

NEIGHBORHOOD STABILIZATION CORPORATION

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August 4, 2020

Rebecca Jenkins
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Quality Assurance Manager
California Housing Finance Agency
500 Capitol Mall, Ste 1400
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To Rebecca Jenkins,

The Neighborhood Stabilization Corporation (“NSC”) appreciates the opportunity to apply for a counseling grant to provide training and counseling for California residents. NSC is a HUD-Approved Counseling Intermediary and solely owned counseling subsidiary of the Neighborhood Assistance Corporation of America (“NACA”), is a non-profit 501(c)(3) organization. References in this document to NSC may also include other services provided by NACA.

NSC is in the strongest position to both meet your counseling requirements, and to far exceed them. In fact, NSC would welcome the opportunity to administer and implement more than one-quarter of the overall grant. NSC is ready and able to start to implement your grant funds immediately and to provide the most significant impact. We anticipate completing the grant within 18 months but not to exceed 24 months. We are dedicating a significant amount of the grant to providing workshops and individual counseling with only 20% to cover oversight and program related support. NSC is uniquely able to limit the administrative costs and fees to only 20% because the counseling affiliates/branches are part of NSC. They are integrated into our network through a state-of-the art proprietary national database and Client Management System called NACA-Lynx.

NSC is best positioned to deliver workshops and counseling to the largest number of California households due to our existing structure and systems. NSC is able to leverage the remaining 80% of the funds or \$9,500,000 to provide direct benefits to NSC’s California clients (“clients”). Each client will receive at no cost group education workshops and individual one-on-one counseling sessions during the term of the grant. The total estimated cost for each client is \$750. This will provide education and counseling services to about 12,667 ($\$9,500,000/\750) households throughout California.

NSC has an extraordinary counseling track record in California and nationally. Even in the midst of the pandemic we have not laid-off nor furloughed any staff person. In fact, we have increased our staffing and continue to do so. We were able to quickly transition to a virtual environment without diminishing any of our counseling workshops or individualized counseling.

As a result, the demand for our services increased significantly. To accommodate this demand, we completed six consecutive four-day events from May 14th through June 21st with over 52,000 households nationwide. We continue to do these events every other weekend (i.e. Saturday and Sunday from 8:00 a.m. past midnight).

These Achieve the Dream events (described above) which would have normally been held in large venues in cities around the country were quickly and effectively converted to national virtual events, and participants were scheduled for individualized same-day video counseling with HUD-Certified Housing Counselors working from home. Our proprietary paperless web-based software Client Management System (“CMS”) called NACA-Lynx is used for all our counseling services and works exceptionally well with video counseling.

Below is a summary of the most significant items included in our response to your questions.

1. Strong Finances
2. No Financial or Management Issues
3. Massive Participation in California
4. Overwhelming Underserved and Minority Participation
5. Comprehensive Housing Counseling
6. State-of-the-art CMS
7. HUD Approved and Funded Housing Counseling Training Program
8. Most HUD Certified Housing Counselors
9. Extraordinary Track Record for Homeowners During the Mortgage Crisis
10. Extraordinary Track Record for Homebuyers

HUD Intermediary Requirements

- **Applicant must have capacity to perform counseling services within the State of California and have office(s) located in California.**

Response:

NSC has three offices in California: Upland, Los Angeles and Sacramento. We have the infrastructure and capacity to perform counseling services within the State of California. We are also currently hiring Housing Counselors throughout California who would work from home or a remote location. Currently, NSC has 15 HUD-Certified Housing Counselors located in California and is in the process of hiring more. Of these counselors, 14 or 93% are minority. We have additional counselors working from our Counseling Center who can support the California counseling efforts.

- **Applicant must work with the HUD-Certified Housing Counseling Agencies listed on HUD’s website.**

Response:

NSC does not currently use sub-grants for any of its counseling services. NSC has a strong presence in California through its affiliates/branches NACA Counseling subsidiaries (affiliate branch offices) with office locations in Los Angeles, Sacramento and Upland with

the capacity to provide counseling throughout California. However, NSC is open to working with any HUD-Certified Housing Counseling Agencies listed on HUD's website as a sub-grantee and assist them in improving their capacity.

- **Applicant must have sufficient organizational stability and capacity to carry out the necessary housing counseling activities for administering funds granted.**

Response:

NSC is the largest HUD-certified organization in the country. We provide about 30% of the total counseling in the country. In California alone, since 2019 26,000 new clients came to solicit assistance from NSC without responding to any outreach efforts and simply by word of mouth. The participation will continue to rapidly increase during the current health and economic crisis and increased services provided through this grant. NSC is Multi-State Organization (MSO) that provides comprehensive counseling services with 45 offices nationwide, three in California, plus a counseling center ready to take on overflow from our California or other offices.

NSC application for HUD's Housing Counseling grant always receives a high score resulting in NSC receiving the second largest funding amount. NSC is also one of five HUD-Approved Intermediaries who received HUD funds to provide training to housing counselors from other Housing Counseling Agencies (HCAs), including HUD certification training.

NSC's National Housing Counseling Training Camp has been in the forefront of ensuring that all of our Housing Counselors are HUD Certified. We have been the most successful in certifying our housing counselors, and for that reason HUD has requested that we train counselors from other agencies in getting HUD-Certified. NSC has HUD Certified 308 NSC Housing Counselors and many more counselors from other counseling agencies. This by far more than any other HUD-Approved Intermediary or Counseling Organization.

- **Applicant has operated as housing counseling administrators for a minimum of two years.**

Response:

Yes. NSC was approved as a HUD-approved Intermediary Housing Counseling Agency on November 12, 2014. NSC is both the largest HUD Intermediary and Multi-State Organization. The Neighborhood Assistance Corporation of America ("NACA") was approved as a HUD-approved national housing counseling intermediary on January 8, 2008.

- **Applicant certifies it has the financial stability to administer funds granted.**

Response:

We have enclosed our last two financial audits which document strong finances with no financial or management issues. They reflect an extremely well-run and managed organization that demonstrate strong financial stability and the capacity to manage the grant

funds effectively. As shown in our financials, we are not dependent on grants or government funds to maintain our financial stability and strong operations. Our involvement in this effort will further our mission to expand housing opportunities to low and moderate income and minority families, and underserved communities.

- **Applicant demonstrates the ability to reach underserved and ethnically diverse communities.**

Response:

While we are open to everyone, we are known in underserved and minority communities as the organization for affordable homeownership (i.e. the “Drumbeat” in the community). Over the past five years, we have assisted 76,886 households throughout California with 82% being minority (African American – 45%, Latino – 28%, Asian – 6%, Native American – 1%). Since the beginning of the mortgage crisis in 2008 we have assisted 255,575 households throughout California with 79% being minority (African American – 34%, Latino – 34%, Asian – 8%, Native American – 1%). The numbers would be much higher if we counted the number of people that are part of the household. We have enclosed a spreadsheet called “California Grant – Participation” showing the number of households for each city and MSA.

NSC’s ability to reach underserved and ethnically diverse communities is the result of our outreach through the churches in the community, including African American Churches, and Spanish-speaking churches, the location of our offices and our trained staff. This continues since clients spread the word about NSC to their family, friends, co-workers and neighbors. In addition, 90% of our staff including Housing Counselors are minority with strong minority representation at all management levels.

ITEMS TO SUBMIT

1. **Completed application.**

Response:

Application Attached

2. **List of California HUD-Certified Housing Counseling Agencies (sub-grantees) with which the applicant plans to or has an existing contract; include the sub-grantee’s location and their proven ability to reach underserved and ethnically diverse communities (e.g. African American, Latino, Asian, Native American, etc.)**

Response:

NSC has been extremely effective in reaching the underserved and ethnically diverse communities through the state of California. Over the past five years, NSC has worked with 76,886 households with 82% minority participation (African American - 45%, Latino - 28%, Asian – 6%, Native American – 1%). If this is extended from the mortgage crisis beginning in 2008, the outreach to these communities in California was even greater with 255,575 households with 79% minority participation (African American - 34%, Latino - 34%, Asian –

8%, Native American – 1%). We have included in the enclosed spreadsheet “California Grant – Participation” the ethnic data of NSC participants in California broken out by city and MSA with a tab for the past five years and another tab since 2008.

In addition, the vast majority of our staff are from minority groups and are very effective in addressing systemic racism including the obstacles the underserved population faces. They also address challenges such as the digital divide, language barriers and access to referral sources. Our offices are strategically located with easy access to public transportation.

NSC has no contracts with other housing counseling agencies to sub-grant counseling services as NSC has 45 branch offices around the country including three affiliates/branches in California (i.e. HUD-Certified Counseling Agencies NACA-Counseling Subsidiaries). Each California branch/affiliate has the capacity to provide comprehensive housing counseling services on all the topics identified in the below Plan of Action and with enough space to increase capacity as needed. Additionally, NSC’s is currently hiring Counselors who can work remotely from home to provide individual video-counseling and to conduct educational workshops using online platforms already in place. All of NSC’s Housing Counselors have the capacity to conduct 20 to 25 sessions per week and are trained to provide educational workshops. These individual sessions and workshops are conducted virtually until it is safe to resume face-to-face operations. This will allow NSC to meet the demands as needed during the pandemic, and eventually post-pandemic.

- 1) Los Angeles, NACA Counseling Subsidiary (HUD Agency ID **84363**)
11633 Hawthorne Blvd Suite 100
Hawthorne, CA 90250
- 2) Upland, NACA Counseling Subsidiary (HUD Agency ID **90208**)
205 North 2nd Ave
Upland, CA 91786
- 3) Sacramento, NACA Counseling Subsidiary (HUD Agency ID **90431**)
3336 Bradshaw Rd. Suite 100
Sacramento, CA 95827

We do not believe that NSC is being requested to work with other counseling agencies since we have the demonstrated capacity to reach underserved and ethnically diverse communities with our own in-network affiliate offices. They are HUD-approved and staffed with experienced HUD-Certified counselors equipped to provide the group educational courses and individualized counseling services. However, NSC is open to working with any of the California HUD-Certified Housing Counseling Agencies (sub-grantees) since the more capacity and outreach the better.

3. Oversight plan for employing sub-grantees & Plan of Action for Counseling Services.

Response to: Oversight plan for employing sub-grantees

NSC does not contract out any of the housing counseling services to subgrantees. NSC has a very strong presence in California with three affiliate offices through our branch locations and National Counseling Center staffed with HUD-Certified Housing Counselors that are well-versed on all housing topics, and on conducting group educational workshops. Since NSC does not outsource any of the counseling services, all staff activities and assignments are overseen directly by NSC.

Response to: Plan of Action

The plan of action utilizes the grant funds most effectively with a focus on providing the maximum assistance to clients and their individual circumstances. We understand that if NSC is selected as one of the four Intermediaries, that it would receive a grant of \$11,875,000. NSC would only allocate 20% of these funds, or \$2,375,000 to oversight and program related support. This includes staffing, training, promoting, venues, online platforms, supplies, curriculum preparation, distribution and overhead. This will cover our expenses for administering this grant with no additional funds coming from the grant which is lower than the 30% and more recommended by other counseling agencies.

The remaining \$9,500,000 would be utilized for the implementation of the workshops and providing individualized counseling service to all participants. NSC can effectively provide workshops on the 14 courses and topics as part of this grant. NSC is one of the few HUD-approved and HUD-funded organizations that trains other HUD Counselors in similar topics. NSC has significant knowledge and expertise in these areas. Thus, NSC is well positioned to provide these courses to clients.

NSC will cover the 14 HUD courses and topics. Our plan of action combines the workshops with one-on-one counseling. Both, ours and HUD's experience is that only doing workshops is not effective. The workshop provides the client with an overview and next steps to address her/his individual circumstances during the individual session.

- With an estimate of \$750 per client to attend workshops and have the opportunity to follow-up with individualized counseling sessions, and we expect to assist about 12,667 clients.
- NSC has the trained staff in place and the logistics to start immediately and to complete the grant within 18 months of the start date which could be extended to 24 months.
- Since NSC is so well recognized in California, significant marketing will not be necessary.
- In addition to our enormous presence in California since the mortgage crisis, over the last year and a half over 52,000 additional Californians have contacted NSC to participate in our programs. This grant will provide the resources needed to offer the workshops and individual counseling at no cost to the participants. As the word gets out about NSC's increased workshop and counseling capacity, the growth will follow with NSC having a significant impact throughout California.

Workshops:

NSC would provide the workshops listed below (the individualized counseling services have been listed separately in the section below). Each workshop would be provided through an on-line platform to cover each curriculum. Clients can attend as many workshops as they desire at no additional cost. NSC will provide the following workshops as webinars. We are flexible in adjusting these as needed.

1. Fair Housing Pre-Purchase Education Workshops
2. Financial, Budgeting and Credit Workshops
3. Non-Delinquency Post Purchase Workshops
4. Predatory Lending Education Workshops
5. Pre-Purchase Homebuyer Education Workshops
6. Rental Housing Workshops
7. Resolving/Preventing Mortgage Delinquency Workshops

NSC has extensive experience in providing both virtual and in-person workshop. We transitioned to provide these workshops as a virtual webinar as described below.

- The virtual workshops allow for flexibility to increase the capacity as needed depending on the demand for each topic. We plan on presenting about 35 workshops in 18 to 24 months to cover all seven topics in a rotation basis.
- Clients would sign-up in advance for a webinar through our website at www.naca.com. While there is one presenter, other NSC staff will be answering questions from the clients. Also, clients would be unmuted to directly ask questions as all of our webinars include significant interaction and Q&A.
- At the end of the webinar, clients would receive a code for that webinar to verify their participation and to take the next step to be counseled. They input their code in our website which provides them access to their personal web-site or “Web-file”. This code is only active for a short period of time to prevent abuse. Once they have set up their profile, they can set up an appointment and upload documents and information as needed. Our administrative staff and the Counselors confirm all appointments in advance to allow the clients time for planning and preparation.

We have a significant amount of experience in providing these workshops to many thousands of clients for many years, and in training Housing Counselors in providing group education on various housing-related topics. Prior to the pandemic, each NSC office did two pre-purchase workshop each month for hundreds of participants.

NSC currently provides weekly pre-purchase webinars. We do four webinars each Saturday including one in Spanish as well as Facebook-based workshops to reach all audiences. These are four-hour workshops and usually have between 500 and 1,000 participants each. The demand is such that we are at capacity through September.

In addition to the weekly pre-purchase webinars, each weekday we have a two-hour webinar on the below topics. This is important to address client’s questions and needs without them having to wait for their counseling session.

1. Property repair and renovations

2. Post purchase repairs and renovations
3. Housing search and Purchase & Sale negotiations
4. Working with real estate agents
5. Mortgage processing assistance
6. Required documentation for counseling and mortgage pre-approval

Counseling:

NSC would immediately begin hiring additional Housing Counselors in California to support the existing staff with the increase number of sessions this would generate. These Housing Counselors would be located throughout the state, often working from their homes. NSC would provide the equipment, training and support necessary to adhere to NSC's comprehensive counseling.

We have extensive experience in providing this counseling and in training Housing Counselors in providing workshops on these topics as well as one-on-one counseling services. Due to the pandemic, it is likely that the individual counseling will be by video but when it becomes safe to resume onsite counseling it could be face-to-face. In both circumstances the client will be able to see and interact with their Housing Counselor. We will provide the following counseling.

1. Financial Management/Budget Counseling
2. Home Improvement and Rehabilitation Counseling
3. Mortgage Delinquency and Default Resolution Counseling
4. Pre-purchase Counseling
5. Rental Housing Counseling
6. Reverse Mortgage Counseling
7. Services for Homeless Counseling

The Housing Counselor's training and responsibilities are described below.

- Each Counselor can provide at least 10 two-hour Intake sessions for each work-shop participant per week.
- Follow-up sessions will be available to reach the client's particular goal as needed. Follow-up sessions can be scheduled in blocks of 1 to 1.5 hours as needed
- NSC will hire and train additional Housing Counselors as needed to provide one-on-one counseling.
- Our training team has dedicated Mentors to work one-on-one with the Counselors during their first few months to ensure quality counseling.
- The training department provides Housing Counselors with extensive web-based classroom and hands-on training. This includes a two-week intensive course that covers all aspects of housing counseling to prepare the client for homeownership and to determining an affordable mortgage payment. This includes but is not limited to budgeting, credit, financial management, income calculation, and basic mortgage underwriting.
- Immediately after the two-week training the Housing Counselor participates in a comprehensive preparation to take the HUD Housing Counselor certification test. Once

the Housing Counselor passes the HUD Counseling certification, she/he will begin counseling with monitoring from the training department. This will continue until the Housing Counselor has demonstrated the skills necessary without on-going assistance. The Housing Counselor receives on-going training every Wednesday for two-hours to expand their knowledge of policies and procedures and enhance their counseling skills. Additional training is received from their Office Directors and Regional Directors based on their individual needs.

- All newly hired Housing Counselors are required to become HUD certified and to demonstrate a solid understanding of all housing-topics, including laws and regulations governing housing and mortgages, as well as discriminatory and predatory practices.
- Our existing Counselors are already equipped to start counseling services and present workshops until the demand increases and the new staff joins the effort.
- NSC provides one of the most effective comprehensive one-on-one housing counseling. We require documented counseling when working with client's budgets, financial management, credit counseling, and preparation for affordable homeownership as well as follow-up. This entails having the client's paystubs, W-2s, banks statements, credit card statements, taxes and more to verify the client's income, assets, expenses, readiness for homeownership and an affordable mortgage payment. This is significantly more comprehensive than what other counseling agencies require.
- NSC would provide the workshops and one-on-one counseling listed above.
- The Housing Counselors would be based in California.
- The Housing Counselor will work with the client to input data through their Web-file and review documents with the client in real time. The counselor will educate the client during the workshop and when they confirm the appointments on how to upload the documents into NACA-Lynx and also work with the client to sign the various documents electronically. In no circumstances, unless due to extraordinary circumstances, would this be done only by phone without a video connection. At the end of the Intake session, the client would obtain a comprehensive Action Plan for their next steps in achieving their goals.

Extraordinary Track Record for Homeowners During the Mortgage Crisis:

NSC was the most effective organization in assisting homeowners with an unaffordable mortgage during the mortgage crisis. We negotiated legally binding agreements with all the major servicers and investors to unaffordable mortgages. Homeowners were able to reduce their interest rate to as low as two percent and where necessary further reduce the outstanding principal.

To accomplish this, we organized 144 five-day Save-the-Dream events nationwide staffed with over 500 of our Housing Counselors and over a thousand Servicer's and Investor's staff providing onsite solutions. Many thousands of homeowners attended each event. Many homeowners were able to modify their unaffordable mortgage the same day saving hundreds and often over a thousand dollars in their monthly mortgage payment.

In California we did 34 events, the most than anywhere else. The word had gotten out that to save one's home, the Save-the-Dream event was the place to come. People lined up for more than two days prior to the events at the L.A. Convention Center, COW Palace in San Francisco, Sacramento (California Exposition and State Fair) and others. The demand was such that we extended the events to seven consecutive days 24-hours a day. We also conducted events in Fresno and San Diego concurrently.

We did everything to assist the homeowners who were predominately minority and determined to keep their home. We worked with the Keep Your Home California Program and other programs to assist the homeowners. We would not stop at anything that could prevent a foreclosure. We modified hundreds of thousands of homeowners from 2008.

Extraordinary Track Record for Homebuyers:

We used the same Save-the-Dream event structure to assist homebuyers. Starting in 2018 we did Achieve-the-Dream Events around the country for homebuyers. These were four-day events in large venues, typically convention centers where a homebuyer would complete four steps in one day: 1. Attend a homebuyers workshop; 2. Upload their documents into our CMS; 3. Meet one-on-one with our Housing Counselor to determine if s/he is ready for homeownership and an affordable mortgage payment; and 4. Meet with an underwriter to determine if s/he is mortgage ready or their next steps.

Over more than two years we have done 27 Achieve-the-Dream events with three in California. They have been enormously successful with many thousands of participants at each one. In fact, we do no marketing since the participation is from word of mouth. People tell their family, friends, neighbors and co-workers to go to NSC/NACA to be a homeowner.

OVERSIGHT

NSC does not outsource any counseling services to sub-grantees. NSC has operated with a strict and comprehensive oversight of its 45 branches/offices and a national housing counseling center. NSC would expand its California sub-grantees (affiliate offices NACA Counseling subsidiaries) and remote based Housing Counselors. This will expand on NSC's current model of both having staff that work in the branches and those that work remotely.

NSC is uniquely structured to provide oversight and management for both in-house counseling and remote counseling. NSC has developed a state-of-the-art HUD approved CMS system for comprehensive counseling and more called NACA-Lynx. It is recognized as one of the most effective and comprehensive systems.

NACA-Lynx is a web-based paperless system, structured to have counseling work through a ten-step workflow requiring documentation to verify the client's financial information. NACA-Lynx is also crucial in managing staff and clients. Staff time is tracked including the time spent counseling clients. This is important in documenting grant funds and providing reports to HUD and other funders. In addition, we provide clients with their own web-site (i.e. called "Web-file") to input their data, upload documents, learn their next steps and more.

This allow clients to be prepared for their counseling session and view real-time updates on their progress.

NACA-Lynx is one national database with controlled access for each branch, Housing Counselor or other staff as needed. With this structure, NSC can oversee, monitor and enhance the performance of both in-office and remote staff. It also, allows for a seamless increase in capacity.

4. Most recent two years Audited Financial Statements.

Response:

Audited consolidated financial statements including NSC for 2019 and 2018 are enclosed

5. Organizational Chart identifying personnel and role of those assigned to this program.

Response:

The organizational chart is attached. Below is the summary of the roles and functions of the staff responsible for the grant.

| Role | Functions |
|----------------------------------|---|
| Training Director | To develop and adapt all training curriculums to fulfill training needs, to train housing counselors on all housing topics and teach educational workshops. |
| Training Instructors | To train counselors in all housing topics and to teach educational workshops |
| Training Coordinator | To coordinate and organize all training efforts for in and out of network trainings |
| Training Administrator | To support all training logistics and functions. |
| Regional Director for California | To oversee all counseling activities, hiring, and ongoing |
| HUD Certified Housing Counselor | To provide one-on-one counseling services and group educational workshops |
| Office Administrator | To provide administrative support |

6. HUD 9902 report of California clients served in the last 5 years including location (city, county, zip, MSA).

Response:

We have enclosed that HUD 9902 for our California offices over the past five years. We have also enclosed a spreadsheet called “California Grant – Participation” with NSC participation by California city and MSA. This is the detail information provided on the HUD 9902s. NSC participation over the past five years for the HomeSave Program (i.e. homeowners with an unaffordable mortgage) was 31,012 households and the Purchase Program (i.e. homebuyers) was 45,874 households for total participation of 76,886 households. For the time period beginning from the mortgage crisis in 2008, the HomeSave Program participation was 183,062 households and Purchase Program participation was 72,513 households for total participation of 255,575 households.

7. For those agencies with Housing Counseling Capacity Building already built into their organizational structure, please submit an additional Program Plan regarding how the organization will move forward with funds that may be available for this purpose. Capacity Building Funds are intended for the sub-grantees.

Response:

NSC is not requesting funds to assist with capacity building. We want to maximize the funds to directly benefit clients. We are open to working with other counseling agencies to assist them in developing their capacity. We want to support organizations that are committed to providing comprehensive counseling in the hardest hit, underserved and ethnically diverse communities.

8. HUD year-end performance records for the last 2 years.

Response:

HUD audits NSC on a regular basis. NSC has no findings. We have enclosed an email from HUD stating that there is no year-end performance review for HUD Intermediaries. They do reviews of our sub-grantees (affiliate offices) each funding year and they “produced no findings.” They also state observations and recommendations such as the following for our Chicago office “NACA-NSC-Chicago is a valuable member the Chicago, Illinois community. NACA-NSC-Chicago maintains exceptionally well documented files and their recordkeeping practices are exemplary.” They said the same about the Cleveland office and others. We are their largest and one of their premier counseling organizations.