffed in 2017, creating two procurement teams assigned across NeighborWorks America program offices. The division completed the following:
  - Bolstered procurement policies and procedures to include new guidelines for procurement practices, such as the General Services Administration purchasing and payment for value received packages;
  - Enhanced staff guidance and “tip sheets” that provide detailed steps and key information about procurement processes;
  - Convened monthly procurement task lead meetings;
  - Implemented a new contract management/development system and conducted training on system and general procurement topics;
  - Collaborated in a corporate-wide procurement redesign initiative aimed at identifying recommendations on process improvements;
  - Developed a tracking system for the status of procurement and contract administration;
  - Implemented advance procurement planning to include strategic meetings with key representatives in the program offices and development of planning tools and materials; and
  - Enhanced monitoring of purchase card transactions to ensure adherence to acceptable practices.

**National Foreclosure Mitigation Counseling (NFMC) Program**

NeighborWorks America administered the NFMC 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** (the last round): 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.

- **Supplemental**: On March 10, 2017, NeighborWorks America announced that it awarded $1.7 million in recaptured, de-obligated and rolled-over funds from previous NFMC grant rounds as NFMC Program Supplemental Grants. The funds provided additional funding to complement Grantee’s ongoing NFMC Program Round 10 activities. Supplemental grants were awarded to four HUD-approved housing counseling intermediaries, three community-based NeighborWorks organizations, and one state housing finance agency that provided NFMC counseling to families and individuals.

**NFMC Congressional Reports**

As of the end of December 2017, over 2.1 million homeowners facing foreclosure around the country had been counseled by the foreclosure counseling agencies that have received funds from the NFMC Program since the program’s inception.

On Sept. 22, 2017, NeighborWorks America released its fifteenth report to Congress summarizing NFMC Program activity. This Congressional report provided an analysis of the program’s counseling reach by client race, ethnicity and household type across all program rounds and geographic regions. The report demonstrated the diversity of homeowners who have received foreclosure mitigation counseling services while highlighting the important financial metrics of clients at the time of counseling intake: client income, mortgage affordability and primary reason for default.

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.

**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. 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. These forums include standing monthly webinars, newsletters, a dedicated NFMC member website, NFMC helpdesk support and workshops at NeighborWorks Training Institutes.

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
NeighborWorks America played a critical role in the federal government’s response to the foreclosure wave from the earliest days of the housing crisis when Congress approved legislation authorizing $180 million for the creation of a National Foreclosure Mitigation
Counseling (NFMC) program in December 2007. Congress selected NeighborWorks America to administer the program, and since program inception, NeighborWorks successfully administered ten rounds of the NFMC program and served over 2.1 million borrowers. Commensurate with the ending of federal funding for NFMC in FY 2017, NeighborWorks began wind-down of the program in FY 2018.

NeighborWorks requested and received $4 million in no-year funds to carry out an orderly wind-down of the NFMC program as part of its FY 2015 appropriation. Wind-down activities include transitioning externally hosted data to NeighborWorks America, organization and storage of internal files, organization and secure storage of electronic files, a final report to Congress, and a final evaluation/assessment and programmatic summary evaluating the program’s effectiveness. In addition, NeighborWorks conducted closeout webinars for NFMC grantees on topics such as document retention and storage in FY 2017. Funds have also been made available for any required closeout audits, compliance with other federal laws and standards, and for an external audit firm to provide end of fiscal year audit samples. In FY 2019, additional wind-down activities related to program compliance and records retention will continue to occur in order to retain both records and the externally maintained NFMC data, and payments will be issued to support this function.

FY 2017 Results:
- In FY 2017 a total of 75,406 were served in the NFMC Program for a total of 2,142,800 million homeowners served overall.
- NeighborWorks administrative closeout activities for the NFMC Program began on October 1, 2017 and will continue through FY 2019. The following closeout activities were conducted in FY 2017:
- Training: The NeighborWorks Services Group, in coordination with NFMC leadership, conducted the NFMC Transition Course. A total of 4 in-person and one webinar was held for NFMC Grantees focused on NFMC Program close-out preparations and post-foreclosure mitigation succession planning.
- CounselorMax was used by some participating Grantees as a client management system that captured counseling intake activities and collection of NFMC data point requirements for counseled homeowners, including counseling session outcomes. CounselorMax was customized for NFMC reporting to the DCS. Participating counseling agencies were advised during the training that NFMC Program subsidized subscriptions to CounselorMax will be converted to paid subscriptions during wind-down. The NeighborWorks wind-down procedures will include instructions for the archival, decommission and sanitization of the NFMC infrastructure in CounselorMax after the record retention period has expired; this activity is required to minimize security risks once the data is no longer required.
- GrantWorks (now formally replaced by the NeighborWorks Grants Portal) is NeighborWorks’ online application system for grants and technical assistance. Since the
inception of the NFMC Program, GrantWorks has served as the warehouse for all NFMC applications, grant reviewer scoring decisions, and final grant award determinations. All GrantWorks data pertaining to the NFMC Program migrated to the NeighborWorks Grants Portal effective July 31, 2017.

- Compliance: As part of NeighborWorks administrative accountability to Congress, NeighborWorks established Quality Control and Compliance processes to monitor the performance of Grantees against the requirements set forth under the NFMC Program Funding Announcements and grant agreements. NFMC conducted the NFMC Round 10 Programmatic compliance review in FY 2017. Final compliance monitoring will be conducted in FY 2018-FY 2019.

- Final Evaluative Reports: Per statute, NeighborWorks will continue to report bi-annually to the House and Senate Committees on Appropriations as well as the Senate Banking Committee and House Financial Services Committee on its efforts to mitigate mortgage default through standard Congressional Report formats covering the performance of appropriated counseling grants made under NFMC. NeighborWorks will seek the assistance of a third party evaluator during the commencement of NFMC wind-down activities to produce a final overall assessment of the program’s effectiveness. NeighborWorks America will look to share this evaluative report publically and with Grantees that participated in the program via the www.nw.org website.

Training: Building Foreclosure and Default Mitigation Counseling Capacity

With the sunset of NFMC funding for NTI foreclosure course in mid-FY 2017, NFMC counseling agencies began to receive training on close-out procedures and administration for the NFMC Program that will continue to wind down through early FY 2018.

Even with the wind down of NFMC funding for foreclosure counselors, training on foreclosure topics remained as a strong feature of the overall training conducted in FY 2017 that will extend to future years 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. Organizations will always need counselors with foreclosure counseling competencies.
- 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.
- HUD’s new testing requirements and exam for all counselors, including foreclosure counselors, began was released in 2017. NeighborWorks developed a suite of online and in person courses to enable counselors to pass the test. One of the six required modules is “Avoiding Foreclosure.”
- Preparing counseling agencies for post-HAMP implications when these federal programs and other programs are no longer available mitigation options for many homeowners.
In FY 2017, NeighborWorks America continued to train foreclosure counselors across the country at NeighborWorks Training Institutes, local place-based trainings and online. In FY2017, NeighborWorks awarded over 1,300 training certificates in foreclosure prevention-related coursework.

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; and
- Foreclosure Intervention and Default Counseling Certification, Part 1 – 5 Day Course.

Project Reinvest

In February of 2016, NeighborWorks America received $122.54 million for the purpose of “providing housing counseling, neighborhood stabilization, foreclosure prevention or similar programs” as a result of the United States Department of Justice (“Department of Justice”) settlement with Bank of America. To distribute this funding, NeighborWorks America developed one-time, open, and competitive grant opportunities through Project Reinvest to award funds to nonprofit organizations and other qualified entities inside and outside the NeighborWorks network.

In FY 2017, Project Reinvest awarded 140 grants totaling approximately $107 million. The funding opportunities include:

1. Project Reinvest: Homeownership 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 provides grant funding to 19 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. Beginning with the first closings in May, 492 homebuyers received a total of $5.2 million in down payment assistance through Project Reinvest loans in FY 2017.

2. Project Reinvest: Neighborhoods to promote stabilization and revitalization in areas hit hard by the foreclosure crisis through place-based efforts that result in physical improvements, rebuild markets, and create more resilient neighborhoods. The funding
opportunity provided funds to 55 community-based nonprofits to further existing multi-faceted, place-based efforts to transform distressed communities.

3. **Project Reinvest: Financial Capability** to assist individuals to stabilize their finances, rebuild credit and establish savings. The funding opportunity made awards to 66 organizations with demonstrated experience in providing financial capability services to clients. Financial Capability grant funds are primarily intended to help individuals who are at risk of foreclosure, recovering from a foreclosure or residents in distressed communities rebuilding after the foreclosure crisis.

Project Reinvest prioritized program dollars for use in distressed rural, suburban and urban areas affected by the foreclosure crisis. The Homeownership and Neighborhoods grant programs targeted census tracts that continue to experience the impacts of the foreclosure crisis, including high rates of foreclosure and vacancy, low homeownership rates and high renter cost burden. Preference was also given to applications proposing to serve census tracts experiencing persistent poverty. The Financial Capability program was designed to target individuals at risk of foreclosure, recovering from a foreclosure or residents in distressed communities rebuilding after the foreclosure crisis. Indicators used to develop the geographic targeting at the Metropolitan Statistical Area (MSA) and rural levels included delinquency, foreclosure and vacancy rates as well as housing and transportation costs. As a result of this targeting, grants awarded under Project Reinvest are projected to serve communities impacted by foreclosure across 49 states, Puerto Rico and the District of Columbia.

Project Reinvest grantees are monitored by a Quality Control and Compliance team to ensure compliance with all terms, conditions and requirements of the award. This includes global compliance requirements as well as program specific requirements.