

Guide for Review of NSP-1 Program Progress			
Name of Program Participant:			
Staff Consulted:			
Activity Name, Number and Brief Description:			
Name(s) of Reviewer(s):		Date	<input type="checkbox"/> Limited Review <input type="checkbox"/> In-depth Review

NOTE: All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). If the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding**."

Instructions: Use this Exhibit for a review of the program participant's Neighborhood Stabilization Program 1 (NSP-1) program progress. One Exhibit is to be completed for each Program Participant. This Exhibit is divided into six sections: NSP-Specific Financial Management; Purchase and Resale of Properties; Initial Successor – Tenant's Rights Documentation; Demolition and NSP-Eligible Uses; Program Income; and Summary. It is to be used in conjunction with the applicable exhibits that are contained in the following chapters of this Handbook: Chapter 3, *Community Development Block Grant (CDBG) Entitlement, Small Cities, Nonentitlement CDBG Grants in Hawaii, and Insular Areas Programs*; Chapter 4, *State Community Development Block Grant (CDBG) Program*; Chapter 21, *Environmental Monitoring*; Chapter 23, *Labor Standards Administration*; Chapter 24, *Lead-Based Paint Compliance*; Chapter 25, *Relocation and Real Property Acquisition*; and other chapters with its accompanying exhibits that the reviewer believes are necessary in ensuring grantee compliance. It is important to note that the NSP falls under the same guidelines as the regular CDBG program, with some additional requirements, thresholds, and tests that are unique to its program design, as outlined in the "Notice of Allocations, Applications Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008" (73 Fed. Reg. 58330, October 6, 2008), and the "Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008; Revisions to Neighborhood Stabilization Program (NSP) and Technical Corrections" (74 Fed. Reg. 29223, June 19, 2009).

Questions:

A. NSP- SPECIFIC FINANCIAL MANAGEMENT

1.

Does the program participant have any pre-award costs that have been reimbursed by NSP administration and planning funds? [73 Fed. Reg. 58335, II.C]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion:	

2.

Have the administrative costs occurred after 09/29/08 (Secretary signed, effective start date of NSP) and are these costs eligible? [73 Fed. Reg. 58335, II.C]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion:	

3.

a. Does the program participant have any pre-award project specific costs that have been reimbursed by NSP funds? [73 Fed. Reg. 58335, II.C]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion:	

b. If the answer to “a” above is “yes,” have the activity-specific costs occurred after the NSP plan was received by HUD and an environmental release was received, or the responsible entity has determined that the cost is exempt from environmental review or is categorically excluded from NEPA review and not subject to review under related environmental authorities, and are these costs eligible? [73 Fed. Reg. 58335, II.C]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion:	

4.

a. Has the program participant made any audits or on-site reviews of subrecipients? (NOTE: Applies to both State and Entitlement grantees.) [73 Fed. Reg. 58335, II.G.1]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion:	

b. If the answer to “a” above is “yes,” have there been any compliance issues that have arisen and are these compliance issues documented accordingly? [73 Fed. Reg. 58335, II.G.1]	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A
Describe Basis for Conclusion:	

5.

<p>Has the program participant stayed within the 10 percent limitation, on the grant as a whole, for general administration, technical assistance, and planning activities (for the duration of the grant, which is 4 years from when HUD signed the grant agreement)? [73 Fed. Reg. 58335, II.H.4]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

6.

<p>Has the program participant stayed within this same 10 percent limitation for all program income that was earned (for the duration of the grant, which is 4 years from when HUD signed the grant agreement)? [73 Fed. Reg. 58335, II.H.4]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

7.

<p>Is the program participant on track with meeting the 18-month NSP funds use requirement? (NOTE: For the statutory 18-month use period, “accounting records and DRGR information must reflect outlays (expenditures) and unliquidated obligations for approved activities that, in the aggregate, are at least equal to the NSP allocation.” The DRGR system collects information on expenditures and obligations.) [73 Fed. Reg. 58340, II.M.1]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

8.

<p>Is the program participant on track with meeting the 4-year original allocation expenditure deadline? [73 Fed. Reg. 58335, II.M.2]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

9.

<p>Is the program participant meeting the requirement that “not less than 25 percent of any NSP grant shall be used for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income?” [73 Fed. Reg. 58336, II.E.2. as amended at 74 Fed. Reg. 29225]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

10.

<p>If the program participant has received a reallocation of funds (excluding program income), is it on track with meeting the 25 percent requirement for those at or below 50 percent LMI housing set-aside, as described in question 9 above? [73 Fed. Reg. 58336, II.E.2. as amended at 74 Fed. Reg. 29225]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

B. PURCHASE AND RESALE OF PROPERTIES

11.

<p>Has the program participant purchased its properties with a minimum of a 1 percent per property discount, from the current market appraised value? (NOTE: “The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer; provided, however, if the anticipated value of the proposed acquisition is estimated at \$25,000 or less, the current market appraised value of the property may be established by a valuation of the property that is based on a review of available data and is made by a person the grantee determines is qualified to make the valuation.”) [73 Fed. Reg. 58342, II.Q.1. and 3. as amended at 74 Fed. Reg. 29225]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

12.

<p>Has the program participant “provide[d] NSP funds to another party to finance an acquisition of tax foreclosed (or any other) properties from itself, other than to pay necessary and reasonable costs related to the appraisal and transfer of title”?</p> <p>[73 Fed. Reg. 58342, II.Q.2. as amended at 74 Fed. Reg. 29225]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

13.

<p>Has the program participant paid “necessary and reasonable costs related to the appraisal and transfer of title” on any properties it owns, while being “conveyed to a subrecipient, homebuyer, developer, or other jurisdiction?”</p> <p>(NOTE: If these costs have been paid with NSP funds, “the property is NSP-assisted and subject to all program requirements, such as requirements for NSP-eligible use and benefit to income-qualified persons.”)</p> <p>[73 Fed. Reg. 58342, II.Q.2. as amended at 74 Fed. Reg. 29225]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

14.

<p>Has the program participant ensured that homes or residential properties that have been sold to an individual as a primary residence is “in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition”? (Sales and closing costs are eligible NSP redevelopment or rehabilitation costs.)</p> <p>(NOTE: “[T]he maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property.”)</p> <p>[73 Fed. Reg. 58338-9, II.J.1. and 2. as amended at 74 Fed. Reg. 29228]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

C. INITIAL SUCCESSOR – TENANT’S RIGHTS DOCUMENTATION

15.

<p>Has the program participant “document[ed] its efforts to ensure that the initial successor in interest in a foreclosed upon dwelling or residential real property (typically, the initial successor in interest in property acquired through foreclosure is the lender or trustee for holders of obligations secured by mortgage liens) has provided <i>bona fide</i> tenants with the notice and other protections outlined in the Recovery Act”? (NOTE: <i>Bona fide</i> tenants must be given a 90-day notice to vacate.) [73 Fed. Reg. 58339, K. as amended at 74 Fed. Reg. 29226, E]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes	No	N/A
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Yes	No	N/A					
<p>Describe Basis for Conclusion:</p>							

16.

<p>a. Has the program participant been involved in the purchase of a property involving <i>bona fide</i> tenants? (NOTE: “Grantees are cautioned that NSP funds may not be used to finance the acquisition of property from the initial successor in interest that failed to comply with applicable requirements unless it assumes the obligations of such initial successor in interest with respect to <i>bona fide</i> tenants. Grantees who elect to assume such obligations are reminded that tenants displaced as a result of the NSP funded acquisition are entitled to the benefits outlined in 24 CFR 570.606, Section K, Acquisition and Relocation, on page 58339 of the October 6, 2008 notice as amended by...” the June 19, 2009 notice.) [73 Fed. Reg. 58339, K. as amended at 74 Fed. Reg. 29226, E]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes	No	N/A
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Yes	No	N/A					
<p>Describe Basis for Conclusion:</p>							

<p>b. If the answer to “a” above is “yes,” has a 90-day notice to vacate been provided to <i>bona fide</i> tenants that were either under a lease that was signed before the notice, or without a lease, or a lease that is terminable at will under State law? (NOTE: Either of these two circumstances may apply – 1. “Under any <i>bona fide</i> lease entered into before the notice of foreclosure to occupy the premises until the end of the remaining terms of the lease, except</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Yes	No	N/A					

<p>that a successor in interest may terminate a lease effective on the date of sale of the unit to a purchaser who will occupy the unit as a primary residence, subject to the receipt of the 90-day notice;" 2. "[W]ithout a lease or with a lease that is terminable at will under the State law, subject to the receipt by the tenant of the 90-day notice... except that nothing ... shall affect the requirements for termination of any Federal- or State- subsidized tenancy or of any State or local law that provides longer time periods or other additional protections for tenants.")</p> <p>[73 Fed. Reg. 58339, K. as amended at 74 Fed. Reg. 29226, E]</p>	
<p>Describe Basis for Conclusion:</p>	

<p>c. If the answer to "a" above is "yes," is the <i>bona fide</i> tenant "a recipient of assistance under section 8 of the United States Housing act of 1937 (42 U.S.C. 1437f) (the "Section 8 Program") resid[ing] at the time of foreclosure?"</p> <p>(NOTE: "[T]he initial successor to the lease and to the housing assistance payments contract for the occupied unit." <u>See:</u> 74 Fed. Reg. 29226, E.2.b., for the details involving "Section 8 Program" tenants.)</p> <p>[73 Fed. Reg. 58339, K. as amended at 74 Fed. Reg. 29226, E]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Yes	No	N/A					
<p>Describe Basis for Conclusion:</p>							

D. DEMOLITION AND NSP-ELIGIBLE USES

17.

<p>a. Does the program participant have any activities covered under NSP-eligible uses (D) or (E), where demolition is involved?</p> <p>[73 Fed. Reg. 58338, Table as amended at 74 Fed. Reg. 29228]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Yes	No	N/A					
<p>Describe Basis for Conclusion:</p>							

<p>b. If the answer to “a” above is “yes,” has the program participant determined an end use for all demolished properties, as appropriate for the national objective? [73 Fed. Reg. 58338, II.H.1-3. as amended at 74 Fed. Reg. 29228]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

18.

<p>Has the program participant only carried out activities that are in conjunction with the NSP-eligible uses and correlated eligible activities from the CDBG entitlement regulations table that is found in the Jun 19, 2009 notice? [73 Fed. Reg. 58338, II.H. as amended at 74 Fed. Reg. 29227-8]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

19.

<p>Has the program participant applied for, received, and carried out any activities covered under an official waiver? [73 Fed. Reg. 58338, II.H. as amended at 74 Fed. Reg. 29227-8]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

E. PROGRAM INCOME

20.

<p>a. Is the program participant expecting to, or has received, any program income from any of its NSP-assisted activities? NOTE: “Revenue (i.e., gross income) received by a state, unit of general local government, or subrecipient (as defined at 24 CFR 570.500(c)) that is directly generated from the use of CDBG funds (which term includes NSP grant funds) constitutes CDBG program income. To ensure consistency of treatment of such program income, the definition of program income at 24 CFR 570.500(a) shall be applied to amounts received by states, units of general local government, and subrecipients.” [73 Fed. Reg. 58340, N. as amended at 74 Fed. Reg. 29224-5]</p>	<p><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Yes No N/A</p>
<p>Describe Basis for Conclusion:</p>	

<p>b. If the answer to “a” above is “yes,” has “all program income...be[en] disbursed for eligible NSP activities before additional cash withdrawals...[were] made from the U.S. Treasury? [73 Fed. Reg. 58340, N. as amended at 74 Fed. Reg. 29224-5]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Yes	No	N/A					

Describe Basis for Conclusion:

<p>c. If the answer to “a” above is “yes,” has the program participant “incorporate[d] in subrecipient agreements such provision as are necessary to ensure compliance with the...[NSP program income] requirements?” [73 Fed. Reg. 58340, N. as amended at 74 Fed. Reg. 29224-5]</p>	<table border="0"> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Yes</td> <td>No</td> <td>N/A</td> </tr> </table>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Yes	No	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Yes	No	N/A					

Describe Basis for Conclusion:

F. SUMMARY

21.

If the responses to any of the questions in this Exhibit indicate a need to go to another section of this Handbook for questions, or seek technical assistance or advice from another HUD staff person, please describe below.

Describe Basis for Conclusion: