

Supplement to the NSP Technical Manual – August 27, 2014

NSP1- Program Income Process - Project Commitment Contracts/Activity Setup/Draws

NOTE: These instructions are limited to the NSP1-Program Income Contracts executed in order to complete activities under the original NSP1 contracts.

In order for Contract Administrators to access Program Income funds for reimbursement of expenses after the NSP1 expenditure deadline on August 16, 2013, several steps must be completed.

Administrators eligible to receive Program Income will have received NSP1-Program Income Reservation Agreements, which provide access to Program Income funds for reimbursement of expenses incurred after August 16, 2013 for completion of homebuyer activities. The Reservation Agreements have attached, as Exhibit A, the form of Project Commitment Contract that will be used to commit funds to individual addresses. The Project Commitment Contract (Exhibit A) is the document that will obligate funds for reimbursement of expenses – without it the funds will not be contracted. NSP Program will prepare the Project Commitment Contract on properties that have sold to an eligible homebuyer once the following steps have been taken:

Steps to successfully access Program Income funds:

1. Project Commitment Contract

a. Prepare a summary report of all expenses incurred by address on or after August 17, 2013

i. Eligible expenses are limited to costs for TREC repairs, Homebuyer closing costs and activity delivery charges for things like utilities, mowing, insurance, etc.

ii. Administrative funds are not available under the PI Reservation. Administrators may charge items like salaries to activity delivery, if appropriate supporting documentation is available

1. Timesheets must record hours worked on the specific address

iii. An estimate of expenses that have not been invoiced may be added to the summary, for instance – if final utility bills haven't been received, add the estimated final cost to the summary

- b. Expenses must have been incurred after the expenditure deadline August 16, 2013, and may not extend past the homebuyer closing
 - i. Incurred means that goods were received, or services rendered, within those dates – it is not equivalent to the invoice date
- c. Provide the summary report to NSP, so that the Project Commitment can be prepared
 - i. NSP is not requiring a specific format for the summary. It is assumed that all of the NSP Administrators are able to produce a report from their accounting systems which includes
 - 1. Date of charge
 - 2. Payee
 - 3. Activity Address
 - 4. Amount
- d. NSP staff will complete the Project Commitment Contract, execute on our side & transmit to the Administrator via email. The Administrator will execute, scan and return via email.
- e. Upon receipt of a fully executed Project Commitment Contract, NSP staff will allocate funds to the PI Reservation Agreement in the Housing Contract System
 - i. Once funds are allocated to the contract, the activity budget can be completed & the activity submitted for NSP approval

2. PI Activity Setup

- a. A new Activity must be created for each address under the PI Reservation Agreement
 - i. The Activity Setup and approval process is basically the same as for the original NSP1 Contract
 - 1. Use the NSP Program Income Activity & Draw checklist
 - a. combines the activity setup & draws in one form

2. Attach the invoices and proof of payment that document the summary report provided earlier
 - a. Because the invoices will also be needed to document the draws, it will make sense to attach as one document rather than multiples
 - b. Careful organization of invoices and proof of payment will speed processing of activities and draws. Documents should be stacked and scanned in the order of the checklist, with the proof of payment immediately behind each invoice
3. Attach the executed Project Commitment Contract
4. Submit the Activity so that NSP staff will know that it's ready for review and approval
 - a. NSP staff will review the invoices & proof of payment to assure that reported costs are eligible
 - ii. Once the Activity is approved, the draw(s) may be submitted

3. PI Draws

- a. The PI Activities are limited to 2 draws
 - i. It is anticipated that the first draw will reimburse the majority, if not all, of the expenses for the activity
 - ii. Draws must be at least \$1,000.00 – unless the total activity budget is less than \$1,000 or it is the final draw for activity
- b. The PI Activity and Draw Checklist should be attached to the draw, along with the supporting invoices and proof of payment
- c. Submit the draw so that NSP staff will know it's ready for review and approval