

**Neighborhood Housing Services
of South Florida**

**Operating Plan
FY 2011 & 2012
(July 2010-June 2012)**

Turning Housing Dreams into Reality

Neighborhood Housing Services of South Florida

300 N.W. 12th Avenue

Miami, FL 33128

(305) 751-5511 (Phone)

(305) 751-2228 (Fax)

www.nhssf.org

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Executive Summary

This operating plan is a management tool covering a two-year period of FY2011 and FY2012. The plan details the resources and strategies that Neighborhood Housing Services of South Florida (NHSSF) will use to achieve specific outcomes, goals, and objectives through all of the programs and products of the organization. This operating plan incorporates the broader strategies and outcomes as defined by the NHSSF board of directors and informs the individual staff member work plans that evolve and change over time.

The plan has guidance from community leaders and residents through the connection that our board of directors has in the community – including the board itself being composed of 50 percent residents. The plan is also guided by a comprehensive market analysis of Miami-Dade and Broward Counties which was completed in 2008. NHSSF also uses customer feedback and demand for programs and services as gauges of meeting community need.

The organization operates six lines of business – Home Ownership Promotion Services, Home Ownership Preservation Services, Lending and Loan Portfolio Management, Real Estate Development, Real Estate Sales, and Community Building and Organizing – in an effort to achieve a mission of promoting neighborhood revitalization and affordable housing for families in Miami-Dade and Broward Counties.

The following are production highlights from this plan:

Highlights of NHSSF's Production

Home Ownership Promotion Services				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Total New Buyers	98	334	400	450
Home Ownership Preservation Services				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Successful Foreclosure Avoidance Outcomes	198	518	670	268
Lending and Loan Portfolio Management				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
NHSSF Processed, Originated & Funded	41	52	231	235
Real Estate Development				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Housing Units Developed	6	9	148	106
Real Estate Acquisition & Sales				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Housing Units Sold	7	21	163	225
Community Building and Organizing				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
New Homeowners in Neighborhood	3	7	30	60
Leadership Training Graduates	6	0	45	75
Home Improvement Projects	8	7	15	30
Volunteers Recruited	n/a	n/a	100	200

Part I: Mission and Background

Started in 1978, Neighborhood Housing Services of South Florida (NHSSF) has been working in south Florida helping to improve people's lives. NHSSF builds empowered communities, revitalizes neighborhoods and creates affordable housing opportunities in South Florida.

Certifications and memberships include:

- Broward Alliance for Neighborhood Development (BAND) board member
- Broward Housing Partnership board member
- Broward Housing & Community Development Task Force member
- BHP Community Land Trust board member
- Community Development Financial Institution (CDFI)
- Florida Alliance of Community Development Corporations member
- Florida Housing Coalition board member
- Florida NeighborWorks® Collaborative member
- Greater Miami Chamber of Commerce member
- HUD-approved Housing Counseling Agency
- Licensed Mortgage Lender in Florida
- Licensed Real Estate Broker in Florida (within Homeownership Realty, LLC)
- National NeighborWorks® Association board member
- NeighborWorks® Certified Full Cycle Lender[™]
- NeighborWorks® Home Ownership Center
- NeighborWorks® Network Member
- South Florida Community Development Coalition board member
- 79th Street Corridor Neighborhood Initiative board member

NHSSF creates a new operating plan every two years to set our direction and guide our actions in achieving our mission and outcomes. This plan allows us to highlight our accomplishments achieved during the tenure of our last plan while describing the results we anticipate for the coming two years.

Outcomes & Outcome Measurement

The Neighborhood Housing Services board of directors has established a clear set of aims for the organization. The aims are the outcomes or mission-level goals that NHSSF intends to achieve. NHSSF is dedicated to continual development of healthy residents and neighborhoods. Accordingly, we are committed to the following Outcomes:

Individual Outcomes:

1. Residents who are educated homebuyers and homeowners.
2. Residents who have adequate financial opportunities for buying and maintaining their homes.

3. Housing that is safe, decent and financially sustainable.

In FY 2012, NHSSF will be exploring methods to measure the program impacts on individuals and families. This exploration will be pursued in order for NHSSF to develop an evaluation measurement system. The organization will consider using Success Measures as an approach to this measurement and will begin by developing a “theory of change” explaining the relationship between programs offered and short/intermediate term outcomes and the long-term outcomes listed above.

Community Level Outcome (CLO):

4. Revitalized neighborhoods where residents choose to invest time, money and energy.
We use the following indicators to know if we are moving toward this CLO:
 - a. The neighborhood will be well maintained and visually pleasing.
 - b. The social fabric of the community will be strong.
 - c. People will feel safe in the neighborhood.

NHSSF collected baseline measurements on our Community Level Outcome (CLO) during 2005-06. The NHSSF Success Measures final report, which is available upon request, provides a detailed description of the tools and methodologies that were used for the evaluation as well as detailed information on the results.

As described in the Community Building and Organizing section of this business plan, NHSSF will be using the Success Measures stabilization tool set in the first half of FY2011 to capture a new baseline for Brownsville and possibly one or two additional focus areas. This will tie in directly with the measurement of our CLO as well as our NSP2 work.

Lines of Business

We strive to achieve our Outcomes by offering programs and services to the community that involve education and financing for home ownership and home preservation, new home construction and targeted neighborhood revitalization efforts. Specifically, our programs fall into six lines of business:

- Home Ownership Promotion Services
- Home Ownership Preservation Services
(including operation of the Fannie Mae Mortgage Help Center)
- Lending and Loan Portfolio Management
- Real Estate Development
- Real Estate Acquisition & Sales
- Community Building and Organizing

Organizational Structure & Office Locations

NHSSF has several associated corporations and partnerships through which various components of real estate business are conducted. The primary corporation is

Neighborhood Housing Services of South Florida (NHSSF) a 501(c)3 corporation. NHSSF Real Estate Holdings, Inc. (NREH) is a 501(c)3 corporation 100 percent owned by NHSSF. This corporation owns and holds property for rehab and/or rental. Homeownership Realty LLC (HR) is 100 percent owned by NHSSF and has a real estate broker's license. HR acts as broker for NREH when it buys and sells property. NHSSF Housing Development LLC (NHD) is 75 percent owned by NHSSF and 25 percent owned by Adanac. Adanac is a for-profit developer and holds a general contractor's license. NHD develops, builds and rehabs housing for NREH. An organizational chart illustrating these associated corporations is included in the appendix.

NHSSF conducts business from several locations in south Florida in order to best serve customers. The main office where the majority of staff is housed, including the organization's administrative team, is in Miami just two miles west of downtown. This building, owned by NHSSF, has individual offices for homeownership counseling and loan origination activities with customers as well as classroom space used for group education. Additionally, NHSSF leases space in Fort Lauderdale where services are more accessible to Broward County customers. Homeownership Realty, LLC operates out of a leased office in Little Haiti on the north side of Miami. The Fannie Mae Mortgage Help Center operates out of an office that Fannie Mae leases from Miami-Dade County.

- Main office: 300 NW 12 Avenue, Miami, FL 33128
- Broward office: 2800 West Oakland Park Boulevard, Suite 301 Fort Lauderdale, Florida 33311
- Fannie Mae office: 2671 NW 28 Street, Miami, Florida 33142
- Real estate office: 100 NE 84 St, Miami, Florida 33138

Management and Staffing Structure

NHS management structure includes a volunteer board of directors that follows the John Carver model of nonprofit board management called Policy Governance. The Policy Governance Model is an approach to the job of governance that emphasizes values, vision and empowerment of both board and staff, and the strategic ability to lead leaders. Principles of the Policy Governance Model dictate that the board crafts its values into policies of four types: Ends, Executive Limitations, Board-Executive Linkages and Board Process. Highlights of key staff members and their capacity are outlined below:

Arden Shank ***President/CEO***

Arden oversees all staff, board and investor functions, as well as organizational planning and resource development. Arden joined NHSSF after a successful 15-year stint with an Indiana-based NeighborWorks® organization. He has 25 years management experience with community-based, housing not-for-profits. Arden's experience ranges from new CDC start-ups, complete organizational restructuring, college level teaching to fundraising, capital project implementation, and public policy. Arden is a graduate of the

first Advanced Practitioner Program. The 18-month program was developed jointly by NeighborWorks® America and the Kennedy School of Government at Harvard University for experienced executive directors of community development corporations. Arden is the President of the South Florida Community Development Coalition board of directors, which educates and advocates on behalf of community development in Miami-Dade County. He is also a board member of the National NeighborWorks® Association and the Florida Housing Coalition.

LeeAnn Robinson
Chief Operating Officer

LeeAnn oversees all program-related activities, including Homebuyer Education, Real Estate Services, Real Estate Development, Lending, NSP2 and Homeownership Preservation. LeeAnn joined NHSSF with over 20 years of Mortgage Lending experience and 3 years of Non-profit Management experience. LeeAnn's experience includes 15 years of operations management and a thorough knowledge of mortgage lending. LeeAnn has worked extensively with Fannie Mae and Freddie Mac in the affordable lending arena.

Antoinette Patterson, CPA
Chief Financial Officer

Antoinette brings over 15 years experience in the accounting and non-profit service industry. She is a Certified Public Accountant, holds a Masters of Accountancy and a Bachelor of Arts degrees in Accounting. Her understanding of a mission driven not for profit agency fits well with the NHSSF philosophy. As a leader in her field, she has served as the founder and Executive Director of a successful non-profit daycare center. She oversees NHSSF's accounting for every line of business with the assistance of a professional staff of four, serves as the staff liaison for the Board of Directors and its Committees on all accounting related matters. Antoinette states that one of her primary goals has been to follow the advice of Henry Kissinger, "*The task of a leader is to get his people from where they are to where they have not been.*" She believes that NHSSF is headed for new challenges and she will be there to help pave the path to excellence.

Mia Battle
Chief Development Officer

Mia is responsible for building relationships that result in developing a diversified donor portfolio to support, expand and sustain NHSSF's transformational growth. After years as an entrepreneur Mia began her work in the nonprofit sector in 2002 where she served as Development Director at Habitat for Humanity of Greater Miami and Hands On Miami consecutively. Mia has consistently met or exceeded projected fundraising goals and has developed an extensive portfolio of corporate donors while maintaining a high donor retention rate. She has developed organizational fundraising strategies that have resulted in increased revenue sources, has developed and managed events that have engaged thousands of volunteers and raised over 2.5 million dollars cumulatively and has served as an organizational media spokesperson. Mia has her Bachelor's degree in Communication from Trinity International University. Her passion for social justice and

corporate social responsibility allow her to effectively communicate the organizations vision and the direct benefits engagement has on community revitalization.

Jackie Duran

Director of Home Ownership Promotion

Jackie leads a team of certified homebuyer counselors in providing a comprehensive 8 hour homebuyer education class. Supervising a staff of 5, she provides classes and workshops throughout Miami-Dade and Broward Counties. NHSSF is unique in its homebuyer education because it also provides ongoing counseling to homebuyers that are not quite mortgage ready. Under Jackie's leadership, NHSSF has increased the number of participants in all of its classes, while other agencies have discontinued providing this service. A former real estate agent, Jackie brings over 17 years of experience in real estate, home ownership counseling and lending to NHSSF.

Reg Froese

Director of Home Ownership Preservation

Reg was promoted to Director of Homeownership Preservation in November 2010 after working as a Foreclosure Prevention Counselor for two and a half years. His experience in the department, attention to detail and thorough documentation in case files, and a desire for the department to operate at its best helped NHSSF make the decision to promote him when the position became available. Reg had several years of experience in social services and community development before coming to NHSSF. He holds an undergraduate degree in both Sociology and International Development Studies, is a Licensed Mortgage Broker, and has received certification from NeighborWorks America in Foreclosure Intervention and Default Counseling.

Martha Garcia

Director of Lending

Martha oversees the operation of the lending departments processing prospective homebuyer loan applications to the point of submission, approval and closing. She selects and/or develops lending programs for our moderate- to low-income client base and provides services in both English and Spanish. Martha joined NHSSF with 30 year career in the mortgage lending industry. She has a broad understanding of operations while motivating lending staff to establish a team approach to reach goals and objectives.

David Harder

Director of Construction

David manages the construction and rehab undertaken by NHSSF. David brings a wide range of construction management and financing skills to his work with NHSSF including having completed over \$3.5 million of single and multi family rehabilitation between 2002 and 2005. Prior to launching Adanac, David was the executive director of Little Haiti Housing Association a non-profit affordable housing developer. In his nine years at LHHA David had full responsibility for managing the organization, developing new programs and working closely with the board of directors. This experience grounded David in affordable housing financing.

Armando Loo***Assistant Director of Home Ownership Promotion
Homeownership Center Manager-Broward***

Armando supervises one homebuyer counselor and provides homeownership preparation counseling. He also coordinates and participates in financial fitness classes and in comprehensive 8 hour homebuyer education workshops servicing Broward County. Under Armando's tenure, NHSSF has increased its Broward counseling, educational and lending relationships. As Center Manager, Armando is responsible for operational and facilities matters. He brings for-profit experience as a recreational products International Corporate Trainer and as a lending institution Community Outreach Liaison. He holds an undergraduate degree in International Marketing, is a Licensed Mortgage Broker, and has received certification from NeighborWorks® America in both Homeownership and Foreclosure Counseling.

Peter McDougal***Housing Finance Director***

Peter provides support to many of the NHSSF programs through underwriting, monitoring, and reviewing project financing. In respect to HUD's NSP2 program, he assists consortium members with their project financing and with meeting all federal requirements. Over the past 10 years, Peter has been involved in the financing of over 10,000 affordable housing units in the State of Florida, primarily multi-family projects involving Low Income Housing Tax Credits, HUD HOME loans, State SAIL Loans, and Miami-Dade County Surtax Loans. He has worked with both for-profit developers as well as non-profit community development corporations, often in joint ventures. He has been on the Boards of three Community Development Financial Institutions (CDFIs) and continues to be involved with several Community-Based Organizations (CBOs) that are involved in community development.

Benji Power***Director, Neighborhood Revitalization***

Benji coordinates the activities of the NHSSF Real Estate team to include property acquisition analysis as it relates to NHSSF's revitalization goals for the NSP2 program. As NHSSF begins to focus more on its neighborhood revitalization planning efforts, Benji will use his previous experience to develop the process for the selection of target neighborhoods, assess neighborhood conditions, forge partnerships and relationships with community agencies, local governments, and universities in the planning of capital improvement projects for target neighborhoods. Benji was born in Santiago, Chile and has been a resident of Miami for 27 years. His undergraduate studies at the University of Pennsylvania explored the intersection of urban design and community organizing issues. His Miami work experience includes roles that focused on transportation planning and real estate development land entitlements, Federal Reserve of Boston's Community Affairs Department on foreclosure research and advocacy work, Miami Workers Center and coordinating the Miami Downtown Development Authority's research work and supporting its business development outreach.

Angelica Vasquez

Manager, Fannie Mae Mortgage Help Center Counseling Services

Angelica is NHSSF's Counseling Services Manager for the Fannie Mae Mortgage Help Center. With over 19 years of experience in the mortgage lending industry, strong application and utilization of loss mitigation expertise, exceptional customer service practices and a solid understanding of mortgage banking, Angelica is now a valuable part of the Foreclosure Prevention Team. Prior to NHSSF, she was a Senior Loan Analyst at Bayview Financial, identifying and qualifying potential borrowers under stringent market conditions and programs. She single-handedly originated and managed an acquisitions portfolio valued at more than \$20M. She was exposed in a variety of facets with banking and other financial institutions providing the knowledge to succeed in this constantly-evolving field. She held positions such as Loan Originator, Underwriter, Retail Loan Processor, Retail Operations Manager and Account Executive. Amongst her previous experience, she spearheaded the conversion of the *Fontainebleau Miami Beach* as Lead of the lending division with 1st Choice Mortgage and Turnberry & Associates. She is a Business Administration Major, fluent in Spanish and an active Florida Mortgage broker licensed since 1999. Other than having a steadfast work ethic, she is a dedicated mother of two and finds time to volunteer at Baptist Hospital.

Suzanne Weiss

Associate Director for Broward/Real Estate Broker

Suzanne heads NHSSF real estate sales efforts and leads NHSSF presence in Broward County. Suzanne has been in real estate development, real estate sales, lending and loan workouts for more than 30 years, and since 2001 has worked exclusively for nonprofit housing organizations. She is a licensed real estate broker and recently opened Homeownership Realty LLC, a real estate brokerage affiliate of NHSSF, to provide a full bundle of services to the NHSSF clientele. Suzanne oversees the activities of a team of real estate agents in Miami-Dade and Broward counties. She also serves on the boards of local and state groups that focus on affordable housing and community economic development, including the Florida Alliance of CDCs, BAND, (Broward Alliance for Neighborhood Development) and Broward Housing Partnership. Suzanne has been responsible for the development and implementation of BAND's programs for its Neighborhood Stabilization Program (NSP), considered to be one of the most successful NSP1 efforts in the country. She is a graduate of the University of New Orleans and lives in Fort Lauderdale.

Patricia Algaze

Chair of the Board of Directors

Patricia Algaze is Senior Vice President for Citi Community Development in Florida, is also a small business investor, and serves as Board Chair for Neighborhood Housing Services of South Florida. Her experience includes a variety of management roles in retail and commercial banking in the Florida market over 25 years, including the formation of a corporate consulting business. Her areas of expertise include governance and risk management for regulatory compliance, strategic planning, market research, commercial and consumer loan portfolio review, development of performance and production improvements, product development and relationship building.

On the following page is the NHSSF staff organizational chart in its current state.



Neighborhood Housing Services of South Florida

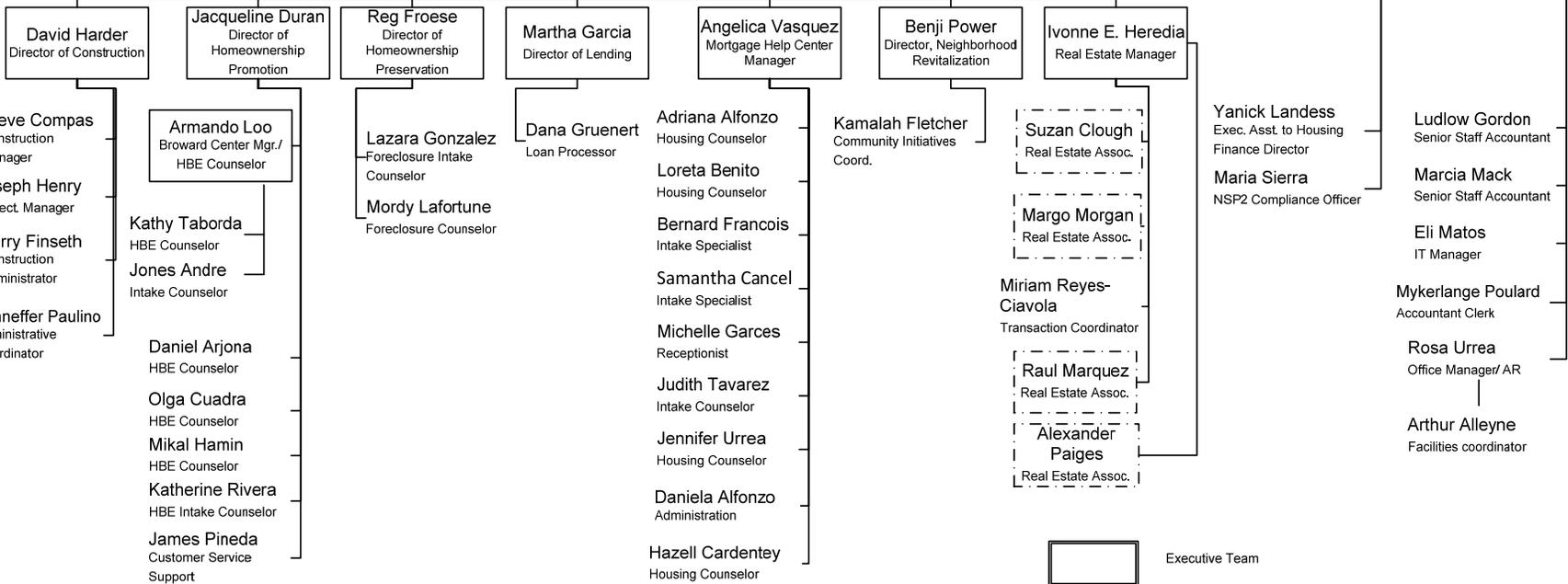
Board of Directors

Arden Shank
President & CEO

Nicolle Cano
Executive Asst. to
President



Michele Finseth
Executive Asst. to COO



Executive Team

Commissioned Agent

Managers & Directors

Part II: Market Context

For NHSSF, understanding the market context within which the various lines of business are conducted is fundamental to planning for the future. Outlined below are major market trends with both national significance and local significance for NHSSF's work.

Foreclosure Crisis & Economic Recession

The U.S. recession started in December 2007 and was ushered in by the foreclosure crisis which started in late 2006/early 2007 when the Mortgage Bankers Association's National Delinquency Survey reported the share of loans that were seriously delinquent or beginning the foreclosure process reached their highest levels since the survey was begun in the late 1970s. Foreclosure rates have continued to rise sharply; by mid-2008 they had more than doubled the previous record highs. Based on RealtyTrac data, since December 2007 through June 2010 there have been a total of 2.36 million U.S. properties repossessed by lenders through foreclosure (REO). In addition there have been 3.48 million default notices and 3.46 million scheduled foreclosure auctions. Moody's economy.com indicates a greater number of households have been impacted, they state that in 2008 1.7 million homes were foreclosed upon or lost to short sale or deed in lieu. In 2009 2 million homes were lost and they projected that 2.4 million would be lost in 2010.

Florida has been significantly adversely impacted by the foreclosure crisis. Miami-Dade County and Broward County have been the hardest hit counties within Florida. RealtyTrac reports that nationwide in July 2010 there were 325,229 new foreclosure starts and Florida had the second highest count of all states with 51,557 new foreclosures. In July 2010, Miami-Dade County had the most new foreclosures of all Florida Counties with 7,107 and Broward County had the second most new foreclosures with 6,471. NHSSF has seen the impact of this foreclosure crisis first hand with explosive growth in demand for foreclosure intervention services. In FY2007 NHSSF did little or no foreclosure avoidance counseling and in FY2010 NHSSF did 1,644 foreclosure service intakes, counseling 1,286 households and assisting 518 households achieve a successful foreclosure avoidance outcome.

Among the ripple effect of the foreclosure crisis has been the recession and significant unemployment. In December 2007 when the recession started, Florida's unemployment rate was 4.7 percent and in July 2010 the unemployment rate was 11.5 percent which was ranked as the 5th highest state unemployment rate nationally. Florida's unemployment rate in July 2010 was 0.7 percent higher than in July 2009. The national unemployment rate for July 2010 was 9.5 percent. The high joblessness rate is one of the biggest drags on the housing market. Judging from past experience, the strength and stability of the housing recovery will depend on job growth and, unfortunately, most experts predict that the unemployment rate will remain elevated.²

¹ McIlwain, John. *Housing in America: The Next Decade*. Washington, D.C.: Urban Land Institute, 2010.

² *State of the Nation's Housing: 2010*. Joint Center for Housing Studies of Harvard University, 2010.

As the recession has deepened the nature of the foreclosure crisis has shifted. In 2007 and 2008 foreclosures were related to subprime mortgages, interest only products and Adjustable Rate Mortgages (ARMs). All of which were prevalent products in south Florida where the housing market had experienced significant home value appreciation, new construction and speculation in the early 2000s. Foreclosures among prime mortgages and conventional mortgages began to increase in 2009. Now job loss is an increasing reason that home owners are having challenges paying their mortgages and devalue of home prices has limited the option of selling homes (even through short sale) as a foreclosure avoidance tactic. With many homeowners underwater, owing more on their homes than it is worth, owners walking away from their homes rather than paying the mortgage (known as a strategic walk-away) are on the increase.

Nationally, according to First American CoreLogic, falling home prices left 11.2 million homeowners underwater on their loans as of the end of the first quarter of 2010. Further, Freddie Mac reports that total real home equity cashed out at refinancing dropped 25 percent in 2009 and stood below \$80 billion for the first time since 20003.

Long term job loss and underwater mortgages are now leading causes of foreclosure and these are two issues that mortgage modification programs have trouble addressing. Also the sluggish housing market stymies job seekers by limiting employees' ability to relocate for job opportunities. Therefore it is reasonable to predict that foreclosure rates will continue at high levels for the coming year⁴. Even so, NHSSF has experienced significant fall-off in customers seeking foreclosure avoidance assistance since April 2010. At this time it is unclear why this is happening so quickly although other similar service providers have reported this trend. As a result, NHSSF is cautiously planning for fewer customers but fully prepared to keep delivering the current level of services if trends should reverse.

Nationally, the number of renter households was up by 800,000 in 2009, yet a combination of new multifamily completions and an increase in the number of existing for-rent homes on the market outstripped this gain. The national rental vacancy rate thus rose to 10.6 percent last year. This story is somewhat different when looking at affordable rental units as the loss of low-cost rental housing continues unabated. Between 1997 and the most recent measure in 2007, the number of units with real rents under \$400 including utilities—about what a household earning the full-time minimum wage could afford at 30 percent of income—fell by 244,000 to 6.6 million.⁵

Implications for NHSSF:

- The likelihood that foreclosure rates will continue to increase over the next year is significant; NHSSF needs to consider why customer inquiries have dropped off and decide if alternative marketing and outreach is warranted.

³ *State of the Nation's Housing: 2010*. Joint Center for Housing Studies of Harvard University, 2010.

⁴ McIlwain, John. *Housing in America: The Next Decade*. Washington, D.C.: Urban Land Institute, 2010.

⁵ *State of the Nation's Housing: 2010*. Joint Center for Housing Studies of Harvard University, 2010.

- NHSSF should consider how, over the coming years as foreclosures decrease, the current foreclosure avoidance counseling capacity level will be re-allocated or adjusted.
- Joblessness is predicted to continue at elevated levels; NHSSF should consider targeted home buyer markets and how unemployment rates may require adjustments in traditionally targeted households.
- The continued need for affordable rental housing is evident in south Florida; through the NSP2 consortium this need is being addressed by NHSSF consortium partners.

For Sale Housing Market

The home buying market is volatile in south Florida given the foreclosure crisis, recession and significant decrease in sales volume and prices. Nationwide between 2005 and 2009, sales volume is down 36 percent from the peak. In Florida, volume is down 37 percent⁶. Early in 2010 there was still a large excess inventory of homes available for sale on the market, but it was down significantly since 4Q 2008.

Looking at Boxwood Means data on home sales in south Florida it shows that home sales volumes were down 22 percent between 2007 and 2009 in Miami-Dade County yet up nearly 30 percent over the same time period in Broward County. Median sales prices over the period in Miami-Dade County declined by 50 percent to \$140,000 and declined by 57 percent in Broward County to \$100,000. The \$8,000 tax credit for first-time home buyers and the \$6,500 tax credit for repeat home buyers have expired. This tax credit was driving home purchase activity in 2009 and early 2010.

The availability of short sales and REO property on the market as well as pricing of these units is very hard to predict and capitalize on. The market appears to be very appealing to investors from all over the world. The result is that NHSSF faces competition in terms of purchasing REO from investors many of whom have cash to entice sellers with a quick close.

In terms of the mindset of home buyers, the Fannie Mae National Housing Survey (conducted December 2009-January 2010) found that 64 percent of respondents think it is a good time to buy a house and 31 percent think now is a very good time to buy a house. Also, seven out of ten (70 percent) said they believe buying a home continues to be one of the safest investments available and 65 percent of survey respondents prefer owning to renting. Respondents cited non-financial reasons such as safety (43 percent) and quality of local schools (33 percent) as driving factors in wanting to own a home, ahead of economic considerations. The two most common reasons cited by renters for choosing to rent instead of to buy are: the belief that their credit history is not good enough to qualify for a mortgage (54 percent) and that they would be unable to afford the purchase or upkeep of a home (47 percent). A majority of renters (70 percent) think it is harder to buy a home today than it was for their parents' generation.

⁶ National Association of Realtors

New home construction was a large economic driver for much of the country including south Florida. Nationwide, there were fewer new home starts in 2009 than in any year since World War II. In Florida there were 287,250 building permits issued and in 2009 there were just 35,329 permits issued.⁷

The movement toward greener, more energy-efficient construction has been gaining momentum since before the recession both in the conventional and affordable home building markets. Most green buildings, however, have been commercial structures, and among residential buildings, most of those certified green have been multifamily. The number of homes that have met one green standard or another is now over 1 million that is still less than 1 percent of existing homes. Anecdotal evidence from builders still in the market suggests that homes that meet a green standard are selling better than those that do not, so long as any premium in price is modest and offset by energy savings. Surveys show that more than 50 percent of homebuyers want a green home, but most are unwilling to pay much more for it.

The challenge is to develop technologies that reduce energy use at no extra cost and to promote other sustainable practices that cost the same as or less than standard practices. “Green” is evolving and standards for certification are changing. Local building codes are requiring more efficient homes, and provisions for a national building code are contained in the current cap-and-trade legislation pending in the U.S. Congress. Energy prices are expected to remain volatile, which will add support at the local, state, and national levels for tougher standards for energy use in homes and all construction. This volatility will also increase market demand for homes that use less energy, especially among members of generation Y, which is expected to produce the largest wave of new households in U.S. history.⁸

Implications for NHSSF:

- Buying and selling REO properties, as required by the NSP2 grant, will be challenging due to the volatility of the housing market. NHSSF needs to continue to exploit partnership relationships such as through the National Community Stabilization Trust (NCST) to get a competitive advantage over investors.
- In terms of selling homes, NHSSF should consider potential buyers considerations about community safety and schools in both picking homes to buy/sell and in terms of marketing messages.
- It appears that home buyer education targeted at assisting buyers in becoming mortgage ready will still be viewed as valuable by buyers. These buyers will need to gain knowledge in their ability to buy.
- NHSSF’s work in building green and sustainable housing is in synch with future growth trends.

⁷ US Census

⁸ McIlwain, John. *Housing in America: The Next Decade*. Washington, D.C.: Urban Land Institute, 2010.

Mortgage Lending

Mortgage loan interest rates are at a 50-year loan at 4.5 percent for a 30 year fixed purchase mortgage. This coupled with decreased home values would normally drive increased home sales yet lenders have tightened credit underwriting standards across all types of lending. The result is that buyers are having a more difficult time obtaining mortgage financing, needing stronger credit histories, employment histories and larger down payments.

Fewer sales in 2009 resulted in fewer purchase mortgage originations yet there was an increase in refinancing which meant overall mortgage lending was up slightly. FHA/VA lending surged. In 2007, FHA lending was 5.7 percent of the market and in 2009 it represented 28.4 percent.

NHSSF lending partners have struggled during the mortgage foreclosure crisis and recession. Several long-term partners which provided mortgages to NHSSF customers as well as annual financial contributions toward operating costs have gone out of business, been purchased by other institutions and/or retracted their activities in these activities. Furthermore, national intermediary partner Neighborhood Housing Services of America a secondary market for NeighborWorks Network Organization loans went out of business early in 2010. As a result, NHSSF has struggled to find lending capital to meet customers' borrowing needs.

Implications for NHSSF:

- There is a gap in the mortgage lending market that is going to further hinder NHSSF's traditionally underserved buyers from getting mortgages; NHSSF needs to raise capital to fill this lending gap in order to be successful in assisting new home buyers.
- The sifting landscape of traditional lending partners will require NHSSF to look to new partnerships to fill the lending needs of customers as well as new partners to provide funding for NHSSF operations.

Part III: Lines of Business Plans FY2011-12

Organization-Wide Accomplishments FY10

Under each of our line of business descriptions and plans, the production objective accomplishments are noted in terms of organization output such as numbers of loans, educated buyers or new housing units. Beyond the impressive units of production that NHSSF has been able to achieve in the past year, noted below are other types of accomplishments that were achieved:

- **Foreclosure Mitigation Work** – In the Fall 2007 NHSSF made the strategic decision to invest in building organizational capacity to address the anticipated foreclosure crisis in the region. This included adding and training staff members and developing internal systems to serve large volumes of homeowners facing foreclosure. Since that time NHSSF has assisted 2230 families facing foreclosure and continues to work with homeowners, lenders and local government representatives to address this ongoing problem. NHSSF's capacity and performance in this area has been recognized and has lead to several new opportunities including new partnerships with Fannie Mae, American Arbitration Association and Florida Housing Finance Corporation.
- **Fannie Mae Mortgage Help Center** – NHSSF partnered with Fannie Mae to open the first Fannie Mae Mortgage Help Center in the nation. This Center is staffed by NHSSF and represents the first time that Fannie Mae is working directly with mortgage borrowers. The Center opened in just five months from the first contact that Fannie Mae had with NHSSF. This stand alone Center operates as a local resource where homeowners with loans owned by Fannie Mae can obtain housing counseling and help in communicating with their servicers about mortgage workouts and other foreclosure alternatives.
- **NSP2** – NHSSF is the lead consortium member of the Miami-Dade NSP Consortium which applied to HUD for \$89 Million in NSP2 funds and was awarded the full amount. This is the largest NSP2 award in Florida and the sixth largest nationally. The magnitude of this award will substantially impact NHSSF as an organization as well as impacting the communities being served. Further discussion of how NHSSF will administer the NSP2 award is incorporated into the NSP2 section of this plan.
- **Staff Expansion and Growth** – due to the demand for foreclosure mitigation services, the opening of the Fannie Mae Mortgage Help Center and the NSP2 award, NHSSF has hired 30 additional staff members and commissioned agents over the past year. Hiring has focused on ensuring that NHSSF's management infrastructure is capable of moving the organization into these new initiatives on sound footing. The current staff is well positioned to continue growth in a healthy fashion.

- **Multiple NHSSF Locations** – the NHSSF office at 300 NW 12th Avenue has been a significant step in allowing the organization to increase quality service to customers in Miami-Dade County. In addition the Fort Lauderdale office, the separate Fannie Mae Mortgage Help Center and Homeownership Realty spaces have allowed NHSSF to serve a wider geographic area.

Organization-Wide Priorities & Initiatives FY11-12

During FY2011 & FY2012, there are several organization-wide initiatives on which both board and staff members will be focused. These items include efforts to strengthen the organization as a whole and fine-tune the operational capacity of the organization.

- **Resource Development** – The NHSSF Board of Directors will be focusing on increasing their role and responsibility in resource development and fund raising. The first stage of this effort has been renewed activity on the part of the Resource Development Committee. In the first quarter of FY11, a management level resource development staff member will be hired as well.
- **Web-based Services** – Over the next two years NHSSF will be implementing a web-based homebuyer education and counseling initiative. At this point it appears that eHome America is the likely platform that will be instituted for service in south Florida. This service, which is further discussed in the Homeownership Promotion line of business, will allow NHSSF to increase the geographic reach through the Internet and assist in targeting customers that may be more comfortable using web-based services. NHSSF is also exploring options for on-line foreclosure counseling services and is currently using the Hope Now Loan Portal to assist with stream line loan modification requests. Homeownership Realty will also use web-based customer service efforts.
- **Increased access to lending capital** – NHSSF has several efforts underway to increase access to lending capital. It is anticipated that NHSSF will apply for membership to the Federal Home Loan Bank now that recent regulations have allowed for CDFI membership. This will allow for direct application to the FHLB for their AHP funds, First Home Club funds and CIP funds. An application to join Opportunity Finance Network (OFN) to access lending capital has been submitted. Also, NHSSF is involved with NeighborWorks America's efforts to explore a subscription loan investment pool for NWOs in Florida and the possible creation of an affiliate branch mortgage lending effort. These two items are described further in the Lending and Portfolio Management line of business section of this plan.
- **NSP2** – As the Miami-Dade NSP Consortium lead agency, NHSSF will be very focused on expending these funds in a manner that meets all the HUD regulations governing them as well as creating the desired impact of stabilizing communities in

Miami-Dade County. This will impact the entire organization's infrastructure as well as each line of business. Further discussion of how NHSSF will administer the NSP2 award is incorporated into the NSP2 section of this plan.

- **Broward County** – NHSSF will continue to expand programs and operations in Broward County in the coming year as BAND anticipates having 100 homes under way through the NSP1 program by the end of September 2010. The NHSSF staff member in Fort Lauderdale has launched an effort in increase partners and funding for the Home Ownership Promotion programs in Broward County.

Cumulative Production Chart

Home Ownership Promotion Services				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Total New Buyers	98	334	400	450
Homebuyer Education Training Graduates	929	1850	1500	1600
Financial Fitness Graduates	203	245	250	280
Post-Purchase Training Sessions	24	35	40	60
Home Ownership Preservation Services				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Successful Foreclosure Avoidance Outcomes	198	518	670	268
Homeowners Counseled	1068	1286	1300	520
Lending and Loan Portfolio Management				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
NHSSF Processed, Originated & Funded	41	52	231	235
Real Estate Development				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
New Homes Built	5	2	5	22
Acquisition-Rehab-Sale	1	0	45	48
Small Multifamily (Units)	n/a	0	18	6
BAND NSP1	n/a	7	80	30
Real Estate Acquisition & Sales				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Foreclosure/Short Sales	2	4	36	30
Sales	5	17	57	85
NSP2 Acquisitions/Sales	n/a	n/a	70	110
Community Building and Organizing				
	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
New Homeowners in Neighborhood	3	7	30	60
Leadership Training Graduates	6	0	45	75
Home Improvement projects	8	7	15	30
Volunteers Recruited	n/a	n/a	100	200

Marketing and PR

NHSSF has grown significantly in the last two years and the housing market has also changed significantly. Because of this, NHSSF is undertaking in the first quarter of FY 2011 a marketing campaign that will do the following:

- Enhance NHSSF's brand around its logo to reflect the organizational growth and the market changes in South Florida,
- Educate and train employees, volunteers, board members, and committee members on the new marketing campaign and teach them how to communicate NHSSF branding effectively in all aspects of their day-to-day work for the organization,
- Increase overall visibility of NHSSF and its programs throughout South Florida in all audiences, and
- Direct South Florida residents to NHSSF's homeownership training/counseling, lending products, and houses for sale.

A challenge facing NHSSF's media message is to raise the organization above the perceived status of being only a nonprofit organization that holds housing seminars. NHSSF is a life-changing organization that transcends the definition of a non-profit or community-based program; it helps people - who wouldn't have been able to otherwise – purchase a home or get a mortgage; it is foundational for their lives and family as well as a sense of security. To significantly increase exposure of the organization throughout South Florida (and in select national markets), NHSSF must be successful in communicating this deeper message identifying the organization as:

- An expert in all areas of housing and mortgage financing,
- A vital part of educating South Florida's low- and moderate-income families about housing financing and in helping them purchase a home, and
- One that creates measurable results by using former clients as valuable media resources to share their story, as well as tracking results to show increased ROI in financial statements.

Miami-Dade NSP2 Consortium Award & Administration

Six nonprofit organizations in Miami-Dade County, Florida along with the City of North Miami submitted, as a consortium, to HUD and were awarded \$89,375,000 of funding from the Neighborhood Stabilization Program 2 (NSP2). NHSSF serves as the lead member for the Consortium consisting of the City, NHSSF, Carrfour Supportive Housing (Carrfour), Little Haiti Housing Association (LHHA), Opa-locka Community Development Corporation (OLCDC), St. John Community Development Corporation (SJCDC) and the Urban League of Greater Miami (ULGM).

The Consortium is targeting the completion of 1,255 units of rental and homeownership housing, with potential to roll over funds to an additional 116 units, in census tracts with the greatest need in the cities of Miami Gardens, North Miami, North Miami Beach and Opa-locka, the neighborhoods of Liberty City, Little Haiti, Little River and Overtown in the City of Miami and the neighborhoods of Brownsville, Model City/Liberty City and West Little River in unincorporated Miami-Dade County. The Consortium has identified census tracts to more specifically define the targeted neighborhoods. Consistent with the purposes of the NSP program, these are neighborhoods that are in decline (or further decline) due to the negative effects of a high number and percentage of homes that have been foreclosed upon.

The Consortium agreement provides for NHSSF as Lead Member to act in a representative capacity for all Consortium Members and assume overall responsibility for ensuring that the NSP2 program is carried out in compliance with all NSP2 requirements and pursuant to the NSP2 Application. The Members agree that they will cooperatively carry out the NSP2 Program Requirements. NHSSF as the Lead Member is the direct grant recipient and has entered into Consortium Funding Agreements with the Non-Profit Consortium Members and the City. The Miami-Dade NSP Consortium established a committee consisting of one senior staff person from each Member to assist with administration of the NSP2 Program. The Committee reviews and recommends decisions, such as the acquisition of properties, to NHSSF as Lead Member. Ultimate responsibility rests with NHSSF.

NHSSF will use Housing Developer Pro to provide consistent specifications and pricing for all rehabs completed with the NSP program. The construction management process will be both digital and online, including specifications, scopes of work, bid packages, bid submissions, payment processing, and change order processing. NHSSF along with Carrfour, LHHA, OLCDC and SJCDC will purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. ULGM and SJCDC will redevelop demolished or vacant properties as housing. While the tenure and type of housing developed by each member will depend on available properties, NHSSF, LHHA and OLCDC will look to acquire and rehabilitate housing for homeownership. Carrfour, OLCDC and SJCDC will look to acquire and rehabilitate rental housing and ULGM and SJCDC will look to develop new construction, rental housing.

In order to meet the obligations required as Lead Member, NHSSF hired an experienced program manager, who is a dedicated project management professional with solid experience analyzing systems and processes and establishing project scope, milestones, and products in time-critical environments. The program manager will use these skills to help NHSSF navigate the NHP2 program in order for NHSSF to proficiently lead the NSP2 project lifecycle, from initial engagement to project planning to testing and solution delivery.

Of the 1,255 units of rental and homeownership housing the Consortium is targeting to complete with NSP funds in the targeted geographic area, the Consortium expects that

540 units will be the purchase and rehabilitation of units for rental housing and 290 will be the purchase and rehabilitation of units for homeownership using an average of \$66,000 NSP per unit, and 425 units will be new construction rental on redeveloped demolished or vacant properties using an average of \$61,400 NSP per unit. With an average \$20,000 per unit of the homeownership funds rolling over, the Consortium expects to complete a potential additional 116 homeownership units.

This significant federal funding award will impact each of NHSSF's lines of business. Beyond meeting the production objectives of the NSP2 funding, NHSSF is committed to ensuring that this significant NSP2 award has real and measurable impact in "stabilization" of communities in Miami-Dade County. In the Community Building and Organizing line of business section of this plan this commitment and approach is described in detail.

Home Ownership Promotion Services

As the housing mortgage crisis has gripped South Florida's market, NHSSF's Home Ownership Promotion Services have adjusted to accommodate the increasing demand for foreclosure intervention services by fully "spinning off" foreclosure service in the Home Ownership Preservation line of business with its own manager. This has allowed the Home Ownership Promotion Service to focus once again on preparing buyers for successful homeownership through a comprehensive education program coupled with one-on-one, counseling and matching buyers with appropriate financing. The housing mortgage crisis, housing market crash and the national recession have impacted NHSSF's ability to assist new home buyers. In 2007, NHSSF assisted 216 new buyers and by 2009 this number dropped to 98 new home buyers. During FY2010, NHSSF assisted 334 buyers; the increase in new home buyers is due to our expanded reach into Broward County and the availability of NSP1 subsidies in several municipalities.

In 2011 and 2012, the Home Ownership Promotion Department will focus more on the conversion rate of HBE graduates into home buyers. To do this, we will focus on holding the HBE classes in areas where NSP2 activity is taking place and where there is a higher likelihood that the attendees of the HBE will go on to become counseling clients and become mortgage ready. We have therefore lowered our expectation of the number of attendees of these classes while raising the conversion rate of homebuyers.

NHSSF believes that home ownership promotion is a central tool in achieving our mission and we are eagerly positioning this line of business to respond to emerging opportunities in the "post foreclosure" southern Florida market. This includes the addition of Financial Fitness classes, working closely with NSP funded buyers and moving into on-line homebuyer education training services through eHome America. As a NeighborWorks® Home Ownership Center and certified Full-Cycle Lendersm, NHSSF offers homeownership training and products that represent all phases of the Full-Cycle Lendingsm system. Full-Cycle Lendingsm services are: targeted community revitalization, pre-purchase homebuyer education, flexible loan products, property

services, and post-purchase counseling and education. Elements of the Full-Cycle Lendingsm system that are included in the Homeownership Education and Counseling line of business include: Pre-Purchase Education, Post Purchase Education and Facilitated Purchase Mortgages.

Our class room training and one-on-one counseling sessions are available at our Miami and Broward offices and through various partnerships with our community partners. NHSSF uses “The Road to Homeownership” from AIG American Insurance Guaranty for its pre-purchase curriculum. The training is an eight-hour course that covers issues on budgeting, working with real estate professionals, how a mortgage is processed and touches on post-purchase issues. NHSSF holds 2 English classes each month, 2 Spanish classes each month, and one Creole class each month. Also, special sessions are created and offered in conjunction with special events such as home-buying fairs and NSP 1 programs that require home buyer education.

In the coming year NHSSF anticipates using eHome America to expand our home buyer education services. Developed by CVC, a nonprofit agency in Kentucky to reach a broader service area, eHome America is a web-based homebuyer education tool based on NeighborWorks America’s curriculum “Realizing The American Dream”. It uses videos, quizzes and tests to assist learning. NHSSF can join eHome America providing access to the on-line, web-based education to our customers while setting up a fee structure that works for NHSSF and our customers. We anticipate that this service will allow us to expand our target market to younger home buyers, at modest income levels and reach further into the Broward and southern Miami-Dade communities that have been challenged by our current office locations.

NHSSF has transitioned to CounselorMax to track our Home Ownership Promotion customers.

Staffing:

Director of Home Ownership Promotion – Jackie Duran

Assistant Director of Home Ownership Promotion – Armando Loo

NHSSF Miami-Dade Office: 4 Education/Counseling people; 1 intake Counselor

NHSSF Broward Office: 1 Education/Counseling people; 1 intake Counselor

Areas of focus for FY2010 - FY2011:

- Contract with eHome America, determine fee structure(s), and launch marketing campaign to attract customers to the service.
- Continue to leverage NSP programs that require Home Buyer Education and Counseling.
- Identify new sponsors to cover material costs for class room training.
- Develop relationships with new mortgage lending partners to whom we can partner to provide mortgage ready buyers for a counseling or technical assistance fee.
- Shift marketing efforts to attract customers to NHSSF education programs that are potential buyers of homes being developed by NHSSF including the NSP2 homes.

Production Goals:

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Total New Buyers	98	334	400	450
Homebuyer Education Training Graduates	929	1850	1500	1600
Facilitated Financing by other lenders	57	42	31	235
NHSSF originated, processed and funded	41	20	n/a	n/a
NHSSF originated, processed, funded/table-funded	n/a	n/a	231	235
Financial Fitness Classes	203	245	250	280
Post Purchase Classes	24	35	40	60

Miami-Dade County and Broward County Split

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
	MD Co Broward Co.			
Total New Buyers	91	267	320	360
	7	67	80	90
Homebuyer Education Training Graduates	817	1480	1150	1200
	112	370	350	400
Facilitated Financing by other lenders	50	33	162	165
	7	9	69	70
NHSSF originated, processed and funded	41	20	n/a	n/a
	0	0		
NHSSF originated, processed, funded/table-funded	n/a	n/a	162	165
			69	70
Financial Fitness Classes	101	120	125	120
	102	125	125	160
Post Purchase Classes	24	25	30	40
	0	10	10	20

Home Ownership Preservation Services

Home Ownership Preservation Services continue to be focused on foreclosure avoidance. Prior to October 2007, NHSSF did little to no foreclosure avoidance counseling yet since

that time the demand for such services has exploded in southern Florida. NHSSF has worked hard to create responsive systems to help meet the needs of families facing dire financial and housing circumstances. It is important to note that people coming to NHSSF for foreclosure intervention services are mostly not the people whom NHSSF assisted in becoming homeowners. In the less than 3 years that NHSSF has been doing foreclosure intervention, approximately 2230 households have come through the door (Fannie Mae MHC has processed 1200 households since February), 2000 (460 for MHC) have received counseling and 525 (230 for MHC) have reached a “successful foreclosure prevention outcome.”

Several changes have occurred at NHSSF over the past year to allow for more foreclosure-related programming, including the separation the Departments of Home Ownership Preservation and Home Ownership Promotion Services. Each department has a full-time manager and dedicated staff. In addition, NHSSF partnered with Fannie Mae to launch the first Fannie Mae Mortgage Help Center (MHC) in the country on February 8, 2010. Fannie Mae is estimated to hold 25 percent of the home mortgages in South Florida, giving the partnership great potential to make a considerable impact in the regional market. The Fannie Mae MHC assists clients with Fannie Mae-owned loans avoid foreclosure. The Center is a separate facility staffed by NHSSF employees working directly with borrowers and servicers under the auspices of Fannie Mae. Through these efforts, NHSSF can now offer foreclosure prevention services in three locations: the Miami office, Broward office and the Fannie Mae Mortgage Help Center in Miami. Lastly, NHSSF provides phone-based counseling and referrals through the national HOPE Network, a toll-free hotline to link households to HUD-certified housing counselors.

Customers access NHSSF services by calling, emailing or walking-in to one of the offices. NHSSF contact information is distributed via websites for NHSSF and the Fannie Mae MHC, referrals from municipalities and public officials, local public outreach efforts, and word of mouth. NHSSF participates in local radio and TV programming, serving as foreclosure prevention experts during live ‘call-in’ sessions for families facing foreclosure. Additionally, the Fannie Mae MHC conducts direct outreach campaigns to Fannie Mae borrowers within South Florida who are over 30 days delinquent.

The Fannie Mae Mortgage Help Center is unique from the NHSSF’s Department of Home Ownership Preservation. Through Fannie Mae, the Center has service level agreements with four mortgage servicers: GMAC, Chase, SunTrust and Citi Mortgage. These agreements require that the servicers adhere to strict turnaround timelines for modification applications and allow direct-line access to servicers. In exchange, the Center commits to provide complete borrower modification packages, timely follow up for any missing documentation, and counseling clients on the workout option provided. All MHC clients must be considered for workouts according to the Fannie Mae Hierarchy, including the Making Home Affordable Modification Program (HAMP), traditional modifications, forbearances, repayment plans, short sale, and Deed in Lieu.

Since the Fannie Mae Mortgage Help Center opened, a variety of direct outreach campaigns have been implemented. Typically, Fannie Mae partners with a servicer to identify Fannie Mae loans within a geographic area and meeting certain delinquency criteria. These borrowers are contacted through direct calls, letters, and door knocking campaigns. The MHC also hosts single servicer events which bring borrowers identified by the servicer to the Center during a designated week. One campaign, where GMAC set up appointments using auto-scheduling system to set up appointments during one week yielded a 20 percent response rate to 1,500 letters. Borrowers also come to the MHC through referrals from Fannie Mae's Housing and Community Development Department and the general Fannie Mae website and customer service help desk, 1-800-7Fannie. Similar to the NHSSF team at the Fannie Mae Mortgage Help Center, Housing Counselors at NHSSF's Department of Home Ownership Preservation provide guidance and advice on budgeting and negotiate directly with lenders to assist trouble homeowners. Successful foreclosure outcomes include: special forbearance agreements, loan modifications, repayment plans, deed in lieu of foreclosure, or short sales. Sometimes a reverse mortgage can be used to assist a homeowner. NHSSF has one full time Foreclosure Specialist that focuses on reverse mortgage options for older homeowners.

Foreclosure prevention resources and programs continue to evolve. In the first quarter of FY2011, NHSSF was approved by the Board of Directors of Florida Housing Finance Corporation (FHFC) as one of three providers of counseling service state wide for the Hardest Hit program in our market. The program is slated to begin at the end of the second quarter of FY2011 for the actual submission of clients to receive the program benefits, which include then payment of up to 9 months of mortgage payments for borrowers who are unemployed or underemployed. Other benefits may include funds for principal reduction for borrowers who have been delinquent due to unemployment after they secure a job and are able to resume making mortgage payments.

Also in the first quarter of FY2011, NHSSF was selected by the American Arbitration Association, who has won the foreclosure mediation contract for the 17th district court which covers Broward County, to be one of the foreclosure counseling providers for the owner-occupied foreclosure cases in the courts. As of July 2010, the 17th district requires that all owner occupied cases go through mediation prior to any foreclosure judgment. As of the beginning of FY2011, there are over 60,000 cases in backlog for foreclosure in Broward County and an additional 15,000 per month added to the list. In addition, the AAA serves several other Florida counties and is working with FNMA on possible pre-judgment mediation contract for 250,000 Florida residents.

NHSSF was anticipating foreclosure levels in South Florida to continue to increase for another year before peaking and then falling off. This prediction was based on the existence of a backlog of delinquent buyers that lenders have not yet pursued and increases in strategic defaulters. Increases in foreclosures may also occur as households fall out of temporary retention solutions, such as the Making Home Affordable (HAMP) Trial Modifications and short-term forbearance plans. Recent results show many HAMP trials are not converting to permanent modifications. Reasons include differences

between stated and verified income, properties failing the Net Present Value test for HAMP, and continued loss of income and unemployment in the current economic conditions. ARM resets are not anticipated to be as big a problem in the near future. Yet, despite all these indications that foreclosure avoidance services will still be needed, the current year customer levels have begun to fall quickly. It is unclear why this is happening and NHSSF is not sure if there will be another uptick in service or if this is an indication that homeowners are no longer in need of this assistance. The projected levels of service take these conditions into consideration and the organization will continue to monitor counselor caseloads closely.

Staffing:

Director of Home Ownership Preservation – Reg Froese

Counseling Services Manager, The Mortgage Help Center – Angelica Vasquez

NHSSF Miami-Dade Office: 2 Foreclosure Specialists; 1 intake Counselor

NHSSF Broward Office: 1 Foreclosure Specialists; 1 intake Counselor

The Mortgage Help Center: 4 Foreclosure Housing Counseling Specialists; 2 intake Counselors; 1 Administrative Assistant

Areas of focus for FY2011 - FY2012:

- Decreasing timeframes from borrower contact with NHSSF to submission of completed workout file to servicer, and from submission to servicer to workout solution offering.
- Home Counselor On-Line is the program that Fannie Mae has set-up for the Center and it does not communicate with Counselor Max which is what the NHSSF uses. This means that so far NHSSF has not been able to report the Center's productivity numbers to NeighborWorks America and the National Foreclosure Mitigation Counseling (NFMC) program so they have not been able to be paid through NFMC for the work that the Center is doing. They are working with Fannie Mae to work out a system so these numbers can be reported to FNMC.
- NHSSF will work on techniques to improve productivity through technology such as using the HOPE loan portal, scanning foreclosure documents rather than photo copying and having hard copy files and sharing contact information so emailing can fax directly to servicers.
- Fannie Mae has been a great partner in the Mortgage Help Center. NHSSF wants to increase the value of this partnership for both Fannie Mae and NHSSF. This needs to include increasing NHSSF' profile in the Center daily activity and outreach efforts. Co-branding materials, joint media efforts, and increasing referrals will help maximize the partnership.
- NHSSF wants to consider efficiency and customer service adjustments internally such as using a "customer service center" approach for answering general questions for current customers so that processors do not have to answer all the customer questions during the processes.
- NHSSF wants to institute some sort of follow up with foreclosures "successes" at 3-6-12 month points to make sure the solutions are really working for the home owners. This may include tracking re-defaults. The Fannie Mae Center is also discussing this type of follow up on clients to gauge long-term success and re-default rates.

- Increase awareness of other NHSSF services with foreclosure customers. All foreclosure prevention customers that have over 55% Debt to Income ratio are referred to NHSSF's Financial Fitness program.
- Increase outreach and awareness of foreclosure scams to prevent future problems for vulnerable borrowers. Flyers for The Loan Modification Scam Prevention Network and PreventLoanScams.org have been included in the Fannie Mae MHC borrower package. During the counseling sessions, Housing Counselors ask borrowers if they have paid for but not received modification servicers. The Housing Counselors then assist the borrowers in completing the networks forms to report the fraudulent activity.
- It is very challenging for Foreclosure counselors to stay abreast of the constantly changing programs and new programs emerging to assist delinquent borrowers. The Fannie Mae MHC is developing a continuing education program with Fannie Mae to provide updates on new programs and changes to existing programs.
- Servicers are not "investing" in the systems necessary to deal with foreclosure intervention strategies because the assumption is that this phase will pass, they do not see the bigger picture of how investing in this as a customer service strategy may have a payback in the future.
- NACA events in South Florida often increase the volume of calls and counseling at all NHSSF offices due to the publicity and large crowds, however NACA rarely provides the follow up assistance required to ensure a successful workout solution is achieved. These clients contact the Department of Home Ownership Preservation and the Fannie Mae Mortgage Help Center requesting assistance, however, NACA's exclusivity contract with servicers make it nearly impossible for NHSSF to intercede on the borrower's behalf. For NHSSF to work on the file, the customer must sign a release form extinguishing their application with NACA. This further stresses the homeowner while also deeming NHSSF ineligible for Level 1 and Level 2 National Foreclosure Mitigation Counseling (NFMC) funding.

Production Goals:

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Successful Foreclosure Avoidance Outcomes	198	518	670	268
Counseling	1068	1286	1300	520
Foreclosure Intakes	1,342	1644	1650	660

Miami-Dade County and Broward County Split

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
	MD Co Broward Co.	MD Co Broward Co. FNMA MHC	MD Co Broward Co. FNMA MHC Other Co.	MD Co Broward Co. FNMA MHC Other Co.
Successful Foreclosure Avoidance Outcomes	146 52	143 141	150 145	60 58

		331	350 25	140 10
Counseling	719	553	385	154
	349	400	255	102
		668	510	204
			150	60
Foreclosure Intakes	904	550	400	160
	438	407	400	160
		668	650	260
			200	80

Lending and Loan Portfolio Management

NHSSF lending is closely tied to our Full Cycle Lendingsm system. NHSSF loan products are flexible to meet the needs of customers and have an impact in neighborhoods. NHSSF is a licensed Mortgage Lender in Florida and a certified Community Development Financial Institution (CDFI). Most of NHSSF loans have been subordinated mortgages, leveraging traditional lender partners' first mortgages.

Since FY2007, NHSSF lending has diminished considerably. In that year NHSSF processed and originated 121 loans including 13 NHSSF funded first mortgages. Clearly the housing market collapse, the mortgage lending market crisis and banking regulatory upheaval has all impacted NHSSF's ability to lend. The first mortgage lending partnership with HSBC ended in fall of 2009. The NHSSF secondary market Neighborhood Housing Services of America (NHS) was both a buyer of NHSSF second mortgages and NHSSF partner lender first mortgages, went out of business in early 2010.

NHSSF is working on new initiatives locally as well as participating in two efforts through the Southern District of NeighborWorks® America. The two NeighborWorks® America efforts include a subscription loan pool and an affiliate branch mortgage operation. These two initiatives work hand-in-hand with the intent of providing NeighborWorks® Organizations (NWO) access to capital for mortgage lending as well as a streamlined mortgage lending operation. In early planning documents, the affiliate branch mortgage operation is described as a central entity created by NeighborWorks® America that would be licensed to originate mortgage loans nationally. NWOs would become affiliate lenders to obtain access to lending products, capital and regulatory compliance and reporting support.

NHSSF will apply for membership to the Federal Home Loan Bank now that recent regulations have allowed for CDFI membership. This will allow for direct application to the FHLB for its AHP funds, First Home Club funds, and CIP funds. We have submitted an application to join Opportunity Finance Network (OFN) to access lending capital and other resources.

First Mortgage Lending:

Partner Mortgages – NHSSF is in conversation with several potential lending partners including credit unions, banks, and nontraditional lenders. An application to become a correspondent originator with a national bank subsidiary is currently pending. If approved, this will provide immediate funding availability to originate conventional as well as FHA and VA loans. Florida Housing Finance Corporation will open their 2011 application period sometime in the fourth quarter of 2010 and NHSSF will submit an application to become an approved lender for their First Time Homebuyer Program (the Bond Program). In September 2010, NHSSF anticipates holding a session, hosted by several banking regulatory agencies, to introduce partner lending opportunities to a variety of lenders which may yield additional lending relationships.

Leveraged Second Mortgage Lending:

Miami-Dade County Second Mortgages – NHSSF also takes applications and processes second mortgage loans for Miami-Dade County Department of Housing and Community Development (HCD). This product allows for zero to three percent interest rate for households below 80 percent AMI, which means it is attractive to our very low-income customers. The resources for these loans are limited and most of what is available is targeted toward NSP borrowers.

Miami-Dade Economic Advocacy Trust (MDEAT) – These deferred loans are used with many current NHSSF borrowers. NHSSF processes the files and submits the request, and MDEAT underwrites the application and releases the funding to the closing agent. The program continues to be extremely challenging to work with due to cycles in funding and slow processing times.

City Government Deferred Loans – A variety of local municipalities have deferred loan programs to help first time, low-income home buyers. When a customer is buying in a municipality with such a program, NHSSF assists the buyer access the funds. Locations with programs (when funding is available) include: City of Miami, City of North Miami, City of Hialeah, and City of Miami Gardens. NHSSF is working on creating additional municipal level partnerships such as these in Broward County as well.

Staffing:

Director of Lending – Martha Garcia

Loan Operations Specialist – Dana Gruenert

Areas of focus for FY2011 & FY2012:

- Expanding geographic areas of focus for lending including Southern Miami-Dade County and Broward County.
- Work with NSP program efforts to be the lender of choice for buyers.
- Work with NeighborWorks America's Southern District's efforts to establish a net branch mortgage effort and create a lending pool.
- Better use of CounselorMax for lending documents and the integration other software such as Loan Prospector and Encompass 360.

Production Goals --

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
NHSSF originated, processed & funded	19	17	n/a	n/a
NHSSF processed & originated	22	35	n/a	n/a
NHSSF originated, processed, funded/table-funded	n/a	n/a	231	235

Miami-Dade County and Broward County Split

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
	MD Co Broward Co.	MD Co Broward Co.	MD Co Broward Co.	MD Co Broward Co.
NHSSF originated, processed & funded	19 0	16 1	n/a	n/a
NHSSF processed & originated	22 0	35 0	n/a	n/a
NHSSF originated, processed, funded/table-funded	n/a	n/a	173 58	175 60

Loan Portfolio Management

Delinquency rates have greatly increased during FY 2009 and FY 2010. Property values declined during these periods and borrowers have diminished interest in maintaining their current mortgage payments, therefore prompting strategic defaults. Unemployment has also impacted homeowners' ability to repay mortgage loans. Because of decreased property values, homeowners are unable to refinance or sell their homes and many have elected to affect "short sales" or allow the lender to foreclose. In some cases, borrowers have declared bankruptcy which greatly jeopardizes our second position mortgage. None of the portfolio mortgages have been "stripped" during FY2010 but it could be a concern for FY 2011.

The current servicing software is NoteSmith which allows for tracking loan payments, managing escrow accounts, handling IRS paperwork and printing coupon books and receipts. Aging reports are created on the 8th of each month which allows for immediate follow-up with customers who appear to be late. On the 17th of each month another aging report is printed to determine borrowers who are delinquent. The software also allows for tracking multiple loan fund investors. The loan portfolio is analyzed monthly as to performance and reports are provided to the Loan Committee. End of FY 2010 the delinquency rate was 19.52% of portfolio value and 17.86% based on number of loans.

Because of property value decline, NHSSF has elected not to pursue foreclosure remedies on second mortgages which have defaulted. A loan modification program was implemented which has allowed borrowers to maintain their properties while NHSSF protects its interest by capitalizing the amounts in arrears. This revised servicing plan has been approved by the Loan Committee.

NHSSF has never reported manner of payment on the loan portfolio to the credit repositories. As of September 2010, NHSSF will begin reporting to the credit repositories the payment histories of borrowers.

Real Estate Development

Since FY07 NHSSF has undertaken real estate development efforts through a joint venture, NHS Housing Development LLC. David Harder, Director of Construction, is a licensed General Contractor with nearly 30 years of construction experience including extensive work in the nonprofit development arena. The development plan for each proposed project consists of two parts; a narrative and a pro-forma development budget.

As discussed earlier in this plan, the \$89 Million NSP2 award in Miami-Dade County will greatly impact NHSSF's real estate development activities over the next three years. NHSSF's responsibility as a consortium member of the NSP2 award is to purchase and rehabilitate 112 residential housing units in properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. The whole consortium is committed to completing 1,255 residential housing units for homeownership or rental housing.

In addition to NSP2 funded development, NHSSF continues to actively develop housing through the BAND efforts with NSP1 in Broward County which will develop a total of 117 units of acquisition-rehab-sale housing when completed.

With the increased capacity that NHS Housing Development LLC will amass to take on these NSP activities, NHSSF anticipates the ability to undertake non-NSP funded acquisition-rehab-sale units in FY2012. Given the current market conditions in South Florida and the NHSSF desire to increased strategic, targeted neighborhood impact, it is anticipated that opportunities for non-NSP eligible projects will emerge. These projects be chosen and developed in cases where such activity can boost earned income, increase neighborhood impact and sustain capacity within the LLC.

For several years now NHSSF has been committed to increasing the energy efficiency and green standards of the homes built and rehabilitated. The NSP2 award further committed NHSSF to these standards. New construction and gut rehabilitation activities will exceed the Energy Star for New Homes standard. NHSSF provides consistent green rehabilitation of the homes by performing an energy audit prior to the development of a scope of work for each rehab. NHS Housing Development LLC staff members are LEED Accredited Professional certified, Certified Energy Raters, and Certifying Agents

for the Florida Green Building Coalition. The energy audit enables customization of each rehab to increase the energy efficiency of the home. All rehab meets Florida Green Building Coalition Green Home certification standards which, in addition to addressing the same issues as national standards, address the specific climate conditions faced in South Florida's tropical environment. In addition, the following green features are included where appropriate: hurricane resistant windows and doors, white reflective roofing, secondary water barriers in roofing system, enhanced insulation, Energy Star appliances, no VOC paint, healthy/sustainable flooring, high-efficiency air conditioners, non-formaldehyde glues in cabinets and vanities, water saving fixtures, and Energy Star light fixtures. On average, these green features save homeowners 20 to 25 percent of their energy costs. In addition to the green rehab, standard rehab items will include: electrical system certification to code and or upgrade, plumbing system certification to code and or upgrade, new kitchen cabinets when needed, new flooring, interior and exterior painting.

NHSSF will be contracting with a local rental management company as the organization transitions into owning rental units. This firm will be one with experience and capacity to provide quality service to tenants as well as ensure NHSSF's assets are well cared for, contractual and regulatory obligations are met. NHSSF has in-house capacity to handle the accounting needs of asset management and reporting needs including NSP2 requirements.

Current Projects:

- ***DuPuis Pointe subdivision*** – The vacant land for this subdivision of 27 single-family homes was purchased from another nonprofit developer. The infrastructure is now in place for the development and the sites are NSP2 eligible. The County will also be providing second mortgage funds for these homes. DuPuis Point is also part of the NHSSF targeted approach in the Brownsville neighborhood.
- ***Brownsville Lots***- NHSSF has four vacant lots in Brownsville which will be developed after the DuPuis Point subdivision is completed.
- ***Rio Palma in Little Havana*** – This 18 unit residential condo-conversion was purchased from another nonprofit housing Developer. This will be developed as rental housing.
- ***Villa Jardin 2 in Little Havana*** – This 6 unit was originally intended to be a condo-conversion to be developed in partnership with Little Haiti Housing Association. Site control has been secured although the site is not yet owned by NHSSF Housing Development, LLC. Given the market and neighborhood challenges this will be developed as rental with NSP2 funds.
- ***BAND*** – NHSSF is a lead partner with the Broward County based partnership of CDCs known as BAND. Through NSP1 funds, BAND has acquired 40 single-family homes which are under construction and has more in the pipeline for acquisition and rehab. These will all be homeownership units.

Personnel through NHS Housing Development LLC:

Project/Construction Manager – David Harder
 Housing Development Specialist – Steve Compas
 Project Manager – Joseph Henry
 Special Project Coordinator – Terry Finseth
 Housing Inspector – Margo Morgan

Areas of focus for FY2011 & FY2012:

- Complete current pipeline projects.
- Meet development goals of NSP2

Production Goals

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
New Homes Built	5	2	5	22
SF Acquisition-Rehab-Resale	1	0	45	48
Small Multi-Family Rental (Units)	n/a	0	18	6
BAND NSP1	n/a	7	80	30

Miami-Dade County & Broward County Split

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
	MD Co Broward Co.	MD Co Broward Co.	MD Co Broward Co.	MD Co Broward Co.
New Homes Built	5 0	2 0	5 0	22 0
SF Acquisition-Rehab-Resale	1 0	0 0	45 0	48 0
Small Multi-Family Rental (Units)	n/a	0 0	18 0	6 0
BAND NSP1	n/a n/a	n/a 7	n/a 80	n/a 30

Real Estate Acquisition & Sales

Late in FY08 NHSSF created Homeownership Realty LLC (HR) in order to focus on the sales of homes developed by the NHS Housing Development LLC. Upon inception HR was envisioned as growing through a three pronged approach, starting with selling NHS Housing Development LLC developed homes as a priority, then branching into

opportunities arising with the foreclosure crisis such as short sales and REO properties, and finally, moving into a full service real estate brokerage.

HR always included a focus on linking real estate services with NHSSF's mission which means services focus on home buyer success and readiness, locations that are underserved and home buyers that are often underserved.

The real estate and lending market turbulence that occurred in south Florida as HR launched proved challenging for this new venture and early productivity numbers were lower than desired. As NHSSF pushes into the new NSP2 funding and as new market opportunities arise, HR is poised for increased productivity. Leading the way is newly hired Real Estate Sales Manager Colin Cochrane who will be primarily responsible for managing the sales operation.

HR will have two roles moving forward: the acquisition of REO property for the NSP2 development activities and homes sales to NHSSF and NSP2 customers.

Acquisition

HR will engage a minimum of three licensed real estate sales associates as independent contractors to acquire NSP2 eligible properties for NHSSF in Miami-Dade County. These associates will be compensated \$1500 per closed acquisition that meets NHSSF's guidelines. HR will not share a split on this compensation. We will engage associates familiar with the target area and knowledgeable of the property values within these communities. To achieve the NSP2 goal of 89 REO acquisitions in a 12 month period, our HR acquisition sales team will be targeting three acquisitions each per month (3 agents x 3 REO/month x 12 months = 108 units).

NHSSF and HR have initiated relationships and intend to find REO properties through:

- National Community Stabilization Trust (NCST) first look at REO properties owned by major lenders such as Chase, Bank of America, Deutsch, etc.
- REO Clearinghouse First Look and preferred status with lenders or services that have not signed on with NCST
- MLS (HR is a member of the MLS and has 24/7 access to the MLS listings of all REO and short sale properties that qualify for NSP2 acquisition, as well as other general real estate listings)
- HUD/Prescient/FDIC
- Foreclosure Auctions
- Short Sale Acquisition

Sales

A second team of sales agents will serve as "buyers' agents" for the existing pipeline of NHSSF educated buyers and upcoming NHSSF/NSP buyers, both in Miami-Dade and Broward Counties. As buyers' agents, the sales agents will assist the NHSSF customers in finding housing opportunities that meet the buyers' goals within their income and borrowing capacities. For access to the NHSSF pipeline of prequalified and mortgage ready buyers, the agents will be compensated 70% of a commission with 30% retained by HR. Typically, the NHSSF clients are first-time buyers or those buyers who seek

subsidies to complete a transaction; these tend to be more complex than conventional residential real estate transactions. This is a specialty as the agent becomes expert in buyer assistance programs.

Homeownership LLC anticipate engaging a total of 8 sales agents: 6 to be located in the office in North Miami, 3 to handle REO acquisition, 3 to serve as buyers’ agents; and 2 Broward based buyers’ agents. NHSSF invested start-up capital in Homeownership LLC which allowed for them to set up office space in North Miami and hire paid staff including one full-time assistant providing research and one sales manager. The licensed broker and accounting services are provided through NHSSF.

Staffing:

- Real Estate Sales Manager** – Suzanne Weiss
- Real Estate Broker** – Suzanne Weiss
- Real Estate Transaction Coordinator** – to be hired
- Commissioned Real Estate Sales Associates**

Areas of focus for FY2011 & FY2012:

- Staffing the sales force.
- Website and social media development.
- Improving lead generation capture and conversion systems of NHSSF clients and securing down payment assistance and financing opportunities.
- Implementation of a Customer Relation Management (CRM) database and software.
- Creation of a sales and marketing plan.

Production Goals

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Foreclosure/Short Sales Full Commission	0	0	n/a	n/a
Foreclosure/Short Sales Split Commission	2	4	36	30
Other Sales Split Commission	0	16	52	75
NHSSF Housing Development LLC Sales	5	1	5	10
NSP2 Acquisitions	n/a	n/a	45	48
NSP2 Sales	n/a	n/a	25	65

Miami-Dade County & Broward County Split

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
	MD Co Broward Co.	MD Co Broward Co.	MD Co Broward Co.	MD Co Broward Co.
Foreclosure/Short Sales Full Commission	0 0	0 0	n/a	n/a
Foreclosure/Short Sales Split Commission	2 0	3 1	20 16	18 12
Other Sales Split Commission	0 0	14 2	30 22	40 35
NHSSF Housing Development LLC Sales	5 0	1 0	5 0	10 0
NSP2 Acquisitions	n/a	n/a	45 0	45 0
NSP2 Sales	n/a	n/a	25 0	65 0

Community Building and Organizing

NHSSF achieves community level outcomes through a targeted neighborhood revitalization effort. By selecting smaller, more concentrated geographic areas in which to focus services, and working closely with area residents and other stakeholders, NHSSF can achieve revitalized neighborhoods where residents choose to invest their time, money and energy in the management of neighborhood assets. Staffing this community building and organizing line of business has been challenging given the difficulty in finding dedicated funding for such efforts.

For several years NHSSF has been working in the Brownsville neighborhood and with some of its surrounding areas on a targeted revitalization effort. This work has included several volunteer home paint and repair blitzes, homebuyer education classes held in the neighborhood, and working with neighborhood leaders on revitalization planning and formal leadership training efforts. In 2006, baseline data was collected using the Success Measures community measurement tools, which included a door-to-door resident survey and physical neighborhood conditions assessment. However, despite these efforts, NHSSF's community development and organizing abilities have not been developed to their full capacity yet.

As NHSSF begins FY2011 several opportunities are present which will allow NHSSF to regain some focus and momentum in the community development and organizing line of business. Through the NSP2 award that NHSSF has been awarded, NHSSF has been

able to recommit to a focused neighborhood revitalization strategy. The federal NSP program was established for the purpose of stabilizing communities that have suffered from the effects of foreclosures and abandonment through the purchase and redevelopment of these foreclosed and abandoned residential properties.

NHSSF is aware that for true stabilization to occur in Miami-Dade County communities several elements must be in place alongside the efforts of rehabbing and reoccupying abandoned properties. Multiple coordinated neighborhood revitalization strategies will be required that will likely require more investment and action than what NSP2 eligible projects and activities will cover. Neighborhood stabilization efforts need to include projects that:

- are geographically focused;
- engage residents in revitalization efforts in a way that allows for them to drive and manage neighborhood change into the future;
- include strategies that take into account market dynamics, neighborhood image and physical conditions.

Along with the Brownsville neighborhood and its surrounding areas, NHSSF will take on additional targeted neighborhoods in Miami-Dade County for its revitalization efforts over the next three to five years. Specifically, two or three neighborhoods will be the targeted focus of NHSSF's NSP2-related neighborhood revitalization work over the next three years. The Community Development and Organizing team will work together with residents in target neighborhoods to develop strategic approaches for revitalization that move the neighborhood toward resident-desired outcomes.

In the first part of FY2011, NHSSF will use secondary data to create a neighborhood housing market typology for all of Miami-Dade County. It is anticipated that county's neighborhoods will be categorized using 3-5 neighborhood typologies, covering a spectrum of neighborhood market stability levels. This typology will be used to select which neighborhoods within the NSP2 grant area will be targeted for investment and revitalization efforts. Strategic approaches appropriate for the various market conditions identified through these typologies will be considered, which will help guide the acquisition priorities for NSP2-funded projects. The Real Estate Sales and Real Estate Development staff members will work closely with the Community Development and Organizing staff to implement the overlay of market typologies, strategic approaches and NSP2 investment efforts.

Once the appropriate neighborhoods are selected based on investment-ready market typologies, strategic investment approaches will be developed and NHSSF will undertake primary data collection in these targeted neighborhoods. This primary data collection will also be done using the Success Measures tools developed for stabilization efforts, and will include resident surveys, parcel and block physical condition observations and key informant interviews. These primary data will be analyzed, interpreted and then used in neighborhood-based planning sessions involving residents to define specific outcomes and to lay the ground for strategy and programmatic choices in each neighborhood.

Staffing:

Director, Neighborhood Revitalization Planner – Benji Power

Community Initiatives Coordinator – Kamalah Fletcher

Community Liaisons – 2 volunteer staff (AmeriCorps/VISTA & Public Ally)

Areas of focus for FY2011 & FY2012:

- Hire VISTA and Public Allies staff members as Community Liaisons and integrate them into the community development and organizing efforts.
- Provide training and orientation to all four staff members on NHSSF's approach to stabilization, Success Measures and on NeighborWorks America's training on neighborhood revitalization strategies.
- Integrate the GIS technologies into NHSSF efforts across Community Development and Organizing, Real Estate Sales and Real Estate Development lines of business.
- Identify secondary data needs for development of the neighborhood market typologies and then for on-going mapping analysis needs.
- Identify target neighborhoods for NSP2 neighborhood revitalization work, and establish strategic partnerships with Community Based Organizations in these neighborhoods.
- Provide Real Estate Sales and Real Estate Development teams with training and education necessary to be able to work with target neighborhoods.
- Support the Real Estate Sales team with their property analysis, selection, and acquisition process within the targeted NSP2 neighborhoods.
- Setup opportunities for Homebuyer Education, Homeownership Orientation, and Post-purchase programs to be offered within the target communities.
- Provide Leadership Training sessions within target neighborhoods.
- Identify community partnerships and funding sources that can be combined and leveraged together with NSP2 residential redevelopment projects in target neighborhoods to develop other neighborhood revitalization projects.
- Track the impact of neighborhood revitalization work through the use of Success Measures tools.
- Plan and execute Paint Day.
- Identify policy issue that is affecting target neighborhoods and plan advocacy and action efforts targeted at creating change.
- Develop neighborhood marketing campaign strategy and implement marketing campaigns for target NSP2 neighborhoods.

Production Goals

	Historical		Projected	
	FY2009	FY2010	FY2011	FY2012
Total new NHSSF-assisted homeowners in Target Neighborhoods	3	7	30	60
Total NHSSF-rehabbed/new construction units in Target Neighborhoods	0	0	30	30
Leadership Training Sessions/ Graduates	3/6	0	3/ 45	5/ 75
Homeownership orientation sessions held in Target Neighborhoods	8	9	2	4
Homebuyer education sessions held in Target Neighborhoods	2	0	3	6
Home improvement projects (Paint Day, landscaping, etc.)	8	7	15	30
Community development policy issue advocacy efforts	n/a	n/a	1	1
Target Neighborhood marketing campaigns	n/a	n/a	1	3
Jobs created in Target Neighborhoods	n/a	n/a	90	150
Volunteers recruited	n/a	n/a	100	200
Neighborhoods surveyed	n/a	n/a	3	3
Post-purchase programs in target neighborhoods	n/a	n/a	1	2

Part IV: Finances & Resource Development

Operations

NHSSF uses a Professional Employer Organization (PEO). In a co-employment contract, the PEO becomes the employer of record for tax and insurance purposes, filing paperwork under its own identification numbers. This has allowed NHSSF to offer enhanced benefits to employees while ensuring all tax and insurance requirements are satisfied.

Accounting continues to be done in-house through tracking and posting accounts receivable and payable on a weekly basis. The CFO is responsible for:

- Financial management such as preparation and monitoring of budgets, financial statements; investment management; and financial analysis and projections.
- Maintaining our cost-accounting system.
- Information technology management includes management reports, billboards and key indicators.
- Working with the board Treasurer and the Finance & Audit committee providing financial information including cash flow projections for NHSSF and all the subsidiary corporations.

During the past year, NHSSF's insurance policies were reviewed for adequate coverage. The organization is now appropriately insured with the following types of policies in place:

- Surety/Fiduciary Bond
- Building General Liability
- Business Interruption Income
- Flood
- Directors & Officers Liability
- Workers Compensation
- Professional Liability - HBE
- Foreclosure Counseling
- Professional Liability - Mortgage
- Banker/Broker
- Professional Liability - Realtors

Information Technology

Accomplishments

- The Nstep software from NeighborWorks® America used by the homeownership education and home retention programs has been replaced with CounselorMax.

This new software has been provided to all NWOs in the nation and it has the advantage of being a web based service application that provides improved data control therefore minimizing reporting errors. With CounselorMax NHSSF does not need to rely on a local SQL database in a local server, all the data is secured and controlled off-site by NeighborWorks.

- NHSSF will now be able to review outcome measurement results to improve product delivery. The data collected with new programmatic software like CounselorMax, and Encompass, will help NHSSF develop systems of reporting that will positively affect daily operations and increase productivity.
- With the new reporting and compliance requirements that are inherent in the NSP2 award, NHSSF has purchase Community Central software. This will allow the organization to meet HUD guidelines; it generates DRGR HUD dollar tracking and insures proper documentation and reporting.
- The use of electronic documents is now part of daily operations. A new electronic fax delivery and e-filing system has been integrated in the NHSSF computer network. This gives staff the opportunity to manage documents electronically.
- MIP Accounting software is now in use which provides superior financial tracking and reporting for NHSSF; it tracks each corporate subsidiary separately, produces budget to actual reports and monthly cash flow reports among other things.
- NHSSF has begun shoring-up data security efforts and safeguarding data loss by going to off-site data hosting with two recent software purchases – accounting software and NSP2 reporting software Community Central.

Future Goals

- NHSSF will continue to develop, coordinate, and define ways that electronic and information technology business strategies can assist in the daily operations more effectively and efficiently in order to improve services to clients. On-Line Service Delivery Methods for all services provided are being explored. The idea of going to greater use of web-based services, including developing on-line assistance for customers of our Homebuyers Education and Homeownership Retention programs, will assist in reducing overhead costs as well as increasing the convenience to NHSSF customers.
- Planning and development will continue to support the safety of NHSSF data and the assurance of non-interrupted operations in the event of an emergency is a priority. The next phase will include creating a mirror image of the server hosted at a centralized, off-site location.
- NHSSF looks forward to work with NeighborWorks® America to encourage partners to take on roles in developing the infrastructure necessary to deliver the following services electronically: Classroom Training—Pre-Purchase Training & Post-Purchase Training, One-on-One Counseling Purchase, and Facilitated Financing.
- Electronic imaging of documents will become more instituted in NHSSF efforts as the organization moves toward becoming “paperless”.

- Two software needs that NHSSF will fill in the coming year include an individual donor software to support fundraising goals and CRM software to better manage customer contacts. The CRM software will be piloted with the Homeownership Realty LLC subsidiary.

Staffing:

Chief Financial Officer: Antoinette Patterson

Senior Accountant: Ludlow Gordon

NSP2 Senior Accountant: Marcia Mack

Bookkeeper & IT: Eli Matos

Bookkeeper & Office Manager: Rosa Urrea

NSP2 Bookkeeper: to be hired

Revenue Generation

The NHSSF board of director's Resource Development Committee has created a work plan with board approval to increase the financial resources available to NHSSF. As NHSSF has grown in the last two years, cash and capital have been used to their fullest. The board with the assistance of the committee and senior staff is undertaking the following:

National Networking and Relationship Management

Nonprofit capital markets look to national networks to identify viable opportunities. For example, the John D. and Catherine T. MacArthur Foundation recently used a Program Related Investment (PRI) Makers Network member, the Community Foundation, to pass granted funds to an Opportunity Finance Network member, the Florida Community Loan Fund (FCLF). FCLF received the funds as a below market loan rather than a grant and funds are restricted to northern Florida counties. We want NHSSF's campaign on a national network list. As a CDFI, NHSSF has applied for membership in the Opportunity Finance Network. The NHSSF prospectus must be marketed to national intermediaries that match funders to investments such as the PRI Makers Network, the Community Capital Fund, and the Nonprofit Finance Fund. The composition of banks in our market has changed due to recent mergers, acquisitions, and institution failures.

The NHSSF Resource Development Committee has been engaged in an assessment of needs related to continuous funding and revenue generation to carry out our South Florida mission. We know it is important to evaluate our weaknesses as well as our strengths to achieve an understanding of the actions required to move forward and provide a sufficient level of comfort to our future investors. It is crucial that NHSSF has access to all possible financial resources as it takes on the financial challenges associated with the important work of empowering community stabilization.

Prospectus – NHSSF will secure professional writing support to prepare a prospectus, including legal and regulatory review of the proposed investment instruments and the

proper accounting controls for same. The prospectus must establish a value proposition for each of our funding sources as well as non-financial partners, identify potential investors or donors and their options to support NHSSF, and clearly outline the pros and cons of each resource development option and its cost and outcomes. The prospectus will include an expansion of the following items.

Short Term Capital Goal – NHSSF needs an immediate infusion of capital to enhance liquidity and stabilize our financial portfolio. Liquidity is vital to our ability to attract grants and investment to achieve our outcomes and carry out our neighborhood stabilization activities. We will raise new capital in FY 2011, and place three months of operating cash in an interest bearing time deposit to be held as an operating reserve. In a second phase, we will expand the initiative on a permanent basis to continually grow our level of reserves and equity capital.

Investment Campaign – NHSSF will secure assistance in implementing a mission-related investment campaign. Varying slightly from program-related investments, mission-related investments match money to the broader mission of an organization, encompassing all business activities rather than a specific activity. These investments could include individual donor gifts, pledged certificates of deposit, equity grants, equity equivalent instruments (EQ2), letters of credit to serve as guarantees, etc. This would encompass a four-pronged approach to foundations, financial institutions, individual donors, and celebrities and sports figures. We will include only those avenues that we are fully committed to and can define measurable outcomes that we expect to achieve.

Financial Support to Access the CDFI Capital Magnet Fund – The Housing and Economic Recovery Act of 2008 (HERA) created the Capital Magnet Fund and charged the US Treasury’s CDFI Fund with implementation and administration authority. HERA also provides that Community Development Financial Institutions (CDFIs) would now become eligible to join Federal Home Loan Banks. The opportunities here are twofold. NHSSF will apply for membership with the Federal Home Loan Bank of Atlanta, which will give us direct access to FHLB to the Affordable Housing Program (AHP) and the Community Investment Program (CIP) to provide low cost investment funding for defined community activities. Being a member of the FHLB would provide a number of financial products and grants to NHSSF and its customers.

CDFI Fund Capital Magnet applications – The inaugural 2010 application round made \$80 million in grant funds available that may be used for loan loss reserves, technical assistance and loan programs. Awards will be based on meritorious proposals with scoring for impacts achieved, with leveraging up to five times the requested funding, in addition to the minimum prudent standards test. We must adapt our procedures to include collection of the data metrics necessary to readily monitor, analyze and report on the impacts achieved for each of our business lines. This will provide considerable improvement in our ability to compete.

Transformational Funding Investment – NHSSF will engage a consultant to conduct a SEGUE equity capital campaign. “SEGUE” is an equity raising method that takes its

name from the verb definition: transition without pause. SEGUEs are designed for established and experienced nonprofits that have sustainable business plans and are going through transformational growth, calling for a minimum of \$5 million and up to \$30 million of investment.

Branding Campaign – Funding successes and failures are largely communication successes and failures. We will increase awareness of the NHSSF brand – getting our name, logo and story out through frequent press releases. These releases will tell our most inspiring stories and communicate both needs and successes, all while sharing gratitude with our supporters. Branding is also done through our website (www.nhssf.org) and through social marketing. We are upgrading our website and adding some aspects of social marketing. We will develop a “30 second” elevator speech about what we do and deliver these talking points to our board and staff. Our unique and interesting logo will be present on every communication and displayed vividly at every worksite. We will maximize the public relations value of:

- Our lead agency role in the \$89 million HUD NSPII award, the largest single grant to a local nonprofit in NSPII, and
- Our role in creating and managing the Fannie Mae Mortgage Help Center in Miami, the first such center in the country.

Staffing:

Chief Development Officer: Mia Batlle

Executive Assistant to the President/CEO: Nicolle Cano

Part V: Risks, Assumptions, & Contingencies

All operating plans are based on projections and assumptions about the future. Ultimately, many aspects of the future are out of our control, which means that plans need to change and adapt as time goes on. Given an inherent consistency of change, there are a few specific risks and assumptions that we recognize will greatly influence our ability to be successful with our planned activities. These are outlined below:

NSP2 obligations – The size and significance of the NSP2 award puts significant pressure on NHSSF to meet the contractual requirements. This is a risk for NHSSF and therefore is a primary focus of the organization in the coming three years. There are many issues such as:

- securing sufficient financing through lines-of-credit for purchasing properties;
- finding enough eligible properties to buy and develop (for NHSSF and for the whole Consortium) and being able to compete successfully with investor buyers;
- very tight time lines for meeting deadlines for project funding commitments;
- a myriad of collaborative relationships that are required to keep the Consortium operating smoothly.

Continued market degradation – The housing and mortgage market volatility and degradation is a risk for the work of NHSSF. It impacts NHSSF's ability to raise funds, make loans, undertake real estate development, buy/sell homes and stabilize community. Essentially, it impacts all facets of NHSSF's business.

Managing rapid growth – Managing NHSSF's rapid growth continues to be a challenge for the organization. With the addition of the NSP2 award, NHSSF's staff has grown rapidly again. This type of rapid growth puts pressure on maintaining adequate cash flow and sufficient office space.

Part VI: Appendix

Included in this document:

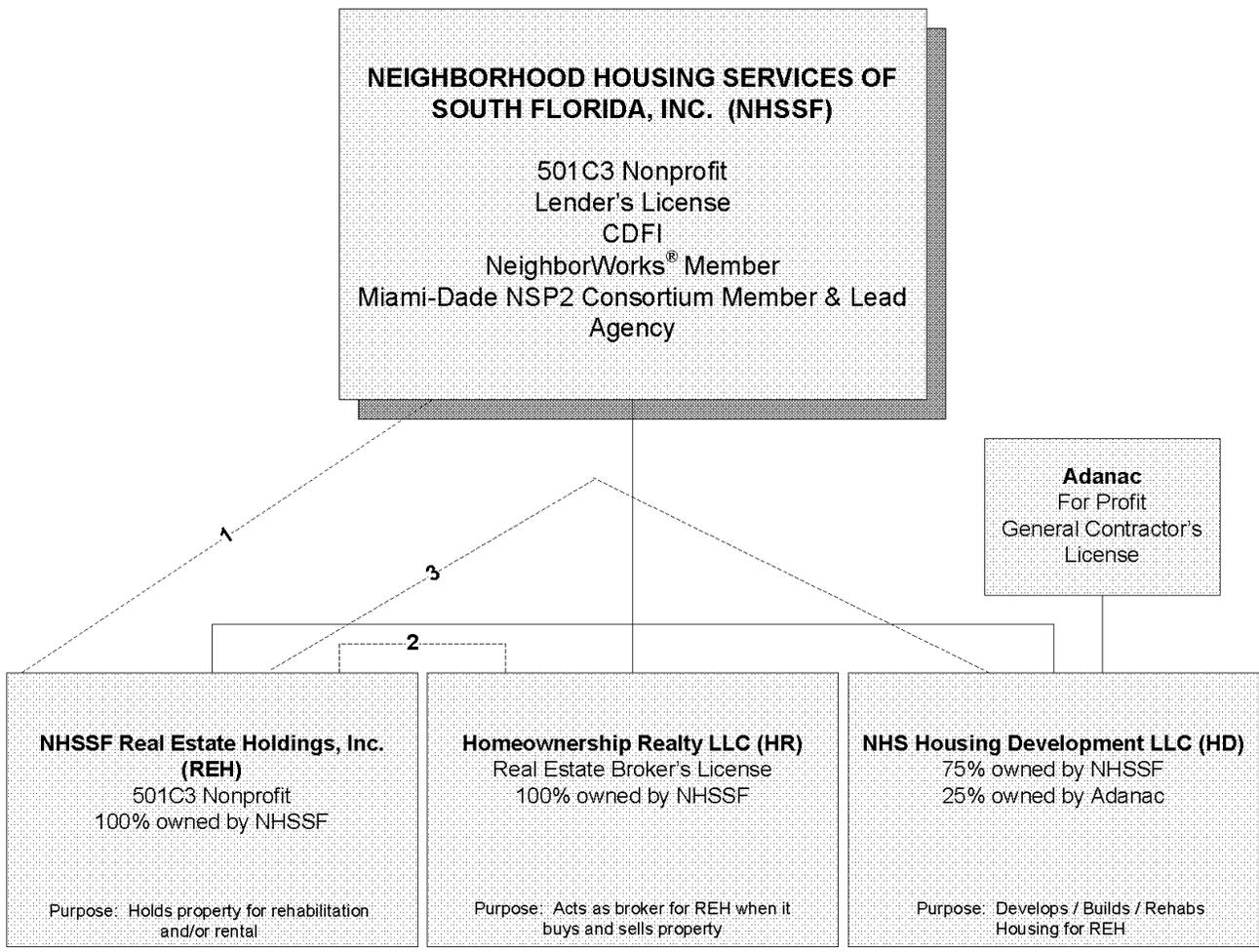
NHSSF Corporation Relationships Chart
NHSSF Board of Directors, 2010
NHSSF Committees, 2010

Attachments to this document:

Projected FY11 Operating Budget
Actual FY10 Operating Budget with actual to budget
Projected FY11 Line of Business Budget
Actual FY10 Line of Business Budget
Financial Statements – Balance Sheet and Income Statement as of June 30, 2010

Separate documents available upon request:

Governance Policies
Loan Underwriting Guidelines
Loan Servicing and Collections Policies
Portfolio Management Plan
Success Measures Evaluation Plan
NSP2 Consortium Application and Project Plan



Notes:

1. REH agrees to buy REOs for NHSSF using NSP2 funds.
2. HR is the real estate agent for many of REH's purchases and sales.
3. HD is contracted by REH to develop, build, and/or rehab properties owned by REH

NHSSF Board of Directors 2011

- Patricia Algaze, Citi, *Chair*
- Stanley Remy Joseph, SRJ Construction Corporation, *Vice-Chair*
- Dennis Rodrigues, Coral Gables Congregational Church, *Treasurer*
- Beverly Kovach, Mercantil Commercebank, *Secretary*
- George Acevedo, Chase
- Rev. Willie Duckworth, Emmanuel Church of God-in-Christ (COGIC) of Florida
- Emilio D. Fernandez, CitiMortgage,
- Marie Brea Hyppolite, First Business Consulting, Inc.
- Eric Johnson, Metro Miami Economic Advocacy Trust
- Tony Prado, The Hamilton Group, Inc.
- Luldina Quiñónez, Bimbo Bakeries, USA
- Mildred Reynolds, Broward County Housing Finance & Community Dev. Division
- Freddy Scott, Black Bidy, Inc
- Leo Toca, Wells Fargo

NHSSF Committees

NHSSF has five committees appointed by the board with specific charges to carry out and authority to use funds and staff as assigned by the board on a case-by-case basis.

Board Development Committee: Board members understand and manage board terms, nominations, and voting processes according to policy. New board members invited and oriented to the board. All board members actively involved in board meetings and board retreat.

Finance and Audit Committee: Committee members knowledgeable about organizational financial affairs; monitoring organizational financial health; reviewing annual audit reports with auditor and following up on the implementation of corrective action if needed. Committee members that report to and guide the board in providing governance to help NHSSF achieve the performance needed to attain an “Exemplary” rating.

Loan Committee: NHSSF originates and services loans according to stated, board-approved policy; and NHSSF carries out lending and loan servicing in a timely manner within professional licensing requirements.

Resource Development Committee: All Board members will actively seek potential donors to move NHSSF toward a goal of self sufficiency and seek donors and volunteers to assist in beautification/special projects. The residents of southeast Florida will benefit from the information, education, and services provided by NHSSF resulting in additional working capital.

NSP Committee: NHSSF builds or rehabs and sells or rents residential housing units according to stated, board-approved policy; and NHSSF housing development and real estate sales in a timely manner within professional licensing requirements.