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

1. Program File

2. Project Files
   - Create a separate Project File for each address

3. Environmental Review Records
   - Tiered
   - Each Activity
Documents pertaining to the overall Contract

Separate sections:

- NSP Contract
- Accounting records and receipts
- Procurement documentation
- Administrative Draw Requests
- All other program-related documentation
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
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
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
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
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.
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
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
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