NSP Webinar Transcript: Q&A Session Thursday, May 30th, 2013 2:00-4:00pm EDT

Cherelle: Good afternoon. My name is Cherelle and I will be your conference operator today. At this time, I would like to welcome everyone to the NSP Q & A session conference call. All lines have been placed on a listen only mode. Later we will come to answer after a question and answer session. If you would like to ask a question during this time, you may do so by pressing *1 on your telephone keypad. You will hear a sound acknowledging your request and a prompt to record your name. If you would like to withdraw your question, you may do so by pressing start two. Thank you and I will now load the call over to your host, Ms. Mary Paumen. Ma'am, you may begin your conference.

Mary Paumen: Thank you, Cherelle. Good afternoon everybody and welcome to another NSP Question and Answer Session. I am Mary Paumen with Training and Development Associates and working with me is also Kathy Kaminski from TDA. And this afternoon, we have John Laswick, Hunter Kurtz, Ryan Flanery, and I do not know if David Noguera is with us as well.

David Noguera: Here, yeah.

Mary Paumen: Okay, great. So this, today, is an opportunity once again to ask questions from all of the HUD staff whether it is on DRGR or on program questions that you have. So I will pass the baton at this point to John to do an opening and we also have up on the screen and I want to reinforce if you want to ask a question, you have two ways to do it. One is to press the *1 on your phone and you will be added to the queue where you can actually ask your question of one of the panelists or two, you can write in a question in the Q & A tool on the Webex and just type in the question that you have. So at this point, let me turn the microphone over to John. John, if you have got any opening remarks before we start to take questions please go ahead.

John Laswick: Thanks, Mary. Hello everybody. And welcome to yet another Q & A session. This one is just pure questions and answers and we can get you in and out of here quickly. We will try to do so. We are always sort of towing a line between too much information and too little so we appreciate your indulgence. We have four topics we just want to touch on briefly, things that have come up that we will be issuing some little – these are kind of FAQ style amount of information. I am not sure what we will call them, but maybe put them on a little gift pack of a policy alert with several subjects. But first is an area that we have been kind of clarifying for ourselves in which we may have overstated the actual policy and this is regarding post closeout Program income. So after Program income, after we closeout, non-profits who are either lead members or other members of a consortium in NSP II will be entitled to a play by the less restrictive rules that the Program income received after closeout must be spent on eligible activities and meet a national objective for five years and then – and no other requirements. And then there will be no requirements after that. Revenues would be miscellaneous revenues.

We may have said that this applied to non-profits that were sub recipients of NSP I or III grants and that is not the case. So this rule on five years only applies to non-profits in NSP II consortia whereas direct applicants and any NSP II grants. So that is a limited number. That is 56 grants and this could create some confusion because I am sure that there are some members of consortia that are also sub recipients of I and/or III and we will be clarifying this more in our closeout instructions which we will start moving along.

And Hunter has been doing a great job. We have just a couple of items that we have to talk to our attorney about and then hopefully we can get the revisions into the paperwork process for the Paperwork Reduction Act. But we have pretty much realized that we will not be closing out any NSP grants in this fiscal year because it just physically not possible to get through all the time periods; so if you are anxious to do that you will just have to hold your excitement a little bit longer.

We will be getting that out through the draft instructions that are in our notice, our internal notice, and a handbook that we think will be very helpful. And there is actually quite a bit that can be done in preparation for this. So we have talked about closeouts before and I mainly just wanted to clarify that Program income rules of five years for non-profit, five years of meeting a national objective in an eligible activity and then the funds are miscellaneous income only if it applies to NSP II non-profits.

Now for all of you out there, whether you are in a consortium or not, this rule only applies after closeout. So all the other rules still apply, you are receiving Program income now, you have to do environmental reviews, you have to have to do Davis Bacon. You have to do all the requirements and I guess our environmental staff has been finding out that maybe not everybody is aware of that as they should be. So that will be part of the – keep an eye on that and make sure that you are following all of the rules. It is still NSP. It will be NSP until you are closed. It will be NSP after you are closed unless you are a non-profit in an NSP II grant. So it is pretty much going to be the same game from those people.

We also had a couple of questions related to affordability periods. One, I think we were kicking around on a webinar and it might have been on an internal call that we had also, of when do you start the affordability period for an owner occupied unit and we are saying that when you close the loan that begins the affordability period even if the family does not move in for two weeks or a month or whatever. I think that is consistent with other programs and it is a cleaner way to – I mean it is a cleaner date. You know the closing date. You are never – it could be pretty difficult to figure out when the family actually takes occupancy.

And then on another one, for those grantees that are either doing lease purchase or temporary rental and then selling a unit, we will be putting out a policy that says that you should start the affordability period again when the owner takes possession of a unit and they would not get credit for the two or three or four years that a renter was in there because many of the benefits will accrue to the owner and they are not – they do not really – they have not really sort of earned the credit for occupancy by low, moderate, and middle income tenants. So if it is a rental and you convert to an ownership and it is a different – now if it is the same individual or family, you can count the time that they have been in the unit, but if you are going to a new occupant, somebody is buying the unit that has not been renting it, then you should be starting your affordability period of 5, 10, or 15 years based on the date that you closed the sale to the purchaser.

And yeah, so the environmental review issue I think we covered up top under Program income. So those are all the sort of small bits we have.

We have been out doing clinics so we were in L.A. last week. It was very good to see that, some beautiful work out there. And it is expensive, but it is very nice, durable, interesting projects that a number of grantees are doing, particularly the city of L.A.

We are also getting a lot of good feedback from our field office staff about – and from the grantees about how to improve the closeout process. So while I was complaining for the first three months that we were not getting our reviews back in time, it probably is helping us to come up with a better product in the end so. Well that is a good – next week we are going to see – we are not doing a clinic, but we are going to see several projects in Philadelphia and in Camden, New Jersey and then a week after that we go to – or two weeks after that we go to Chicago and Detroit. And so we should be coming to a location near you. We hope you can make what will likely be the last round of the NSP clinic.

With that, we will throw open the phone lines to all of you. We will see if you have any questions.

Mary Paumen: Well John, we actually already have three written questions. Let me start with the first one. The first question is from Doris Bea who is asking about certification if she wants to be involved with property management for NSP projects.

John Laswick: So does she have to be certified, you mean, or?

Mary Paumen: Right. The question is whether or not the program would require that property managers be certified.

John Laswick: Yeah, we do not have a requirement on that, but maybe state law Requirements. Those standards are somewhat higher than we are. We do not – we are just silent on that one. So we just want you to have good sound business practices, but if you as a city want to require that, you can do that. But you just want to hire someone that is experienced regardless of how many exams they have taken or whatever.

Mary Paumen: Okay, all right. The next question comes from Jennifer who is asking what is the maximum amount of Program income we are allowed to have on hand as for revolving – an RSS can be entered and approved in ECDBG?

John Laswick: I do not know what ECDBG is. Is that an NSP question or maybe she can – this person can call in and provide some more information?

Mary Paumen: Kathy is going to text her and see if we can get a clarification and see what she is meaning. All right, let us move on to the other one. More straightforward, what rules and regulations dictate the issuance of Program income?

John Laswick: Oh let me count the ways. Well primarily 570.500 Section of the CDBG Regulations. I think it is 503 that deals with – I will look it up with Program income. You can look up our handy – it is 504. 570.504 is the sort of main location. There are counter – sort of overlapping OMB and Treasury Department rules and so what we have tried to do in a policy alert that we published about a year ago, I think, on Program income. We have taken – we have tried to make sort of consistent application of all of these different, kind of overlapping, rules so that you can make some sense of the way through the path. We have also excerpted all the sort of key sections from these different OMB regs and things like that in that policy alert as an appendix. So I think that is a pretty comprehensive source of information on Program income and which includes the citations and so forth and hopefully includes sufficient narrative to have the pieces fit together.

Mary Paumen: Let me ask Cherelle if we have any folks cued up to ask a question before we move on to the next written one.

Cherelle: And you have a question on the line from Gail Brownlee.

John Laswick: Hello.

Gail Brownlee: I had a question in regards to the homebuyer education requirements for when we are doing any of the NSP for homeownership.

John Laswick: Okay.

Gail Brownlee: Unfortunately, in Wyoming, we have very few HUD approved housing counseling agencies.

John Laswick: Right.

Gail Brownlee: To the tune of four of them. One is on the Indian reservation and they deal with tenant issues. One is actually across the border in Colorado. One only does post counseling. The other entity was helping us with our NSP, but they are no longer offering any kind of homebuyer education classes. We literally have to pay them to put on a class and travel wherever. However, they have developed an internet-based homebuyer education course through – it was acknowledged through Neighborworks, Rural Development, accepted as a homebuyer education class. It is a six hour class and there are tests at the end of each module. We have developed or we have put in writing where we are requesting a waiver to have it done in person because now they have had a huge turnover and they do not have the staff to be able to do the homebuyer classes at all. And we were told by our local office it was going to take over a year for HUD to give us that waiver. That is going to kill our program for a year. I might as well shut the door on this. Is there another way to go about this to try to get a waiver that is not going to take a year?

John Laswick: Well yeah. So let us clarify a couple of things. I think we may have sort of addressed this earlier with the State of Wyoming or maybe Montana, but yeah, you are in a kind of situation where it is not technically a waiver. It is an exception. And so waivers can take a year and that is kind of how – that is probably how they got that back to you. But actually, it can be done at the field office level. They do not even have to come to headquarters. And it can be done on the basis of just these kind of unusual circumstances where you do not have a nearby provider.

Now our program requires, the legislation requires, eight hours of education. And typically the providers I have talked to think that live presentations are preferable, but you do not always get what you prefer. So hopefully if you can come to some terms with their – if they are HUD approved and if their program is HUD approved, I am not going to get into a fight about six or eight hours, but our experience is the more people get the more the results are so. But the other thing is that you can – I mean you can pay them. I mean you said they will only do it if you pay them to do it. Well most grantees are paying them to do it, in my experience so.

Gail Brownlee: Right, but it is very costly to educate one or two people having them travel 200 miles and having them stay overnight and meals. I mean it is costing the program a ridiculous amount.

David Noguera: What you could try to do is offering the training in groups. So for example if you are trying to get a poll of potential homebuyers trained then maybe you wait until you have a mass of 20 or more before you bring in the trainer and do a full day’s class, just not doing it on a one by one basis.

Gail Brownlee: Well – right. And what we are talking again is Wyoming.

John Laswick: Right.

Gail Brownlee: So over the last three years, I have purchased 101 homes and I sold 58 of them. If I waited until I had 20, I would have had two classes in the last three years.

David Noguera: Right.

John Laswick: Yeah.

Gail Brownlee: So that is my issue in that----If we could do it over the internet it is available 24/7.

John Laswick: Well that [Cross talk]

Gail Brownlee: Not----

John Laswick: That might sound like it is your best option.

Gail Brownlee: Right. And then what we do is we supplement it. We are not a housing counseling agency, but we are the Housing Authority for the State of Wyoming and we do all of the bond programs, etcetera and we actually spend four more hours with the applicants where we actually go through the documents paragraph by paragraph explaining exactly what their obligations are, explaining what it is going to mean to be a homeowner and what we are going to expect of them, what their payments are going to be. So I mean we spend four more hours on top of the six on the internet.

Gail Brownlee: But we are just not an approved housing counseling agency.

Hunter Kurtz: I mean make sure you – yeah, talk to the field office. Make sure that they understand that you are asking for an exception and have them – feel free to have them call us if they have any questions.

John Laswick: Yeah, we wrote that into our – one of the notices, but I forget which one. It may have been in the original October 2008 notice. So it is available to field offices. It is not a strenuous process. I mean it is – the only place that we have really seen it are in the high plain states where the distances are so great and the providers are so few so.

Hunter Kurtz: John, I think we should take a second to emphasize that to everybody out there that this is – that you guys are the exception to the rule for this.

John Laswick: Right. Most states have multiple – most cities have many multiple providers. That would only be in an extreme circumstance that we could consider this, but I mean on a – it is easy to see that you are in one of those situations so we can talk to the Denver office as well and make sure that they understand that it is not a waiver, that it is actually just an exception that they can approve at that level.

Mary Paumen: John.

Gail Brownlee: And maybe I have used the wrong language so I will use the word exception with them when I speak with them.

John Laswick: Well they are an exceptional office so – but I am sure that they will like to hear that so.

Mary Paumen: John, one of the participants emailed in too and this might help you also. They said apparently there is an online course offered through eHome America and their website is www.ehomeamerica.org and she goes on to say after the online course is completed a HUD approved housing counselor contacts the applicants and works with them and the cost is only $50 per person. I do not know if that is something that could be used instead.

John Laswick: [Cross talk]

Gail Brownlee: This is the same thing, only thing, a local non-profit is doing it. It has been endorsed by and approved by eHome America.

Mary Paumen: Oh okay.

John Laswick: Okay, great.

Hunter Kurtz: And again, that is only for these states that have a limited number of homeowners.

John Laswick: Right.

Gail Brownlee: Can I ask another question in regards to another challenge that we are having?

John Laswick: Sure. Go ahead.

Gail Brownlee: Within the program, when we are purchasing the foreclosed property, we are checking for all hazards. And of course, obviously one of them is lead. And currently HUD has approved a lead-based paint gun testing device that can be used, but since at least August of last year and maybe even longer, there has been in a request for a TCS Performance Characteristics Sheet to be approved by HUD on a new gun that is out there. It is pretty much the same thing as the old gun was except for the fact that they just updated it and the biggest update is, again in Wyoming, it did not work worth a hoot as soon as you got below 30 degrees. And so now this new gun has the ability of reading those things a whole lot faster plus performs a whole lot better in colder weather. Is there any way, since we cannot – we are having a hard time testing because this approval is not going through and it has been awhile, is there a way we can try to expedite that to tell people, let anybody at HUD know that this is holding things up on various programs, the HOME Program, NSP Program by not getting this taken care of?

John Laswick: Why don’t you send in a note? Our email addresses are going to be up here and send a note to me. We do have a lead paint/healthy homes section. They are really very helpful people here and I can have one of them get in touch with you and kind of talk through what the issues are and see if there are any alternatives or they can tell you how fast it is going to be. And hopefully it will not be going below 30 for a couple more months anyway so.

Gail Brownlee: Well and where I am sitting is I have to get a new source for my current gun. It is going to cost five thousand dollars. I do not want to do that if the approval is going to come through in the next week because then I would be----

John Laswick: Right.

Gail Brownlee: --spending five thousand dollars that does not make sense on the program when we really need to get the new gun that is going to work in the colder weather once it does hit. So that is where I am trying to play that game.

John Laswick: Yeah.

Gail Brownlee: I am figuring out what is best and most expenditures on the program and not spend funds that do not need to be.

John Laswick: Right. Okay. Well send me a note and I will contact Rachel or Warren or one of our people upstairs and they can – they probably have the answer for you very quickly so.

Gail Brownlee: I appreciate your help on that. Thank you.

John Laswick: I did not think we would be getting into gun control here.

Mary Paumen: Okay, John. Going back to the question on the request for funds, Jennifer clarified and said ECDBG is a reporting system for NSP I. We are going back to her original question about is there a minimum amount of dollars that you would like to see when there is a----

John Laswick: Well so----

Hunter Kurtz: Yeah.

John Laswick: Okay. So that is one question. The other – but I still am not sure what – I mean there is no – the minimum amount of Program income for what? I mean normally you have pro – so let me tell you part of the answer at least which is that in all of our programs, you receive Program income and if you can expect to spend it within a reasonable period of time, maybe a couple of weeks or maybe a month or something like that, you just leave it in your fund and then you spend it. And if it is a large amount and you are not going to be able to spend it right away, there is an expectation that you would reimburse the program. But if it is in a revolving fund, I do not think that that applies because it is in a revolving fund. It is sort of walled off from the normal workings of the line of credit and the letter of credit system so. So that is – Ryan, do you know about the ECDBG?

Ryan Flanery: I have never heard of that before, no.

Hunter Kurtz: It is probably a mechanism at a state or local level someone is using.

Ryan Flanery: Oh, that is possible.

John Laswick: That is probably right.

Ryan Flanery: So we do not know.

John Laswick: Sometimes, yeah, we get these state issues on top of the federal issues and we are not up on the state ones so.

Hunter Kurtz: And they – I would – this might be – the person may be a sub grantee to a state or a city and that is the system that state or city uses to track their NSP internally. So we would not know the answer to that question. We use a system called DRGR to track NSP.

John Laswick: Yeah, so I – well but I think that regardless of the system, this Program income question, I looked up the data, this policy alert, it is actually two years ago, July 2011, Program income and NSP. That might have some answers for you in terms of the timing on this. If it is kind of a specialized question about the difference between having Program income in your line of credit versus having it in a revolving fund, maybe you ought to write that in so we can get you to a financial person that has the detailed knowledge to explain it correctly.

Mary Paumen: Okay. We got a clarification from Kevin Roddey on ECDBG. It is the Energy Community Block Grant provided under HERA through the Department of Energy.

John Laswick: Oh.

Mary Paumen: There you go. All right, next question comes from C.P. are there Federal regulations? A small rural community wants to know if every sub-contractor they hire, regardless of contract amount, must obtain a DUNS number and register in SAMS prior to hiring them and the amount that they reference is two hundred fifty dollars for a cleaning person. So how low does it go?

John Laswick: I cannot believe it goes that low. I do not know. Some of this DUNS stuff is relatively new. Let me – let us kind of look up, see if we can find the reference on that while we are waiting here because I am not sure of the DUNS information.

Hunter Kurtz: Yeah, it is in the very----

John Laswick: Can we move on to another?

Mary Paumen: Okay, sure. Let me ask Cherelle if there is anybody else in the cue to ask a question verbally.

Cherelle: And there are no further questions at this time.

Mary Paumen: Okay.

John Laswick: Listen because I know you can hear us flipping through paper as----

Mary Paumen: Okay. The next question, written question we have, is when doing lease purchase with NSP I and III, does the initial/first client doing lease purchase also need to be the ending homeowner or can we do lease purchase again with a new client at the same property if the first one does not work out?

John Laswick: Yes.

Hunter Kurtz: Yeah, we cannot do that at home, but we----

John Laswick: Right.

David Noguera: --do allow it. The key issue that we have been discussing here is dealing with the affordability period. The fact that the initial resident who was a tenant did not ultimately purchase the home then what we are saying is the affordability period would start over again when you put the new family in there. So the clock starts when the home is sold.

John Laswick: It would start over.

Mary Paumen: Okay, but essentially they could put in a second lease purchase family.

Hunter Kurtz: Absolutely, yes.

Mary Paumen: --right after the first one?

Hunter Kurtz: Absolutely.

David Noguera: They could restart that clock too.

Hunter Kurtz: Yeah.

Mary Paumen: At this point, we do not have any other written questions. So I reach out to our audience which is actually fairly large. We have 83 people on the line. So is there anyone else who would either verbally like to ask a question or send us a written question? Cherelle, did anybody step up?

Cherelle: No. Again, if you would like to ask a question, you may do so by pressing *1. Again, that is *1 to ask a question.

Mary Paumen: So John, David, Hunter, and Ryan, we do not have any additional questions. We did get one more comment from Kevin Roddey about the DUNS numbers. Our DUNS registration, his comment is, is for sub awardees, not for contractors procured for goods and services such as rehab or cleaning.

John Laswick: Kevin Roddey is such a smarty pants.

Mary Paumen: It is nice that everybody is able to type in and send us comments while we are, shall we say, on the air.

John Laswick: I am just going to go home. Kevin, you just keep answering these questions; okay?

Mary Paumen: So at this point, we do not have any additional questions for you.

David Noguera: Okay. Well the other thing I will do is just announce the clinic. We started a round of clinics earlier this month and so far we have had three of them: one in Jacksonville, Florida, another one in Miami, and another one in Los Angeles California. We still have about nine of them left. And I encourage you, if you would like to sit down with Kevin Roddey or any one of our technical assistance providers or HUD staff, these clinics are held at field offices and it just gives you an opportunity to troubleshoot issues. Maybe you are a new staff person that was recently hired to handle NSP and you could use some help to get up and running. I welcome you to sign up and participate.

Next up we will be in Chicago the week of – we will be there June 18th and then we are headed to Detroit on June 20th. There is a whole list on our Resource Exchange that shows the dates and locations. So I encourage you to check them out.

Hunter Kurtz: And just as an FYI, we will be having a – the next webinar we will be having is on June 11th. It will be a Q & A open forum like this. But we will also have some folks from the environmental offices – Environmental Office to answer your questions as well as us. We give a short little presentation in the beginning.

John Laswick: Then we – yeah, we have been seeing – we saw this last time in the clinics too, quite a few new staff people. So people say how come you are going out and training. We have not done these trainings for three years now, but there are a lot of cases, a surprising number of cases where you see new people in the positions and so – and our own staff are realizing because of the Program income that is going to be coming in in some places, even the CDBG people are going to have to learn a little bit more about NSP. So we are going to be having several sort of basic extra classes coming up we can hopefully use people that might be transferring in form another section or something like that so.

Mary Paumen: John, we actually do have two new questions. One is the person who asked about the Program income apparently lost connection while you answered the question. So if you would not mind repeating your response on regulations and requirements for Program income.

John Laswick: Sure. So the regulations and requirements are all quoted in a policy alert that we published in July 2011 called Program Income and NSP, I think. So if you go on to the One CPD Resource Exchange in the library and you put in NSP program and you put in policy alerts then you enter Program Income on the top line, you will find – you will get several documents. The July 2011 is the most comprehensive and it – the trick about Program Income as is with a lot of these federal programs, there is HUD rules which are in the 570.504 of the CDBG regulations, but then there are overlapping requirements or requirements that are sort of pulled into those from OMB and in some cases the Treasury Department. And so what we tried to do with that July 2011 policy alert was to put all of that information into the same documents so the appendix contains all the relevant sections from the different requirements and there is a narrative part that hopefully leads you through the thought process on it. And we spend a fair amount of time in there on how to deal with rental income. That was a big question. That has been a big question throughout the program. But there are a lot of issues.

A lot of Program Income out there. I did not look this week, but last week we were up to nine hundred sixty five million dollars in Program Income in the first couple years. That is about seven hundred million of NSP I and about two hundred thirty million in NSP II and about thirty million in NSP III. So that number is going to keep rising for quite a while. It trickles in. But we may need a – this may be a good topic for another one of our little sort of half hour overview sessions like we have been having. So if you have specific questions, please write in to the Resource Exchange. We are not getting all that many questions through there these days so you should get pretty quick responses and if it is a problem or if you need some specific kind of assistance or you need to unwind some problem or whatever, let us know. Request some technical assistance and we will try to get you through it.

Mary Paumen: And we do have one more written question. The question says do you have any feeling on whether or not Project Rebuild will ever happen. I heard laughter in the background there.

John Laswick: Feelings is a good word. We all feel it would be a great program. We do not think it is going to happen right away. So I mean here is the situation. It has been introduced in Congress by Representative Maxine Waters from the Los Angeles area who introduced the HERA Legislation which brought you NSP I. And so she is still very interested in it. The Secretary is very interested in it. The White House is interested in it enough to put it into the budget for this year even though they probably do not think it is going to pass either. So what that means in the long run – I mean what are the odds in the long run; I do not know. I think it will have a lot to do with elections in the future, but certainly it is a good – we can use that kind of money. But of course lots of people say that. So that is where it stands.

There is a small initiative in the current budget proposal which is not, quite honestly, not clear to me exactly how it would work called the Neighborhood Stabilization Initiative. It is still in the formative stages. It is budgeted at two hundred million dollars. A request – it is not clear if it will be approved. If it is approved, it is not clear how it would work. My thinking is that it would be some sort of a competition and that there would be leveraging and other kind of similar things to NSP but we are – I mean – so two hundred million dollars, you just do not get a lot of units at average cost of seventy thousand or so in the NSP I, II, and III programs. So but that could be a prototype for Project Rebuild as well.

Two things also, I mean one is that basically your Program Income is your Project Rebuild. I mean that is your start on it and that is kind of the resource that you have. We strongly recommend leveraging that, getting some additional funding. Think about tying it into your CDBG Program, maybe even a 108 Application. I know of one grantee that was looking at a General Obligation Bond, part of a large package of bonds that would be a piece of that would go to a Project Rebuild type of a program which is basically NSP with additional commercial development and some public improvements. That seems to be the sort of expansion that most people would like to see. Fifteen billion dollars is a lot to hope for, but I mean I do not think it is out of the question if something smaller would come in. But I still think it is pretty much of a long shot. So those are our personal feelings and do not reflect the opinions of the Department or its assessors.

Mary Paumen: Thanks, John. We did get two more questions in. When you and David were discussing upcoming events and particularly the clinics, we did get a question in the aft. Will empowerment zones be discussed?

David Noguera: No. I say no, but the folks that we have been brining there to the clinics do have a wide breadth of experience. I know at the last clinics there were some issues that came up on home and some of the homeless programs and our folks were able to support them. So I would say if you are looking to use some environmental – some empowerment zone funds that you have with your NSP or something like that, then please come out. We will have folks there that can help you.

John Laswick: Yeah, the structure of these clinics is probably the least formal of the three that we have had. We are not offering any kind of classroom type instruction and David is right. So that we have had – we have our own staff and we have generalists, I mean experienced, broadly experienced generalist people who can answer a lot of things and so – and the discussion sessions are pretty freewheeling. It is not like well you can only ask about Program Income at this table. They have tended to be sort of people moving through a series of conversations and looking at their situation from a variety of perspectives. Maybe one person is a little more specialized in finance and one person is a little more specialized in federal requirements or what have you. So yeah, so I think you can be able to get value out of that conversation.

Mary Paumen: Well we have five questions cued up for you. So the first one is. Okay. What are the requirements for reporting Program income for non-profits NSP II sub recipients who are retaining program income for the five year requirements?

John Laswick: What are the requirements? Okay, so you meet the important tests of being an NSP II nonprofit of basically any [Cross talk]

Hunter Kurtz: Well a consortia member or direct grant?

John Laswick: Consortia member. Well yeah, if you are a consortia member or you are a----

Hunter Kurtz: Direct grantee.

John Laswick: --grantee, the nonprofit direct grantee, then when you close your grant, funds that you receive after that closing is subject to the five year rule. Funds that you have received prior to closing but are still in your letter of credit or your bank account, still have to meet the prior – the regular NSP requirements. Once you have closed money that is received after that closing for a five year period must be spent on eligible NSP activities that meet a national objective. That is it. Those are the only two requirements that you have. But you must be a member of a consortium, an NSP II nonprofit consortium.

Hunter Kurtz: And it is important to emphasize that the program income earned now, even though the expenditure deadline is over and I know that we have said this a couple of times now, but it is still important to emphasize it, that you still must meet all of the cross cutting requirements: environmental, Davis Bacon, all of those. So please continue to do those.

Mary Paumen: Okay. Next question, if a grantee has exhausted their line of credit and are now collecting program income, even though closeout is a ways off, should they begin to track their 25 percent set aside obligations?

John Laswick: Yes, I mean the 25 percent set aside never stops being tracked in theory. So any program income that you have ever received is subject to that requirement.

Hunter Kurtz: And I think this brings up a good point we need to go back to the other question that the 25 percent set aside applies to them during that five year period too.

Mary Paumen: Right. So they should be tracking it from day one?

Hunter Kurtz: Yeah.

John Laswick: I think it is just a national objective.

Hunter Kurtz: All right well.

Mary Paumen: We got a question from someone who said I am brand new at this and should I attend a clinic and I was tempted to have Kathy type back yes. I was at the one in Miami. I think they are very helpful and John or David if you want to jump in and encourage someone who is new to the program to attend one of the clinics.

David Noguera: Definitely, definitely. I think one – its – the nice thing about the way we have set up these clinics is that it can cater to anyone regardless of your level of expertise. One – through our debriefing session in Los Angeles, we realized that we could probably use a session for newbies, right, people who know nothing about NSP. The program was just handed to them and now they have to figure it out. So we will have a session lined up to focus strictly on the ABC's of NSP. But in addition to that, one of things that we can do is informally have some discussions around what sort of help do you need. Because what we can do is follow up with some technical assistance to really get you going, right. And make sure you have the adequate resources available to you to manage your program and you know what is out there. I think that is – that is the biggest part of it is just knowing the fact that we have a Resource Exchange and the fact that you have a rep in your local HUD field office that you can reach out to and you have a whole range of policy alerts and compliance docs and toolkits that we have developed, all of that.

John Laswick: Yeah. So yeah, I would endorse that too and say that one of the advantages of the kind of customized approach that we are having with these clinics is that we can sort of work at any level and maybe some of things you could take out of that would be a list of key training materials. A lot of our stuff is online. Toolkits, depending on the kind of program you are working in and those kinds of things. Because even though it is there, it is not always easy to lay your hands on it. So I would certainly encourage you to come and listen in.

Mary Paumen: Great. We have a question from one of the cities in California that got money from the State of California through NSP I and the question is they have used their money to purchase homes, rehab the homes, and sell them. Now that the homes are sold and we want to change the use of funds and provide – sorry, the screen just went dark on me. Now that the homes are sold and we want to change the use of funds and provide first time homebuyers down payment assistance, do we have to reapply or amend our initial NSP with the state in order to change the use? So I would assume – John, I do not know, is this a question that you can handle because it actually goes back to the state or?

John Laswick: Yeah, I----

Mary Paulman: I will let you.

John Laswick: They would need to talk to the State, but I mean I could tell you what the minimum requirements for us would be which are that if it is a new activity or a new scope or new location then those kinds of things would all require an amendment. Homeownership assistance is frequently paired with other kinds of acquisition and resale options. So your state may have a stronger or looser position on what that trigger is. But for us, if you have never had it listed in an action plan, we would say you would need to go through a local amendment. It is not a resubmission of your application to HUD at any rate. And I do not know what the State of California requires but you would really have to talk to them because most of the states have an overlay that is – that expands on our requirements and we are not experts on those.

Mary Paumen: And we have some follow up questions related to the earlier question about contractors having to have DUNS numbers and whether or not they need to be checked against the SAMS list. And C.P. wrote in and said they have been told by the Denver field office that they need to do both. Do you want to add anything to that?

John Laswick: Well I was just looking at the general rule from – this requirement comes from something called the general rule which applies to all programs and I think that it is – I mean it sounds like the kind of situation where we need to get some more information. If you could write that in and we could, if you are getting a mixed signal or if you are getting a different signal than you think is correct, we will need to sort it out with the field office too. But what I am seeing here refers to DUNS numbers requirements for applicants but just a city or county or state that is applying or a business in nonprofit. I do not – I am not seeing anything below that level. Maybe Kevin Roddey can help me out here sort of.

Mary Paumen: We do not have any additional written questions. Let me ask Cherelle, is there anybody waiting to ask a question verbally?

Cherelle: And there are no questions from the phone line.

Mary Paumen: That is the full list, John.

John Laswick: I was looking through this thing. I am still looking at this DUNS number thing. And I think we are – I think our big interest is in having a DUNS number from the applicant, not from any sub grantee, sub recipient, developers, etc., etc. So and----

Mary Paumen: Well and the other side of that on the issue of whether or not contractors need to be checked against the SAMS list, the answer to that one is yes. You cannot hire a contractor and use federal dollars unless you have checked to see if they have been debarred. I know that they have to do that.

Ryan Flanery: And I can just say from the system side in DRGR, you will need the DUNS number for responsible organizations. So obviously for yourself you will have your DUNS and TIN in the system as the primary direct grantee and that allows you to draw money through locks and everything. But then you will include DUNS number for each response organization that is carrying response – is responsible for carrying out those activities. Beyond that, I do not know of any system requirements for DUNS going below that. I know there is not, in the system at least, for NSP.

John Laswick: That would be----

Ryan Flanery: It would be a little bit sandy, but----

John Laswick: That would include developers as well as like sub recipients, Ryan?

Ryan Flanery: It would. Any response organization right like if they have a – depending on the contract, whatever the agreement states. If they are responsible for carrying out that particular activity, they will have that type of information.

John Laswick: Okay.

Ryan Flanery: And while I am talking, I might as well just take a moment to let everybody know I know that some of you have been on the recent Q & As I have been talking about the financial drift issue, some discrepancies showing up in the QPR and it is causing issues with sometimes saving QPRs or doing draws, things like that. We had an emergency release that went through May 16th, I believe it was, and that was intended to solve the underlying issue so whatever was causing the drift in the first place. And then we did a data correction a few days after that to clear up any outstanding issues.

Now that said, I know there have been a few similar type issues that have come through since then and I do not know if it is the same issue, we did not resolve it with the emergency release or if these have just been issues that have been hanging out there that did not get caught by the data correction. So if you are still seeing discrepancies in particular with your program income draw amount being greater than what it should be, in some cases, the program funds draws are greater than what they should be according to your records, just please continue to send them on to us so that we can take a look and investigate and see if the fix was actually in place or if we need to do some additional data corrections to resolve any outstanding issues from the prior. That is really the only update that I have on that of the DRGR side.

There is actually one other fix that was in that release was related to the ability to revise collection. So if you had wired funds back to Treasury that comes back into DRGR in the form of a negative amount a negative voucher. For some reason, there was no link that allowed you to revise those funds to the appropriate activity once they came back in. That has been corrected now too. So you should be able to revise collections. If there is any issue there, please let us know as well.

John Laswick: All right. Any other call in or written questions?

Mary Paumen: No, we do not have any. Cherelle, any verbal questions?

Cherelle: No, there are no further questions at this time.

John Laswick: Okay, that is----

Mary Paumen: That is a wrap John.

John Laswick: Are you going to put up our email addresses?

Mary Paumen: Yes, Kathy is putting – you want us to put up your email so that?

John Laswick: Yeah, I mean there was several people that we had writing in with additional information and we will follow up with those.

Mary Paumen: Kathy is putting it up now for – just your email, John?

John Laswick: Yeah.

Mary Paumen: Okay.

John Laswick: But.

Mary Paumen: Kathy is putting your email up on the screen now. And then the last slide folks will see also refers everyone to the Survey Monkey and please ask that people fill that out so we have a sense of----

Hunter Kurtz: John Laswick the Survey Monkey.

Mary Paumen: Sorry. It should not have been in the same sentence, but we are going to post your email so that folks can see it.

Hunter Kurtz: Do you want me to clarify this while we are just?

John Laswick: Yeah, please.

Hunter Kurtz: Just before everyone jumps off, real quickly, I just got a clarification on a subject that we were talking about earlier. The NSP nonprofits----

John Laswick: Two.

Hunter Kurtz: NSP II, I am sorry, nonprofits do not – that are consortium members or direct grantees do not have to after closeout follow the 25 percent set aside. Obviously, we encourage you to, but the only requirement is that you meet a national objective and affordability.

John Laswick: Eligibility.

Hunter Kurtz: I am sorry, the eligibility; right.

John Laswick: Yeah, so now everybody wants to an NSP II nonprofit.

Mary Paumen: Get around it.

John Laswick: Okay. Well I mean that is good. We do not need to torture you any longer than necessary. So hopefully you have gotten some of your questions answered or at least a lead on the answer. We will send those – send that file up then because some of these are just too kind of individualized to really figure out over the phone and so this is a better way to deal with it.

Hunter Kurtz: And you can always use the one CPS question too.

John Laswick: Yeah, that is true.

Hunter Kurtz: Anytime that you have a question from the webinar, please just say send directly to HUD from a webinar.

John Laswick: Or send it to John Laswick at Survey Monkey.

Hunter Kurtz: Yeah, right.

Mary Paumen: John Laswick at – okay. Thank you everybody.

John Laswick: Thanks.

Hunter Kurtz: Thank you.

Mary Paumen: All right. Take care. Bye bye.

Cherelle: This concludes today's conference. You may now disconnect.

[End of audio]