



**TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS**
Building Homes. Strengthening Communities.

The Texas Neighborhood Stabilization Contract Management System Contract Set-up and Draw Process

The background of the slide features a soft-focus image of a residential scene. On the left, a portion of a red brick house with a white window is visible. The rest of the background is dominated by a large, golden-yellow field, possibly a field of tall grass or a field of grain, under a bright, hazy sky. The overall aesthetic is warm and natural.

Select Pool Subrecipients

- ❖ Select Pool Subrecipients
 - ❖ Contracts managed by TDRA Staff
 - ❖ Use TDHCA Contract Management System for Project Set-up and Draws
 - ❖ TDRA Staff will have access to TDHCA CMS to process and approve Set-ups and Draws

The background of the slide features a soft-focus image of a residential area. On the left, a portion of a red brick house with a white window is visible. To the right, there is a large, textured area that appears to be a field of tall grass or reeds, rendered in warm, golden-yellow tones. The overall aesthetic is bright and airy, with a light blue sky and white clouds in the upper portion of the image.

Terminology

- ❖ Activity or Project
 - ❖ A single housing unit or multifamily development
- ❖ Contract Administrator (CA)
 - ❖ The entity that will receive NSP funds. The CA is the organization not an individual
- ❖ Contractor
 - ❖ The Contractor is the same entity as the CA
 - ❖ The company performing rehab or construction is a vendor



Setups and Draw Requests

- ❖ **Setup** - Process for entering a specific address into the Contract Management System
 - ❖ Commits NSP funds for the project
- ❖ **Draw Request** - Process for requesting the transfer of funds
 - ❖ Reimburse eligible costs
 - ❖ Funds to be provided to Title for closing



Types of Costs

- ❖ Administrative
 - ❖ Not directly attributable to a specific Project
- ❖ Project
 - ❖ Directly attributable to a specific Project
- ❖ Flexible
 - ❖ May be submitted as either Administrative or Project costs



Administrative Costs

- ❖ Necessary and reasonable for administering the Contract, but are not directly attributable to a specific Project
 - ❖ Salaries and wages
 - ❖ Management and oversight
 - ❖ Outreach activities
 - ❖ Office supplies and/or equipment
 - ❖ Affirmative marketing for NSP-Assisted units
 - ❖ Tiered portion of Environmental Review



Project Costs

❖ Necessary and reasonable costs that are directly associated with a specific Project

❖ **Hard Costs**

- ❖ Acquisition
- ❖ Rehabilitation or construction
- ❖ Homebuyer Financing or Assistance

❖ **Soft Costs**

- ❖ Closing costs
- ❖ Legal and accounting fees
- ❖ Appraisals and surveys
- ❖ Inspections



Flexible Costs

- ❖ Certain costs may be charged as EITHER administrative OR soft costs
- ❖ Flexible costs include, but are not limited to:
 - ❖ Homebuyer Education
 - ❖ Application intake and processing
 - ❖ Credit reports
 - ❖ Documentation preparation
 - ❖ Inspections
 - ❖ Procurement

The background of the slide features a soft-focus image of a house with a red roof on the left and a field of tall grass or reeds on the right, under a bright sky with clouds. The overall color palette is warm and natural.

Flexible Cost Considerations

- ❖ Charging a flexible cost to a specific Project has implications
 - ❖ Project costs count toward maximum Activity Delivery percentage
 - ❖ If Project is not completed, all soft costs must be spread across allowable Activity Delivery percentage



Activity Delivery Costs

- ❖ Each Program Activity has a specific Activity Delivery Cost Limit
- ❖ Limit is calculated as a percentage of the total unit or property cost
 - ❖ Unit Cost = \$100,000
 - ❖ Activity Delivery Limit = 10%
 - ❖ Maximum Activity Delivery Amount = \$10,000



Activity Delivery Costs

❖ Activity Categories

- ❖ A – Financing Mechanisms: 10%
- ❖ B – Purchase and Rehabilitation: 20%
 - ❖ Purchase Only: 15%
- ❖ C – Land Bank: 20%
- ❖ D – Demolition: 5%
- ❖ E – Acquisition and Redevelopment: 20%



Support Documentation

- ❖ Paperwork must verify the data submitted for requests:
 - ❖ Setup
 - ❖ Loan document preparation
 - ❖ Disbursements
- ❖ Additional Support Documentation may be required
- ❖ Setups and Draw Requests will not be processed until complete Support Documentation has been received

The background of the slide features a soft-focus, painterly image of a residential scene. On the left, a portion of a red brick house with a white window is visible. The rest of the background is dominated by a large, golden-yellow field, possibly a field of tall grass or wheat, under a bright, hazy sky with some white clouds. The overall aesthetic is warm and somewhat abstract.

Support Documentation

- ❖ Third-party soft costs must be supported with adequate documentation:
 - ❖ Appraisals, if applicable
 - ❖ Title Reports and Title Commitments
 - ❖ Recording fees
 - ❖ Legal and accounting fees
- ❖ Provide documentation electronically
 - ❖ Attachment in contract management system



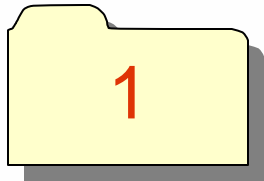
Texas NSP Documents and Records

The background of the slide features a soft-focus image of a residential scene. On the left, a portion of a red brick house with a white window frame is visible. To the right, a large, leafy tree with yellow and orange foliage suggests an autumn setting. The overall tone is warm and domestic.

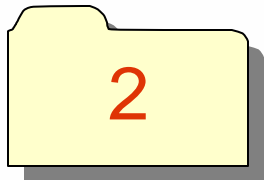
Recordkeeping Requirements

- ❖ Keep all NSP records at your regular place of business
- ❖ Keep all NSP records for five (5) years after contract has closed
- ❖ Keep all copies of all documents submitted to the State
- ❖ Files may be reviewed by the State, or by HUD

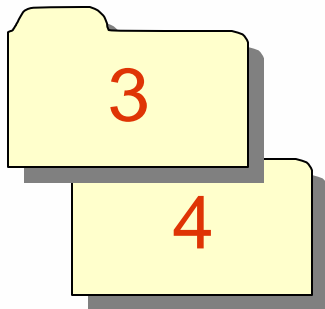
Create 3 Types of NSP Files



- ❖ Program File



- ❖ Project Files
 - ❖ Create a separate Project File for each address



- ❖ Environmental Review Records
 - ❖ Tiered
 - ❖ Each Activity



Program File

- ❖ Documents pertaining to the overall Contract
- ❖ Separate sections:
 - ❖ NSP Contract
 - ❖ Accounting records and receipts
 - ❖ Procurement documentation
 - ❖ Administrative Draw Requests
 - ❖ All other program-related documentation



Project Files

- ❖ Create a separate Project File for each address:
 - ❖ Retain all file contents in the order specified
 - ❖ State Forms
 - ❖ All support documentation obtained or provided during the Homebuyer or Tenant application intake process
 - ❖ All verification documentation and information used in the determination of the applicant's eligibility



Project Files

- ❖ Setup and Draw Request documentation
- ❖ All Support Documentation regarding the acquisition, rehabilitation/construction, application process
- ❖ Loan Closing documentation

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Environmental Review Record

- ❖ Create a single Environmental Review Record (ERR) for all documentation pertaining to the entire NSP Contract
 - ❖ Tiered Review
- ❖ Originals must be retained in the dedicated ERR file
- ❖ Copies of environmental clearance documentation may also be retained in Project Files

The background of the slide features a soft-focus, painterly image of a residential scene. On the left, a portion of a red brick house with a white window frame is visible. To the right, a wooden fence runs across the frame, with a large, textured pile of hay or straw behind it. The overall color palette is warm, dominated by yellows, oranges, and reds, with a bright, hazy sky in the background.

Use State Forms

- ❖ State forms must be used
 - ❖ You may use “custom” forms in addition to State forms if you prefer
- ❖ NSP Forms Library on TDHCA website



Texas NSP Contract Management System

A background image showing a portion of a red brick house on the left and a large, textured tree on the right, with a blue sky and white clouds in the center.

Access to Contract Management System

- ❖ Forms required
 - ❖ *Contract System Access Request Form (2.01)*
 - ❖ *Texas Application for Payee Identification Number (AP-152)*
 - ❖ *Vendor Direct Deposit Authorization (74-176)*
 - ❖ *Environmental Certification of Exemption*
 - ❖ Administrative activities only



Access to Contract Management System

- ❖ Setup Requests and Draw Requests require electronic data entry ***and then*** approval by 2 ***separate*** individuals:
 - ❖ 1st person enters the request data
 - ❖ 2nd person approves the request and submits for payment

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Access to Contract Management System

- ❖ Pending requests
 - ❖ Not approved or submitted by the CA
 - ❖ Not available on the NSP Program Specialist's notification screen for processing



Deficiencies

- ❖ Something is missing, incorrect, or incomplete
 - ❖ If documentation submitted with a Setup Request is deficient, it will be returned to the CA and Setup will be disapproved in the Contract System
 - ❖ Do NOT create a new Setup Request online. Correct the existing request and re-submit with the appropriate Support Documentation.

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Setup Requests

- ❖ Ensure that the project is ready for setup
 - ❖ Environmental clearance has been received
 - ❖ **All** eligibility factors have been verified and any title deficiencies resolved
- ❖ Submit with complete Support Documentation



Administrative Draws

- ❖ First Administrative Draw Request limited to 10% of the total administrative funds
 - ❖ \$25,000 Administrative funds = \$2,500 first draw
- ❖ Subsequent Administrative Draw Requests
 - ❖ Cumulative percentage of administrative draws may not exceed the percentage of Project funds drawn on the Contract
 - ❖ 50% of Project funds drawn = 50% of Administrative funds
- ❖ Attach support documents to draw request

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Project Draw Requests

- ❖ Directly associated with specific Project
 - ❖ Hard costs
 - ❖ Soft costs
- ❖ Enter request online at the Project level
- ❖ Attach support documents to draw request



Acquisition Draws

- ❖ Allow sufficient time for processing
- ❖ Submit with complete Support Documentation.
- ❖ Funds will not be released until all closing documents have been approved