Webinar Transcript: NSP Closeout – Special Topics and Post-Closeout Considerations
Thursday, May 1st, 2014
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Chandra: Good afternoon. My name is Chandra and I will be your conference operator today. At this time, I would like to welcome everyone to the NSP Closeout Webinar. All lines have been placed on a listen-only mode. Later, we will conduct an interactive question and answer session. If you would like to ask a question during that time simply press "*" and then the number "1" on your telephone keypad. You will hear a tone acknowledging your request and a prompt to record your name. If you would like to withdraw your question, please press "*" and then the number "2." I will now I would now like to turn the call over to your host, Jennifer Alpha. You may begin.

Jennifer Alpha: Thank you. Welcome everyone. This is the NSP Closeout Webinar on Special Topics and Post-Closeout Considerations. I am here today with Mary Paumen and Kathy Kaminski. We're all from TDA. And of course we've got the NSP crew, David Noguera, John Laswick, and Hunter Kurtz. This webinar is just one piece in a series of opportunities to learn about the closeout process. There have been a few resources that have preceded this webinar and we wanted to run through those today. On February 11th HUD released the Closeout Instructions Notice. And on the 25th there was a webinar to review the closeout steps. So if you weren't available for that webinar, you might want to go back and take a look at that to really understand the steps of closeout. Then just last week HUD released a Closeout Guide, which is a supplement to the Notice and it walks people through the different steps of closeout, as well as some tips on closeout and closeout examples. We did a webinar on that same day going over some information that grantees might use to begin the preparation of closeout and getting ready to start the process. Today's webinar is going to drill a little deeper into some special topics and get into some detail on post-closeout issues, but coming up in the future there'll be a lot more guidance on the closeout process, including a webinar on May 20th in which we'll focus on the PPR.

As I mentioned, the Closeout Guide was released on April 20th, and that document does supplement the Closeout Notices. The webinar that you'll hear today actually draws a lot of information from the Closeout Guide. But if you'd like more detail on any of the topics we talk about here today, you might want to take a look at the Guide because you'll find more information there. There are a lot more examples, tips and clarifications, as well as annotated versions of some of these on the closeout form. The Appendix of the Closeout Guide actually has a lot of really useful information that grant people use as they work through the closeout process. This Closeout Guide is a living document. It will be updated with addendums over time, as well as additional guidance such as webinars like these. For today's agenda we're going to talk about some strategies for spending down your line of credit. As you know, you'll need to spend down that line of credit before you can begin the closeout process. We'll also talk about some Post-Closeout considerations, including Program Income, Land Banks, and Reporting. Then we'll then move on to cover some topics that are really unique to just NSP2 and 3 Grantees, as well as some considerations that State Grantees need to make. With that, I'm going to turn it over to Mary Paumen and she'll get us started on our first topic.

Mary Paumen: Thank you Jennifer. I'm going to talk briefly about strategies for spending down your line of credit. As you know, one of the key things that you have to do before you close out either NSP1, 2, or 3, is basically spend the money in your line of credit, or accept the fact that if you have money left when you close out the money will be taken back by the Treasury. HUD would like for you to get as close as possible with rounding errors allowed. Let's just say you are down to your last five dollars, nobody's asking you to struggle to get there. So, we really just want to open up a dialogue about what you can do to get that money down from the Treasury and spent so that you can close out. That's the first criteria. Then you know of course that you have to meet a National Objective. You know that you have to meet the 25 percent requirement set-aside dollars for the low and moderate income individual. That you have spent and completed those projects where you have incurred expenditures with federal dollars, and that you meet all of the other regulatory requirements. The one we really want to talk about today is the issue that for so many grantees because you were fortunate enough to set up your program to create program income, you've got money that you have to spend before you can actually go back to your line of credit. As you all know, one of the suggestions has been folks using Revolving Loan Funds. What's a Revolving Loan Fund? Essentially it's a fund that you set up that helps you carry out a specific activity, whether its acquisition rehab or rehab-only fund, you're essentially taking an amount of money wherever you decide is necessary, pulling it down, putting it into a special bank account and using those dollars to fund that specific activity.

One of the reasons that we're telling you about this is because we really want you to use up your program income. You've got a half a million dollars in program income; you know that if you can't get that spent and moved, your check will go back to the Treasury. So take your program income and put it in a special Revolving Loan Fund. That narrows you down so that your next activity is up and your next bills can be spent out of the Treasury dollars. You can set up separate Revolving Loan Funds. Many of the states have quite a bit of income in their accounts right now, and may have significant dollars left in their line of credit. Think about - if you know that you're going to be funding in six areas of your state - setting up separate Revolving Loan Funds for each might give you an opportunity to use up more of your program income as it comes back in. So, think about the different ways that you want to do it, particularly if you have already made determinations about how you're going to disperse your program income back to some of the grantees in your state. Why are we suggesting this? Because you've got to get those line of credit funds spent. Everybody knows that program income must be spent in advance of your line of credit. The only way to get that program income cleared out without spending it on the regular invoices that are coming in to be spent is to set up a Revolving Loan Fund. You can't have a Revolving Loan Fund with your line of credit funds, except that there are some other exceptions. We can certainly talk about those if someone has an interest. You can ask some questions of HUD folks. But typically what we have seen people do, and have worked with some of the grantees on, is setting up a Revolving Loan Fund with your program income.

Tips to design it. Select an appropriate number of activities. It can't be all things to all people. What you're looking for when you're setting up the Revolving Loan Fund, say for acquisition and rehab, you should by now have a good sense of the kind of money that you'll be spending over time. So if you have a half a million dollars and you know that you can use that within a certain period of time, put five hundred thousand dollars from your program income into your Revolving Loan Fund and then use it from there. Clearly if you're California, you know that you're typically spending several hundred thousand dollars on properties that you acquired and rehabbed. If you're in the State of West Virginia it's a little different. As you start to think about this, think about how much money you really think you'd use over a specific period of time. And once again, remember there are no time limits here. Think about, as I said earlier, target areas. If you know that when you go back out to disperse your program income, you will be going back to some of the same grantees that you've given money to in your State, think about setting up that way. If you are a State Grantee that's running a program from your capital, think about setting up a Revolving Loan Fund for County A and a Revolving Loan Fund for County B. This is one way if you are able to do it and want to do it, you can move that program income out of your way so that you can get back to your line of credit to finally get it down to zero.

John Laswick: Mary, this is John. I have a couple of issues related to that. One is again that currently there is no deadline in the foreseeable future, so there isn't any rush to do this, but you certainly may want to keep your program moving. I just did a quick analysis and out of three hundred and seven NSP1 Grantees, fifty-seven still have more than a million dollars in their line of credit. On the other hand, seventy-five have effectively zero in their line of credit. In NSP2, seventeen have more than a million in their line of credit. Some of those things don't lend themselves to Revolving Funds. If that's the case, you shouldn't really worry about it too much. You just have to work your way through your program income as best you can.

Mary Paumen: Yes, we could reference here that there has already been on one policy alert on Revolving Loan Funds, so we encourage you to take a look at it. But it is one way to start moving money if you have a desire to want to close out your NSP1 in particular, maybe 2 or 3. But like John said there's no deadline. You don't have to hurry to do this. Let me stop here and ask if there are questions on this part before we move on to some of the post-closeout issues. I don't see any written ones. Kathy, do you know is there's anybody on the line?

Kathy Kaminski: Chandra, is anybody queued up to ask a verbal question?

Chandra: As a reminder, if you would like to ask any questions, please press "*" and then the number "1" on your telephone keypad. You will hear a tone acknowledging your request and a prompt to record your name.

Kathy Kaminski: I have one question that just came in on the chat. Lois asks, “Can you explain income generating activity?”

Hunter Kurtz: Sure, it’s like the sale of a home that you assisted with NSP funds.

John Laswick: Or a repayment of a loan for a second mortgage.

Mary Paumen: And, if someone leaves the program and sells the property, the money comes back to the program.

John Laswick: That is program income.

Mary Paumen: Correct me if I’m wrong John, there are a number of grantees who set up their programs so that loan payments came back in, sales proceeds came back from subrecipients, so quite a few of them have generated a lot of income.

John Laswick: Right. If everybody passed their 100 percent expenditure deadline for NSP1 and they’re still fifty-seven grantees with more than a million, that’s all program income.

Chandra: I also have a phone question from John Ebert.

John Ebert: I’m curious what the deadline might be for the NSP1 grantee spending down the line of credit.

John Laswick: At this point there is no deadline.

John Ebert: Thank you.

John Laswick: Sure.

Mary Paumen: Let’s move along then.

Kathy Kaminski: I have one more question Mary before you get to that. Debbie says, “We have around sixty-five thousand in program income and about a hundred thousand in the line of credit. We’re really at a loss of what to do with those funds.” That’s really not a question. It’s more of a statement, but maybe looking for ideas.

John Laswick: One thing that I could suggest generically, but it’s almost always helpful, is technical assistance. You could sign up for some free technical assistance and have somebody come out and evaluate your program and maybe help you think through some alternatives. Maybe a different way to adjust the program structure or the target area or any number of things that you might have under your control. There are some markets where it’s really kind of hard to do anything, because the prices have gone back up and the grantees are left with relatively little money. That’s true in California mostly. It is possible they could be sort of frozen I guess you might call it and in that case, you could return the funds. I don't think that we'd want to encourage you to do that, but that's your worst-case scenario. But with some of the technical assistance providers we've had that have been working with the program all along, they've seen some things and maybe they can help you figure out, "What would be a different way to spend this money?" Or, maybe there's a new activity. Maybe you actually need to do some demolition. Depending on the program year, maybe if it's NSP1, maybe you could spend it on some public facilities, for example. So there may be other things that you just haven't thought about. I would talk to your field office and see if they have any ideas. A lot of the stuff is market-driven and you can't really control that. But I think you can adjust to that.

Mary Paumen: John, here's an interesting question from Tom. We have received eighty-six thousand in program income from the sale of a property that was funded with NSP1 funds. We no longer have an active NSP Program. Can we use the program income for any CDBG eligible activity, or does it have to be used specifically for NSP1 activities?

John Laswick: It has to be used for NSP activities. But since it's NSP1 it's a little better than if it were an NSP3 because you can still do some public facilities and improvements. Let's say you've got a neighborhood where you've got a couple of houses and there's some broken up sidewalk that maybe you can replace. You may have some options outside of just fixing up houses. But for all program income it's going to stay NSP for as long as you have it. We're promoting that as good news, because that means you can go up to a 120 percent of median on some projects. You can do new construction. So you don't necessarily have to use it right away. We'll talk about this later, but you could carry that program income to the other side of closeout and wait until you get a good project.

Mary Paumen: One more question. If we established a Revolving Loan Fund for land banking and acquisition rehab with program income, will we be able to set up an account for administration? How can we keep a portion of our dollars for administration?

John Laswick: We're working on that. We think that you will be able to carry some capacity forward. I'm not sure about program income earned after closeout. But if you've spent less than 10 percent of your original grant amount plus program income before closeout, you still have some budget capacity so to speak. We believe that you're going to be able to carry that beyond the closeout. That's really appropriate, because you're going to have some administrative requirements for continued affordability and other reporting.

Hunter Kurtz: I also want to add that if you do have a Revolving Loan Fund and you are putting money into that that doesn't mean you lose the 10 percent admin you get to take from the capacity from that income that you've earned.

John Laswick: That's true.

Hunter Kurtz: If you have a different program that's doing something else, you can use that capacity towards the program income you earned on that side.

John Laswick: Yeah, we're still ironing out some of these things. Actually, we had to postpone a meeting today. We might have learned a little bit more. But some of these details are going to be getting ironed out as we go along. You have that capacity to use up to 10 percent. The other thing I would say though is that a lot of folks that I've seen tend to think that they should be paying for some or all of their project costs; we call it activity delivery costs, through the 10 percent general administration. Those costs are eligible as program costs, line item costs. So your people that are taking applications for home purchases or doing housing counseling or doing rehab inspections or writing up loan packages, all of that stuff is directly related to the project. It's directly attributable to the project, and therefore does not have to come out of your general administrative line item. And so if you have been assigning a lot of those costs to general admin, you might want to go back and back them out and give yourself some program administrative cost capacity.

I can see a "program income and beyond the line" webinar coming up here in our future.

Mary Paumen: I don't see any other questions so back to you Jennifer.

Jennifer Alpha: Okay great. Thanks Mary. We're going to move on and talk about Post-Closeout Considerations. We've got three topics today - Program Income, Land Banks, and Reporting. We're going to start with Program Income. One of the big questions we got in our other webinars and in general was, "What would happen with my program income once I do closeout?" HUD will not take back program income at closeout, but will continue to work with grantees to avoid disrupting the flow of program income throughout the closeout process. Grantees can continue to use the income in compliance with NSP rules, and may earn additional program income after closeout, in fact. That program income needs to be reported annually. What this means is that new construction and land banks, which is not eligible in CDBG, will continue to be eligible pieces of the program income following closeout. Another post-closeout consideration for program income - beneficiaries must continue to include households with incomes up to a 120 percent AMI. Program income will be tracked on the same cycle as a CDBG consolidated plan for those who are entitlement grantees." This should simplify the planning process for those grantees.

Other requirements for the use of program income are going to vary after closeout, depending on what type of grantee you are. Let's start talking a little bit about that. There are essentially two categories of grantees when we're talking about post-closeout program income considerations. We'll call this one Category 1. In Category 1 we've got NSP1 and NSP3 State and Entitlement Grantees. Also NSP2 State and Entitlement Grantees who are members of an NSP2 Consortium subject to consortiums pending agreement, and also NSP3 Non-Entitlements with open CDBG grants. If you are one of these four types of grantees, then you will be subject to the following program income rules: The income generated for the duration of the NSP program is considered program income and must be used for NSP eligible activities that meet a national objective. That's true before closeout and after closeout. There are some thresholds, however, to keep in mind. If you've generated less than twenty-five thousand dollars of program income per year following closeout, you can use those funds for administration or include them in another CDBG activity. If the amount exceeds twenty-five thousand dollars however, you will have to use them for NSP eligible activities that meet a national objective. If you start generating a lot of program income and your program income exceeds two hundred and fifty thousand dollars per year, you're going to have to meet the 25 percent satisfied requirement. That applies to all of the dollars you've earned. Say you've earned two hundred and sixty thousand dollars a year in program income, the twenty-five set aside requirement would apply to the entire two hundred and sixty thousand, not just that ten thousand that you earned over the two fifty.

The next category for post-closeout program income consideration is Category 2. It includes NSP 3 Non-Entitlement Grantees with no open CDBG grants at closeout, as well as NSP2 Consortium nonprofit lead agencies or members, and NSP2 nonprofit direct grantees. The rules for these are a little bit different. Income received prior to closeout must meet all of the general NSP requirements. However, following closeout it is a little bit different. For the first five years after a closeout you'll have to use the funds for NSP eligible activities that meet a national objective. However, other crosscutting requirements such as Davis-Bacon and Environmental do not apply. That's during the first five years after closeout. Following those first five years, any income generated will be considered miscellaneous revenue and no longer subject to the requirements of NSP eligible use. Although these funds are not subject to the ongoing NSP or CDBG program requirements after those first five years, it does encourage nonprofit grantees to use the funds for those same kinds of activities. Figure 6 in the Closeout Guide actually summarizes all of these requirements in a nice little table. It looks like this. It's hard to read here on this slide, but I wanted to give you a sense of it and you can take a look at it in the closeout guide.

The next topic is Land Banks and I'm going to turn it back over to Mary. Do we want to take some questions on Program Income? What do folks think?

Hunter Kurtz: Sure.

Jennifer Alpha: I don't see any in here. Are we even getting new questions in? If there are any questions on program income at this time we can take them now.

Kathy Kaminski: I have a couple of questions in the chat Jennifer. John asks, "When you said twenty-five thousand per year, do you mean calendar year or some other period?"

Hunter Kurtz: The year will fall around your standard Con Plan reporting year. That might mean that the first year maybe an abbreviated year, but in the future it will start with the standard CDBG Program year.

John Laswick: That lets you plan for it and budget with all of your programs. So hopefully it will make it more useful.

Kathy Kaminski: Thanks. Don asks, "Is it correct that there are no requirements for a 25 percent set aside if the program income is less than two hundred and fifty thousand dollars per year?"

John Laswick: That's right. The idea there is that if you have to spend 25 percent of two fifty that's sixty-two thousand five hundred. We figured that that was probably the least amount that you could actually do something with. Anything less than that would require you to do something that wasn't feasible. And I'm sure that in some markets sixty-two thousand isn't all that great either, but that's the philosophy there.

Hunter Kurtz: Remember, if you earn two hundred and fifty thousand and one dollar you have now crossed the threshold. It's 25 percent of all of the money, not just that one dollar.

John Laswick: Twenty-five cents.

Hunter Kurtz: Yeah, right.

Kathy Kaminski: We have a couple of questions from NSP2 folks. The first one came at the end of the last section. Teresa asks, "They've accumulated long-term reserves for their NSP2 rental units. Will they have to spend those reserves before closeout?"

John Laswick: No. It should be in some sort of a trust agreement and you arrived at these figures through some reasonable form of underwriting. Those are spoken for because you've anticipated that you're going to need that money over the years. Therefore, it's expended as far as we're concerned.

David Noguera: The key I think is how those reserves play in with their line of credit. Because to the extent that those reserves are now acting as program income and they're not able to tap into their line of credit, closing out would jeopardize any money left in the line of credit. You have to make sure that there's no money left in the line of credit that would be forfeited.

John Laswick: You may want to review that with a technical assistance provider to make sure that you've got an arrangement that works and that will satisfy legal requirements and so forth.

Kathy Kaminski: Great. The other question from a NSP2 nonprofit is, "After five years post-closeout, will the money no longer have any CDBG restrictions?"

John Laswick: You won't have any CDBG restrictions the day after closeout. You just have to do an eligible activity with a national objective. After five years it's considered to be miscellaneous revenue and doesn't have any requirements. There are two reasons why we do this. One is that OMB doesn't treat nonprofits the same as municipal government, and two, the nonprofits that are in this program are all mission-driven nonprofits and so we expect them to continue to use it for program-related activities and not trips to the Caribbean.

Chandra: There's a question from the phone line of Dave Wolf.

Dave Wolf: Yes. I had a question. I think I heard that you can have monies remaining in your line of credit in admin and still go to closeout. You don't have to bring that down to zero. Is that correct?

John Laswick: No, I'm sorry. What you can have is capacity, but you're going to have to have your line of credit be at zero or close to zero to close out. The way that you would be able to carry funds forward is through a combination of having program income and having a capacity, not having used all of the 10 percent so far.

Hunter Kurtz: Program income on hand.

John Laswick: We have to close out the line of credit as a part of the closeout process. If there's anything left there it will go away. So we'll try to get that down to zero with you.

David Noguera: The biggest thing is that when we're talking about closeout, we're often talking about things that will continue to happen before and after closeout. The biggest thing that does stop is that line of credit, and when we say "Closeout" that forces a shutoff, so you want to try to get that down as much to zero as possible.

John Laswick: As I said earlier, I think we're going to need to have some additional training on this. And we are not surprisingly still realizing some questions that we don't know the answers to. We try to get those to you as fast as we can, but a lot of times we can't figure them all out in advance. We'll keep training on that so that you can have the best chance of carrying some funds forward. You will be able to carry program income past closeout, but not a line of credit.

Mary Paumen: I see one more question on program income issues. From Shawn, "If we revise all of our remaining admin funds to acquisition rehab for an amendment and then generate program income and fund the admin activity because we've got program income, do we have to do an amendment to fund the admin activity from program income?"

John Laswick: No, I don't think so. What you just described is basically a budget revision, a budget correction. You're not doing a new activity. You're not doing a new location. You don't have new beneficiaries. These kinds of changes are administrative and are not generally considered to be amendments. But you've got the process down, which is that if you can cover yourself by programming some funds into projects and into line items and back some of that into general administrative costs or program administrative costs and then have enough program income to cover that capacity, you can carry that forward.

Hunter Kurtz: But, in any questions you have about whether something is or is not an amendment, you need to talk to your field office.

Mary Paumen: I don't see any additional questions.

34:17

Kathy Kaminski: We actually do have a couple more about Revolving Loan Funds. I've got one that said, "Can we put some PI in an RFL for admin?"

John Laswick: Revolving Loan Fund, no. The Revolving Funds are for activities. If you've spend a 100 percent of your grant amount and you've spent all of your line of credit and you've got your projects complete and occupied, then you can still use the program income. You don't have to have it in a line of credit. It can be a balance that is allocated to admin. I think there's going to be a way to do what you are thinking about. We're going to have to get some more specific instructions. I think there's going to be a way to do what you want to do, but it wouldn't be through having a Revolving Loan Fund for admin.

Kathy Kaminski: Okay. I have two more quick ones. Leslie asks, "Is it correct that none of the activities funded by program income have to have an environmental review?"

John Laswick: Only if you're a NSP2 nonprofit.

Hunter Kurtz: For five years after closeout. Also remember, if I have a hundred thousand dollars on hand the day I close out and I'm one of these NSP2 nonprofits, anything I do with that hundred thousand dollars on hand is going to need to do an environmental review and all of the same rules that I had pre-closeout. The rules that follow the program income follow when you earn the program income, not when you spend the program income.

John Laswick: But in this situation that we're talking about applies to a handful of lead grantees and a few consortium members in NSP2 and a couple of NSP3 non-entitlements. Almost everybody in the program is going to continue to have to treat NSP program income as if it were brand new NSP money with all of the requirements and rules. If you're not a nonprofit from an NSP2, I know it's a nice thing to dream about and you can ask for it for Christmas, but Santa won't be delivering it.

Kathy Kaminski: The last one I see here is, "Is the two hundred and fifty thousand dollar program income threshold a combined calculation for NSP1 and 3?"

John Laswick: No, it's per grant. We're going to close them out separately and we're going to track them separately so that'll be a separate calculation.

Mary Paumen: Okay. Let me pick up with Land Banks and talk about some of the post-closeout requirements. What is a Land Bank? Governmental and nonprofit entities typically create these entities so that they can acquire, manage, and maintain and repurpose foreclosed properties. We do know that a number of grantees have set these up so that they can put in the properties that they have acquired and don't currently have a use for. We want to encourage you if you are thinking of setting one up to look at a lot of the materials that are out there and available so that you understand how they're to be used, because it's not intended to be a permanent use of the property to sit in a land bank. As you can see in the next paragraph it says, "Land Banks may assemble and *temporarily* manage." As you know, there's a requirement that these properties be used within a ten-year time period. We want to make you aware of that. So you guys have a 10-year window to put together a plan to use these and understand how they have an impact in the community, but they're not going to be in the land bank forever.

As a part of your post-closeout requirement, you will have to identify all of your assets. This includes the list of the real property that is being held in the land bank so that HUD is aware of what you have on hand. Properties must be moved within that ten-year time period. The clock starts the day that your closeout agreement is signed. So you will know this is day one and I've got ten years to do this.

The chart that is here is also in the NSP Closeout Guide, which means it's in bigger print. We really did want you to be aware of what the post-closeout requirements are and the things that you need to do. Create that inventory so you know and HUD knows where the properties are. Think about creating a database so that you can manage these properties. Review your acquisition policy. If you are going to continue to acquire properties and add them to your land bank. A development maintenance plan is absolutely key. How are you going to make sure - if they're lots - that the grass is cut and the properties are clean? How you have boarded and sealed the properties and you maintain them? How are you going to pay for it? None of this comes free. So you have to make sure that you have the money to actually take those kinds of actions. You need a marketing plan most importantly. If you have properties then you've got to develop a scheme so that you can say to the local government, "Do you have redevelopment plan for an area? Can you use these properties? Are these houses that are in your land bank in a condition that you may be able to market some of them?" So start segregating your properties and understand what you need to do to actually market them to the community.

John Laswick: Mary, this is John. We have a webinar coming up in about a month on Land Banks. But one of the things that we've been developing are some policies about how to meet national objectives. I just want to point out here that it's really going to pay for the land banks to maintain those properties in terms of meeting a national objective, thereby contributing to the appearance and safety of the neighborhood. I just wanted to throw that in and it's also a plug for the people who have land banks. I know there're not a lot of land banks by name, but there are a lot of municipalities which are going to be acting as land banks. And so if you have a situation like that, tune in next month.

Mary Paumen: Do you have a specific date yet?

John Laswick: I think its June 3rd, but we're not positive. It's been moving around a little bit.

Mary Paumen: That is good to know there's going to be more on this. Clearly the grantees have a lot to think about when closeout is happening. One of those things is, “What am I going to do with all of my properties ten years down the road?” So when you go to put this plan together, other than you know that you’re going to be able to quantify them, what’s the realistic strategy? Is it that the properties that you did buy are not marketable? If they’re not, what can you realistically do with them? So think about that and how long it’s going to take to do it. As we all know, everything takes longer than we think it does. So if you think that you can do all of this in three years, be realistic about how tough it makes you to market it in some neighborhoods and the difficulties of finding the families that are mortgageable to buy these properties. So realize that it may take quite a bit of time to actually do it. Ten years is a lot of time, but I’d hate to see everybody wake up in year eight and say, “Oops, I’ve got something to do.”

You can use NSP program income to acquire new properties and add it to the land bank, but still you have that ten-year restriction. If you still have properties sitting in your NSP Land Bank at the end of the tenth year, if you’ve got a CDBG program, that’s where they’re going. You’re not going to be able to keep that land bank up and operating within an NSP assisted funds. Think about that. Are they going to be able to meet the national objective through the CDBG program?

You do have to do an annual review. My suggestion is that you don’t wait every year to go drive by the properties, to drive by the lots, because by then you may have a pile of petitions for uncut grass and liter on your properties. If you have the time and the ability to do it, maybe even a quarterly review of all of your properties so that you know what’s happening to them. The system, whether it’s DRGR or IDIS, can show what’s happened to the properties. Remember that you’ll have to fill the data in in the system. And it’s important to keep HUD up to date on where you stand with the properties. I think John and Hunter have already said that you can’t draw down from your line of credit prior to closeout and reserve them to manage your land bank. So, think about how you are going to fund it over time.

There are resources other than the possible June 3rd for the next webinar and land banks. There are resources already available through the OneCPD portal. There is language currently in Closeout Guides on some land bank issues. We want you to be aware of all these and think about what you’re going to be doing. I’ve started in Jennifer’s part about Reporting so let me stop here and ask if there are questions on land banks.

Kathy Kaminski: We have a couple of questions on land banks Mary. The first one is similar to the point that you just covered about not being able to use money now for land bank admin later. But this one is a little different on that. If you have a land bank activity on an NSP3, can you use admin funds to hire a consultant to help write grants for redevelopment of the neighborhood surrounding the land bank site?

John Laswick: Yeah, I don’t see why not. That’s a part of your Disposition Program. I think that would be a legitimate expense.

Kathy Kaminski: The second question is from Paul. He asks, “The original sewer district has a Consent Decree with the EPA that requires it to reduce combined sewer overflows by creating water retention sites to reduce the flow of storm water into the sewer system. Is that an okay land bank use?"

John Laswick: Well, possibly. You probably can't do the construction of that, but I think that you probably could make the land a bit available for a public improvement that meets a national objective as long as the construction money itself is another source of funds. Although in a NSP1 you might be able to do some of the construction as well. I would expect to see some retention ponds and those kinds of things. Cuyahoga County and Cleveland have a great series of ideas for use of vacant parcels. I've pitched this before and I'll pitch it again. It's called Reimagining Cleveland. If you Google that you'll get a great PDF of a book that they've put together about a year or two ago that shows you how to do it. It actually costs out a number of small-scale improvements for vacant lots in residential areas.

Kathy Kaminski: Let's see if anybody's on the phone for questions.

Chandra: If you would like to participate in the interactive question and answer session, please press "*" followed by the number "1" on your telephone keypad. You will hear a tone announcing your request and a prompt to record your name. Please remember to record your name so your question will be taken in the queue.

Kathy Kaminski: We just got one more written question from Susan. She asks, "Does program income have to follow it's original NSP rule? So, for instance program income from NSP1 to be used within an NSP1 target area, and NSP3 to be used within an NSP3 target area?

Hunter Kurtz: Yes it does, but you can amend your action plan, obviously, to change your target area.

John Laswick: And we've done that quite a bit. As the problem has migrated around, grantees have been amending their borders. Our attorneys have advised us that the money has to stay in target areas, but target areas can be adjusted. You actually have to use the new NSP3 Mapping Tool, which is easier to use.

Hunter Kurtz: We'll be talking about that in just a second here too.

John Laswick: Right.

Kathy Kaminski: The second part of that question was - if they want to combine program income from an NSP1 and 3 they could do that, but it would require an amendment, correct?

Hunter Kurtz: It depends. If the target areas are the same and the same activities are already in NSP1 and 3, you don't have to amend to use the same funding on the same project. You just need to make sure you can do the same activities in the same place on the same project.

John Laswick: Right. We've said all along grantees that are using NSP2 or 3 or money to treat NSP1 properties that are in the same or in overlapping target areas. That's been fine. The same principle applies to program income.

Hunter Kurtz: And just remember when reporting you just need to report in both grants the address and what you did separately.

John Laswick: It won't be duplicated. We won't count it. We take out the duplicates based on the addresses.

So this is good. We're really happy when we get a lot of questions like this. It shows that people are tracking this and it helps us to see what sorts of things we still need to figure out. We appreciate your patience as we do not know everything, but we try to get answers for you as quickly as possible.

Hunter Kurtz: Speak for yourself John.

Mary Paumen: Jennifer, post-closeout reporting?

Jennifer Alpha: Yes, Closeout Reporting. As we mentioned, all grantees will need to report annually following closeouts. There are three areas where grantees will be reporting. The first is on the status of activities that were funded with program income, but that were open as of the date of closeout. You'll remember that the first criteria of closeout is making sure that you spent down your line of credit and that any activity funded with even one penny of line of credit funds is complete and has met a national objective. However, if you have some activities that are funded solely with program income, those activities do not need to be complete prior to closeout. Eventually you will have to meet the national objective for those activities that were funded solely with program income but still open at closeout. And so that's the reason that you'll need to continue reporting on those following closeout in your annual report.

The second kind of reporting relates to receipts of program income that you've earned following closeout. And then grantees will also need to report on affordability information. We'll talk a little bit about that in a few slides.

The reporting requirements will be a little bit different, depending on whether you're an entitlement and state grantee or a nonprofit and non-entitlement grantee. For nonprofits and non-entitlement communities, as we mentioned, you'll have to report on program income for five years following closeout. However, you will need to report on affordability for the length of the affordability period. The program income reporting is just five years, but you will have to keep reporting annually for the affordability period for all of your projects.

For entitlement and state grantees, you'll report on the same cycle as your consolidated plan. Entitlement grantees will eventually be transitioned to IDIS once the system is adapted for NSP. And until that happens, you'll continue using DRGR. Non-entitlements and nonprofits will continue to use DRGR because they do not have access to IDIS. Guidance on these reporting issues will be issued separately once the system transition starts to take place.

Hunter Kurtz: Jennifer?

Jennifer Alpha: Yes?

Hunter Kurtz: Just real quickly. We want to point out that this could be a little bit of a ways off before we switch over to IDIS.

John Laswick: Yeah, years.

Hunter Kurtz: For those of you out there who are like, "I know nothing about IDIS," don't sweat that. It will be a while before we make that transition.

Jennifer Alpha: Okay. That's good to know. We want to talk a little bit more about the reporting on the affordability period. As part of the closeout, grantees will need to complete a management plan for continued affordability. This is a template that's included in the Closeout Guide. It's in Appendix G. There's some information that needs to be reported on that template, on that form, as part of the closeout process. Grantees can use an Excel spreadsheet in lieu of the form if that's easier, but it has to include all of the required information. That information is the address of each property, the applicable related responsible organization, the DRGR activity number, the date of the start of the affordability period and the date of the end of the affordability period for each property.

Hunter Kurtz: Sorry to interrupt again. I have two things about the last slide. One of the reasons we're allowing you to do a spreadsheet rather than having to fill out the form is that you're going to be able to pull a report from DRGR that will have all of that information in it. Just submit that rather than having to type in all of this stuff. The other thing is you will also be able to vice versa, upload a lot of the information into DRGR. In that case it's going to be a little more difficult and there's going to be a lot more information to fill out, but still it is doable. We are in the production of a number of short little videos about each of the little forms that we're filling out. This form will definetely have a video and we'll talk about how to do some of that stuff on there.

Jennifer Alpha: That will be great. The start of the affordability period that you'll need to report on those forms, we just wanted to recap what that means for different kinds of programs. For homebuyer programs the affordability period begins on the date of purchase and loan closing, so generally the same date. But keep in mind this is the date that the homeowner purchases the home, not the date that the grantee purchases the property. For multi-family rental projects the affordability period would begin when the project reaches stabilized occupancy. This is sometimes called "break even," and it's generally when the property reaches about eighty to ninety percent occupancy.

In order to track all of this information, grantees need a system for ensuring the NSP assisted homes will continue to be the personal residence of eligible beneficiaries. And then for rental properties, those units must continue to be made available to income eligible residents for the duration of the affordability period, but keep in mind here that there is no annual income certification as there is, for instance, in the HOME program. The grantees should have some internal policies and procedures in place for monitoring affordability of all units so that when it comes time for reporting on the annual cycle, you'll have that information available. And of course if there's turnover in staff in the program, having these policies and procedures in place up front is a good idea, so that it's clear what the expectations are over time. Do you have any questions on reporting Kathy?

Mary Paumen: There's one written one here Jennifer from Nira. When you refer to the close out of activities funded with line of credit funds, does this refer to activities such as an acq-rehab activity, or does activities refer to the individual properties?

John Laswick: I missed the beginning of that. Are you talking about how you set up a Revolving Loan Fund?

Mary Paumen: No, they're asking about reporting. When you refer to the close out of activities funded with line of credit funds, does this refer to activities such as a rehab activity, or does activities refer to the individual properties?

Hunter Kurtz: Are we referring to a slide that we had back there?

Mary Paumen: I think it's just a question.

Jennifer Alpha: I think they might be talking about in DRGR when you set up an activity you may have multiple addresses under that activity. That's an activity in DRGR. I think they're wondering if activity might mean the individual unit and property addresses.

David Noguera: For the individual unit.

John Laswick: Yeah, for continued affordability.

Hunter Kurtz: And for line of credit problems. If a unit has a dollar or a penny of line of credit funds in it, then it needs to meet a national objective before we can close out the grant.

David Noguera: Right.

So we shouldn't be referencing activities. We should be saying the unit.

Mary Paumen: Okay. Next question. Will there be a guide on what information will need to be reported on affordability?

John Laswick: We're working on it. It's not that much. What we're really looking for is that somebody's paying attention to each unit and that you're tracking whether the affordability period is over. The slide that Jennifer just showed talks about the address of the property, the responsible organization, the beginning and end date of the affordability period. It's not a vast amount of information.

Kathy Kaminski: Related to this, Hunter you mentioned there's a report in DRGR that would help with the information in Appendix G. Do you know which one you were referring to?

Hunter Kurtz: I do not. I would recommend looking out for the video that will be coming out shortly, starring Ryan Flanery. It's not starring me. Maybe it's starring both of us. I do know that we are working on developing a report that will show by activity whether or not there are line of credit funds in that activity or not. To a certain extent we do need to have an activity. This is actually an interesting question that we might have to ponder a little more.

David Noguera: One thing I wanted to address going back to this issue of managing the affordability period post-closeout. It may appear to us to be pretty straightforward, but I don't think we've received a lot of questions around challenges that grantees are having dealing with the affordability period yet. I've gotten a proposal from a provider asking for additional guidance on this. But I would like to see other questions and challenges that grantees are dealing with around the affordability period just to see how much explanation and guidance is needed relative to the issue.

Mary Paumen: We have one more written question. For closeout purposes how do we determine if an activity or a particular home was funded with program income or line of credit?

Hunter Kurtz: We're developing a report.

Mary Paumen: Wait for the video?

John Laswick: Yeah, it's still in development. But we're working on getting you something that will allow you to see that.

Mary Paumen: I think there may be another question here. Do you recommend we create a new DRGR activity number as opposed to using an existing activity number when using program income dollars?

Hunter Kurtz: We're not requiring that. But if you are now working on a project that is only going to have program income and no line of credit funds, I personally would do that because I think it's going to make my life easier. But there's no requirement that you do that. It's just going to be a lot more untangling later on.

Chandra: We have questions from the phone line.

Hunter Kurtz: Can I just back up one thing for that? When you're working with your administrative funds that's something else to consider. If you're now at a point where you have zero line of credit funds, you may want to start a new admin line and close out that old admin line in DRGR because that way you don't have to worry about that in the future in the same activity. I'm sorry. Please let's hear that question.

Chandra: The next question is from the line of Al Cooper.

Hal Cooper: Hello. It's actually Hal Cooper. In terms of the post-closeout reporting you have said that it's going to be on an annual schedule aligned with the CAPER. Does that mean we'll have ninety days to submit the report? Or will it still be thirty days like it is now.

David Noguera: Do you mean after the deadline? You're saying within thirty days of that deadline, or within ninety days?

Hal Cooper: Right now after the end of each quarter we have to report within thirty days of the end of the quarter. So when we're on annual reporting, does that mean we will have ninety days like we do for the CAPER, or will we still have thirty after the end of the year to report on NSP?

Hunter Kurtz: Unfortunately, it's going to be the thirty and for NSP2 the ten, because that's the only place that days are referenced. That's an interesting question that I think we need to confer and to make sure that is correct.

John Laswick: We've been thinking about aligning it with the CAPER and the Con Plan in terms of the budget, but I don't think we've focused on it from the reporting side. Let us try to get a good answer for that.

Hal Cooper: Thank you.

Chandra: The next question is from the line of Kepsia Colina.

Kepsia Colina: Hello, this is Kepsia Colina from the City of Chicago. I have a question related to reporting that stems from a question and response from the last webinar. As it relates to report beneficiary data, if there's an activity where grants were used to purchase a property - let's say with NSP1 and rehab the property with NSP2 - where do you report the beneficiary information? Is it under NSP2 where the property was rehabbed?

David Noguera: Both.

Hunter Kurtz: Both.

Kepsia Colina: You want us to report in both?

David Noguera: Yes, in order to serve that beneficiary.

John Laswick: Right. And Kepsia we'll take those apart and drop the duplicates out using addresses. So it sounds duplicative, but it won't be.

Kepsia Colina: Okay. So that same theory would apply if within one grant let's say in NSP2, one address has expenditures in two eligible uses, Eligible Use B and Eligible Use A, we will still report in both uses and then you all would de-dup?

Hunter Kurtz: Yes.

John Laswick: Yes.

Kepsia Colina: Okay. Thank you.

Mary Paumen: It sounds like we ought to move onto NSP2 and 3 Grant Requirements.

Jennifer Alpha: There was one more question I think in the question and answer. This is from Brad. He asks, "Can we require annual income certifications for occupants of rental properties?"

Hunter Kurtz: We do not require annual income certifications.

John Laswick: Yeah, we're going to get to that, but no.

David Noguera: That's a home requirement, but it's never been a requirement in CDBG.

John Laswick: Right. We only picked up a number of the rental requirements from home on some of them, and that was one of them that we did not.

Hunter Kurtz: But what that does mean is that if somebody moves out and the new person moves in during the affordability period, that new person must meet income requirements at that time. But it does not mean that you have to then ask the same person yearly to demonstrate their income.

Jennifer Alpha: Can they do that if they'd like to include that as a part of their program?

David Noguera: They can always go above and beyond our base-level rules.

John Laswick: HOME does that and we have a different philosophy from HOME in that we are trying not to hold it against people for improving their economic conditions. In the HOME Program you might have to pay a higher rent, so we don't do that. But you may.

Mary Paumen: Any other questions before I move on?

Chandra: There are no other questions from the phone line.

Mary Paumen: Thank you. So now we're going to talk about some of the particular NSP2 and 3 Grantee Requirements. Specifically, some of the things we want to point out, as many of you know who are NSP2 and NSP3 grantees, that particularly in NSP2 there was a unit performance measure. When you applied for funding you told HUD how many units of acquisition, rehab, new construction, whatever it was, you gave them numbers that were considered as a part of your application. You told HUD what your target areas were, and the requirement was that you'd be working in those target areas. And of course as we all know there are restrictions on the amount of money to be spent on NSP2 and 3. Both of those grants also included green and energy efficiency requirements.

The HUD requirement inn NSP2 was either to return the abandoned or foreclosed homes back to productive use, or otherwise eliminate and mitigate negative effects in the community. Unless you have already talked to your regional HUD rep or worked it out with headquarters - those numbers that you regionally put into your plan - you have to meet those numbers before closeout or explain to HUD why you couldn't meet his. So if you are a NSP2 grantee, I would suggest that you be talking to HUD about those issues.

I know that a number of grantees have changed some of their target areas over the last couple of years, either because there was a lack of units or high-cost units in the area. So once again you must demonstrate that you did or did not work in those areas. This is one area where you should be talking to a local HUD rep or the person handling the NSP2 grant, and talking about amending the plan so that you come into conformance with what you said you were going to do and now not be able to do.

There was a NSP policy alert put out on this, and actually just a couple of weeks ago. So if you have more questions, take a look at that and it will give you some ideas. The previous foreclosure maps are dated and may no longer reflect. The good news is that many of them have started to recover. So if you are going to add new census tracks, you have to go into the tool and look at the areas to see now what they're rated. This is also where keeping in close contact with HUD on these changes is important. If you're not meeting the targeting, whether you're NSP2 or an NSP3 grantee, talk to HUD about what the issues are so that they're aware of what may happen, because as you go to close out your program these issues are going to pop up most assuredly. The mapping capabilities as we know over time have gotten much better. So you have the ability to draw up some interesting boundaries. Go into the tool and take a look to see if it helps you show that you can meet these, or once again, go back and talk to your HUD rep and say, "We've done it in these areas. Can we move it? Can we increase it?" Realize that before you go to closeout you've got to address these issues.

Remember that if you're a NSP2 grantee, you were scored on having the target geography where the need as you remember the sites were not less than seventeen in the mapping tool. So, if it has become a consideration that you're now a couple of years down the road and you've bought up all of the bad properties and then created a market where other properties are being rehabbed and you're not finding any properties, go back and talk to HUD about it. Here's the link on the mapping. If you are running into issues, these are the kinds of things that you should be talking to folks about now. When you say that you're ready to closeout and somebody does the review of your documents and says, "Whoa. You haven't met all of these target requirements," now is the time to start addressing them and see what you can do to bring yourself into conformance. It's going to take some time. The mapping tool really gave you a heads-up on what was there. So we encourage you to go back. As we said, it has improved over time. It will e-mail you back in twenty-four hours so that you'll have a sense of what's out there, "Am I going to have a problem if I don't continue to work from my areas? Do I need to add new areas to have a better selection of units?" Now is the time to think about it. If you want to close out sometime within the next year or so, you're going to have to know if all of this data is correct.

If you're going to have to end up doing an amendment to your action plan keep the response you get back from HUD on the mapping, because it's important. It gives the public and HUD an opportunity to understand why you picked those areas, what's in the area, and how does it conform to the NSP requirement? The other thing that we've added as a special consideration, and I'm pleased to say it to many people in NSP2 and 3 have done this, is the green and the energy efficiency requirements. As folks were rehabbing and building new units have added a lot of features that have made these units less expensive to operate, which of course is a great benefit to the families, and we're saving the environment. As you know in DRGR it asks those questions. What should you do to meet this? How many low flow toilets and how many other things do you add to your properties that made them reduce? You've got to show that you've demonstrated compliance. That's a requirement. And if want to understand where they came from, it was an absolute requirement in NSP2 and was also in the 2010 Unified Notice for NSP1 and 3 that talked about what all of those requirements were. Another consideration that you'll have to take a hard look at now that you've gotten through a lot of your expenditures in NSP2 and 3, there was a restriction that you could not spend more than 10 percent of your grants on demolition. If you knew that you were going to do that, or had a plan that said you wanted to spend more than 10 percent, have you gone to HUD? Have you gotten a waiver? Have you gotten an approval of that waiver so that you know that you're in conformance even if you are over the 10 percent? We hoped you've checked your correspondence. It may come up throughout the closeout process, "Were these things documented? Do you have them in your files so that there's no question?"

There are a couple more slides talking about State Grantees. We do understand that the State Grantees are very different from the local entitlements and the nonprofits. In particular on the closeout issue I know from some of the past webinars, we've gotten questions from State-funded Grantees about different items. HUD will be working with the state, because those are the grantees and not with the individual sub-recipients funded by the state. This is really intended for the state to gather all together all of the necessary documentation to show that they've met the closeout requirements. Subrecipients should be talking to their states about this closeout issue, issues on program income. The guidance for subrecipients will be coming from the states. Look at your subrecipients agreement. It will tell you what the state policies are, particularly issues of program income. Who's handling it? Is it going back to the states? How will the state reallocate the money if there is program income? We suggest that if you do have those questions, call your state and ask those questions. Program income is aggregated at the state level, even if the individual sub-recipients are choosing it and follow that twenty-five thousand dollar rule. These are all of the slides for today. In addition to the slides on the section I just covered on NSP2 and 3 particular requirements, feel free to ask questions about anything that was in the webinar.

Jennifer Alpha: We do have a question, Mary, from Sheila. She says that, "We're in the midst of deleting census tracks that we did not do work in. I saw the policy alert on "Census Tracks." Are we using the old or new tool?" She's an NSP2 grantee.

John Laswick: You have to use the new tool regardless of whether you're adding or subtracting it. Jennifer Hilton on our staff had spelled that out in the policy alert that we just mentioned here. It can get a little bit tricky. Almost everybody's got multiple areas that you have to average. It's a little more complicated than we can get into here. It's not that bad, but it's basically balancing two different sets of data. So far we've approved some of the amendments like that. It's possible.

Hunter Kurtz: As always we'll work with the grantees on their amendments to make sure that we can get everything to work.

Mary Paumen: Realize that it's going to take some time. If you're thinking of closing out your NSP2 grant, think about going through that process of amending, subtracting and deleting census tracks now, rather than when you've made the request to HUD to close out.

Hunter Kurtz: Yeah, if you've made the request to close out, you're filling out the paperwork and work with the field office and you haven't amended, you are too far ahead. You've got to back off and stop. The amended process should be one of the first things you do.

Jennifer Alpha: There are no other questions here. Do you have anything on the phone line?

Chandra: We have no questions on the phone line.

Jennifer Alpha: We do have one question here. This is from Wendren. The question is, "We just added several new census tracks due to working with MTW. We're an NSP2 grantee. We have worked in all of the original census tracks, but since we just added so many more, will it be held against us that we haven't worked in all of the new tracks?"

Hunter Kurtz: Yeah. There are no new and old tracks. We look at it as, "These are the tracks that I'm now saying I'm working in." So you're going to have to remove the tracks that you did not work in. You've got to remember when you come in and amend your action plan; we're rescoring your plan, so what you have is your current world that we're looking at. I don't know if I'm explaining that very well.

John Laswick: Your target area continues to be your target area, but we won't penalize you if you've found that you added more area than you wanted to, you can back some of that out, or sub-*tract* it as it were.

Hunter Kurtz: Oooo.

John Laswick: They don't call it subtraction for nothing.

Jennifer Alpha: There are no more questions in the queue.

Chandra: And there are no questions on the phone lines.

Hunter Kurtz: Thank you all.

John Laswick: We know that you have a couple of questions out there.

Hunter Kurtz: Oh, we did get an answer to the question earlier about when you go to the annual reporting. You are going to be required to report in the same time period that you currently are. So for 1 and 3, they will need to resubmit their annual report 30 days after the end of the reporting year. For NSP2 it'll be ten days after the end of the reporting year.

John Laswick: Hopefully it's not going to be that much activity to report on. You can start early.

Hunter Kurtz: Yeah, you've got a whole year to get ready.

John Laswick: The sun has come back out in the nation's capital so we hope that the rains have lifted in your neighborhoods. We'll be back with a DRGR webinar.

Hunter Kurtz: Next week we have a webinar on Monitoring and the new monitoring tool that we've put together. Our next closeout-related webinar will be about preparing your QPR's for closeout and that will be on the 20th of May if I'm correct.

Jennifer Alpha: We did get one more question in.

Hunter Kurtz: Too late.

Jennifer Alpha: The question asks, "How will creating another admin activity prevent recapture during closeout?"

John Laswick: You're not in danger of recapture. It's going to make it easier for you to keep it straight I think.

Hunter Kurtz: Right. What I was referring to was that if you've already drawn down all of your line of credit, you may want to consider closing out your admin and opening a new admin activity line, because it's going to be easier for reporting. It will not really affect recapture. If you still have line of credit funds then there's no reason to do that, because you may end up spending admin in that line of credit.

The report that we're building right now is going to show every activity and whether or not there's any money spent from the line of credit in that activity, and whether or not you've closed that activity. That will help us to determine who's ready to close out. So that's why I was saying that if you've drawn all of your line of credit, you probably want to consider closing out that admin activity and opening it up again so that it's only program income. Then when we pull the report, it won't show that you have an activity that's open with line of credit funds. It will show a closed activity with line of credit funds.

John Laswick: Right. And then also we talked about and a couple of people have asked questions about the activity delivery costs of the project management fees versus the general administrative or program administrative costs. There is a policy alert that we put out and CDBG has basically adopted the same thing. I think it was around 2012. If you look in the NSP policy alerts on OneCPD, you'll find that. If you're looking to understand how you might reallocate your activity delivery costs back to the project lines rather than into your general administrative funds that should give you a pretty good set of instructions on how to do that.

Jennifer Alpha: Okay. We got one more question in. The question is, "For Category 2 NSP2 grantees, does NSP eligible activity mean that they are required to be in already identified census tracks? Or, does it open up the area limitations as long as they follow NSP rules?" That's talking about after closeout.

Hunter Kurtz: So after closeout, yeah. We're going to be issuing some guidance on this here in the near future. But in general, yeah, you're going to be able to work pretty much anywhere you want as long as you have some sort of targeting strategy. We'll explain all of this a lot more in the very near future. I assume this is during that five-year window with no requirements.

Jennifer Alpha: Yeah, I believe so.

Hunter Kurtz: I just guess we're just going to encourage you to have a strategy.

Jennifer Alpha: Okay, that's the last one that we've got.

Hunter Kurtz: Good luck out there closing out your NSP grants everyone.

John Laswick: We have a couple of volunteer grantees to go through the system to make sure that it's relatively smooth so that everybody else will have an easier time. I want to thank again our reviewers who reviewed the Closeout Guide and also Hunter Kurtz and

Jennifer Alpha who really did a huge percentage of the work on this thing. I think it's a really good document and Hunter's even got a video on how to fill out the forms now. So we're going multi-media on you.

Hunter Kurtz: Not yet, but they'll be released soon.

John Laswick: Thanks Everyone.

Jennifer Alpha: Okay. Thanks everyone.

Chandra: This concludes today's conference call. Thank you for your participation. At this time you may now disconnect.