

State of Georgia

Neighborhood Stabilization Program

Closeout Manual

NSP 1 & 3



 Georgia[®] Department of 
Community Affairs



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Georgia Code of Ethics for Government Service

§45-10-1. Establishment and text of code of ethics for government service generally: There is established for and within the state and for and in all governments therein a code of ethics for government service which shall read as follows:

CODE OF ETHICS FOR GOVERNMENT SERVICE

Any person in government service should:

- I. Put loyalty to the highest moral principles and to country above loyalty to persons, party, or government department.
- II. Uphold the Constitution, laws, and legal regulations of the United States and the State of Georgia and of all governments therein and never be a party to their evasion.
- III. Give a full day's labor for a full day's pay and give to the performance of his duties his earnest effort and best thought.
- IV. Seek to find and employ more efficient and economical ways of getting tasks accomplished.
- V. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not, and never accept, for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.
- VI. Make no private promises of any kind binding upon the duties of office, since a government employee has no private word which can be binding on public duty.
- VII. Engage in no business with the government, either directly or indirectly, which is inconsistent with the conscientious performance of his governmental duties.
- VIII. Never use any information coming to him confidentially in the performance of governmental duties as a means for making private profit.
- IX. Expose corruption wherever discovered.
- X. Uphold these principles, ever conscious that public office is a public trust.

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Definitions

25% Set-Aside Requirement – not less than 25% of the amount of the grantee's NSP1 or NSP3 grant allocation, including Program Income (PI), must have been expended to house individuals or families whose incomes do not exceed 50% of area median income.

Abandoned – A home or residential property is abandoned if either (a) mortgage, tribal leasehold, or tax payments are at least 90 days delinquent, or (b) a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies, or (c) the property is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state, local or tribal law or otherwise meets a state definition of an abandoned home or residential property.

ACT or THE ACT – The Housing and Economic Recovery Act of 2008 (H.R. 3221) (HERA). (See ARRA also).

AMI – Area Median Income. For purposes of NSP, the median income for each county. The AMI varies by household size.

ARRA – American Recover and Reinvestment Act of 2009. This Act modifies some NSP stipulations in HERA.

Blighted Structure – A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety and public welfare. (Grantees should also refer to the blight definition in their NSP Action Plan.)

DCA – Georgia Department of Community Affairs

Dodd-Frank Act – Provided a third allocation of NSP funds (NSP3) under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010.

Equipment – means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. See also §§200.12 Capital assets, 200.20 Computing devices, 200.48 General purpose equipment, 200.58 Information technology systems, 200.89 Special purpose equipment and 200.94 Supplies. (2 CFR 200.33)

Expenditure – means charges made by a non-Federal or non-State entity to a project or program for which a Federal or State award was received.

- a. The charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied.
- b. For reports prepared on a cash basis, expenditures are the sum of: (1) Cash disbursements for direct charges for property and services; (2) The amount of indirect

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expense charge; (3) The value of third-party in-kind contributions applied; and (4) The amount of cash advance payments and payments made to subrecipients.

- c. For reports prepared on an accrual bases, expenditures are the sum of: (1) Cash disbursements for direct charges for property and services; (2) The amount of indirect expense incurred; (3) The value of third-party in-kind contributions applied; and (4) The net increase or decrease in the amounts owed by the non-Federal entity for: (i) Goods and other property received; (ii) Services performed by employees, contractors, subrecipients and other payees; and (iii) Programs for which no current services or performance are required such as annuities, insurance claims or other benefit payments.

Foreclosed Upon – A home or residential property has been foreclosed upon if any of the following conditions apply: (a) The property's current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, or (b) the property owner is 90 days or more delinquent on tax payments, or (c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed, or (d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, contractor, subrecipient, developer or end user.

Grant Amount – is defined as the amount of the original allocation (treasury funds).

Incurred Costs – costs are incurred when goods or services are received by the grantee or subrecipient.

Land Banks – are governmental or non-profit entities created to acquire, manage, maintain and repurpose foreclosed properties.

Line of Credit Funds (also referred to as Treasury Funds) – NSP grant funds held in the grantee's Treasury account, which are drawn through DCA via the Disaster Recovery Grant Reporting (DRGR) system. This term refers to NSP funds allocated by HUD for NSP (not Program Income funds).

LMMI – Low- Moderate- and Middle-Income. Households with income below 120% of Area Median Income. Low income households have incomes at or below 50% of AMI. Moderate income households have incomes between 50% and 80% of AMI and Middle-income households have incomes between 80% and 120% of AMI.

(When referring to draw requests, budgets line items, etc. DCA uses LMMI (activity codes ending in "I") when referring to activities involving moderate- and middle-income individuals. When using LH25 (activity codes ending with "H"), DCA refers to low-income (and extremely low-income) individuals.

National Objective – every NSP activity must meet one of the objectives established by HUD. See Appendix C for a description of activities and national objectives. **All** projects funded with NSP must meet a national objective prior to closeout.

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NSP – Neighborhood Stabilization Program as authorized in the ACT.

Program Income – The gross income received by the recipient or a subrecipient directly generated from the use of NSP funds. This includes, but is not limited to, proceeds from the disposition by sale or long-term lease of real property purchased or improved with NSP funds; gross income from the use or rental of real or personal property acquired by the recipient or by a subrecipient with NSP funds, less costs incidental to generation of the income; and payments of principal and interest on loans made using NSP funds. Please see HUD's NSP Policy Alert regarding Program Income here:

https://www.hudexchange.info/resources/documents/NSP%20Policy%20Alert_ProgramIncome.pdf

Quarterly Performance Report (QPR) – DCA report completed quarterly that reports on grant and activity progress, including financial and beneficiary data.

REO – Real Estate Owned. Property which has undergone foreclosure and title is now held by a bank or other financial institution.

Subrecipient – As defined in 24 CFR 570.500 (c), subrecipient means a public or private nonprofit agency, authority or organization or a for-profit entity authorized under §570.201(o), receiving CDBG funds from the recipient or another subrecipient to undertake activities eligible for such assistance under subpart C of part 570. The term excludes an entity receiving CDBG funds from the recipient under the authority of §570.204, unless the grantee explicitly designates it as a subrecipient. The term includes a public agency designated by a unit of general local government to receive a loan guarantee under subpart M of part 570, but does not include contractors providing supplies, equipment, construction or services subject to the procurement requirements in 24 CFR 85.36 or 84.40, as applicable.

Supplies – means all tangible personal property other than those described in 2 CFR §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. See also 2 CFR §§200.20 Computing devices and 2 CFR 200.33 Equipment. (2 CFR 200.94)

Treasury Funds (Also referred to as **Line of Credit Funds**) – NSP grant funds held in the grantee's Treasury account, which are drawn through DCA via the Disaster Recovery Grant Reporting (DRGR) system. This term refers to NSP funds allocated by the HUD for NSP (not Program Income funds).

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Chapter 1: Purpose

The Neighborhood Stabilization Program (NSP), authorized under the Housing and Economic Recovery Act (HERA) of 2008 (NSP1) and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (NSP3), is a special allocation to the Community Development Block Grant (CDBG) program. NSP provides assistance to states, local governments, nonprofits and consortiums to acquire and redevelop properties that might otherwise become sources of abandonment and blight.

The DCA NSP Closeout Manual (Manual) is intended to provide guidance to grant recipients on closing out NSP1 and NSP3 grants. This Manual is subject to revisions and will be updated as needed with addendums to provide additional instruction and clarification to the closeout process.

Grantees are encouraged to take their time in properly preparing for closeout, which will facilitate the closeout process and post-closeout administration.

HUD has not established a deadline for closing out NSP grants. DCA shall enforce all pertinent regulations in order to complete the State of Georgia obligation for NSP closeout with HUD, pursuant to the HUD published Notice of NSP Closeout Requirements and Recapture (NSP Closeout Notice 77 FR 70799) and the Closeout Instructions for Community Development Block Grant (CDBG) Programs Grants (CPD-14-02).

The instructions and checklists in this manual must be completed separately for each NSP grant, even if an NSP grantee has more than one NSP grant ready for closeout.

The first step in preparing for closeout is completing all activities funded with NSP funds (Treasury Funds and Program Income). Some grantees may have Treasury Funds (Treasury Funds) and/or Program Income remaining at the time of closeout. These funds must be remitted in full to DCA prior to award Close-Out.

Further, all completed activities funded with NSP funds must have met a NSP national objective. It is important to note that physically completing an activity (e.g. completing construction) does not necessarily mean the national objective has been met.

Additionally, before grantees can close out, they must demonstrate they have expended an amount equal to 25 percent of their grant funds (Treasury funds PLUS Program Income) to house individuals at or below 50 percent of the area medium income (AMI). **Any return of funds (as described above) may affect this requirement, so grantees must ensure the 25 percent is still met once unspent funds are remitted. Similarly, the 6% limit for Administrative funds may be affected by any return of funds, so grantees must be mindful of the administrative cap when calculating any return of funds.**

These closeout criteria and the closeout process are explained in more detail throughout this Manual.

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Grant closeout is described in five phases:

1. Preliminary Closeout Procedures
2. Understanding the Closeout Criteria;
3. Preparing for Closeout;
4. Completing the Closeout Process; and
5. Complying with Post-Closeout Requirements.

Before any closeout activities commence, grantees should be aware of, and complete preliminary closeout procedures.

Chapter 2: Preliminary Closeout Procedures

Closeout is the process through which DCA determines that all applicable administrative and program requirements have been completed by the grantee in accordance with the NSP1 and/or NSP3 Grant Agreement. Closeout must be completed separately for each NSP grant, if a grantee has more than one NSP grant ready for closeout. DCA will work directly with grantees on closeout.

Grantees with outstanding monitoring concerns or audit findings will not be able to close out their grant until these concerns and/or findings are resolved.

Each Grantee should review this manual in its entirety and check all program records to determine compliance with all requirements. When a grantee believes that its NSP grant is ready for closeout, a Closeout Readiness Checklist should be requested from DCA (please see the Closeout Readiness Checklist in Appendix A). Grantees must then complete the form and submit to DCA via electronic submission (nsp.biz@dca.ga.gov) before closeout procedures can begin.

The Closeout Readiness Checklist asks grantees the following broad questions:

- Has an amount equal to 100% of your original NSP award been expended on NSP-eligible activities? (Can be a combination of both Treasury Funds and Program Income Funds.)
- Have ALL funds (both Treasury Funds and Program Income) been expended, or will de-obligation of remaining funds be completed during the close out process?
- Have all projects assisted by NSP funds (Treasury and/or Program Income) met a NSP National Objective?
- Has an amount equal to at least 25% of the original grant amount and Program Income been spent on housing individuals at or below 50% of the Area Medium Income?
- Do all NSP properties have mechanisms in place (such as liens) to ensure Continued Affordability? See Requirement for submission of Management Plan for Continued Affordability information for each NSP assisted unit in Section 5.3
- Are your project and financial files in order, and do they tell a complete and accurate story?

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- Are you up-to-date on the submission of all Quarterly Performance Reports (QPRs) and other required reporting to DCA?

The form will also provide space for grantee questions and comments. DCA encourages grantees to contact DCA during the review of the Closeout Readiness Checklist to ensure accuracy and completion. Chapter 3 provides more guidance for the checklist completion.

Chapter 3: Meeting Closeout Criteria

A grant may be ready to be closed when DCA determines that the following conditions have been met:

Section 3.1: Expenditure Requirements

All NSP grantees were required to expend a 100% of their grant amount i.e. the amount of their original allocation (including budget revisions) by the applicable grant year expenditure deadline. A combination of Treasury Funds and Program Income could be used to reach this goal. A grantee's *Treasury Funds* (or Line of Credit funds) refers to the NSP grant funds held in the grantee's Treasury account, which are drawn through the Disaster Recovery Grant Reporting (DRGR) system by DCA on behalf of the grantee. *Program Income* (PI) is revenue generated directly by activities carried out with NSP funds and held in a grantee's local account.

In order to close out an NSP award – all funds (including Treasury Funds and Program Income) must be expended. Because Program Income must be spent in advance of Treasury Funds, grantees may have funds remaining in their NSP Treasury Fund budget (line of credit). Because of this provision, some grantees may not be able to access the remaining Treasury Funds due to the amount of Program Income on hand. A grantee may choose to remit all Program Income on hand to DCA in order to allow access to their Treasury Line of credit, to meet the requirement to expend their remaining funds prior to close out. Should a grantee choose to de-obligate their PI funds, remittance to DCA of the PI funds by check and cover letter explaining intent to de-obligate all PI should be submitted to DCA.

Any return of funds (as described above) may affect compliance with the requirement that 25% of NSP funds must be used for housing of individuals and household below 50% of AMI (see Section 3.2). Grantees must ensure the 25 percent requirement is still met once unspent funds are remitted. Similarly, the 6% limit for Administrative funds may be affected by any return of funds, so grantees must be mindful of the administrative cap when calculating any return of funds.

Section 3.2: Twenty-five percent (25%) Set-aside Requirement

At the time of closeout, no less than 25% of the grantee's NSP1 or NSP3 funds must have been expended to house or benefit individuals or families whose incomes do not exceed 50% of area median income (AMI). This amount may be made up of any combination of Treasury Funds or Program Income. This requirement applies to NSP1 and NSP3. Keep in mind, de-obligation of funds MAY affect the required percentage, so plan any de-obligation accordingly.

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A grantee must reach the 25% set-aside requirement before closeout procedures can begin. DCA will work with grantees to complete the 25% Set-aside Worksheet attached to the Closeout Agreement in Appendix B in order to confirm and document these amounts.

Section 3.3: Projects/Activities Complete

Prior to closeout, a grantee must complete **all** projects and activities funded by NSP funds (Treasury Funds and/or Program Income) and ensure that a national objective has been met for each project/activity.

NSP activities associated with approved NSP-eligible uses are explained in Figure 1 (page 11). NSP1 funds used under Eligible Use E may be used for nonresidential purposes, while NSP3 must be used for housing activities only.

It is important to note that **completing an activity/project (for instance completing rehabilitation on a property) does not necessarily mean the national objective has been met.** For instance, under Eligible Use B, Acquisition-Rehabilitation, the reconstruction of a home that was demolished would be an eligible activity. This project would be complete when the home is fully constructed, inspected and all costs have been incurred. **The national objective is not met, however, until the property is rented or sold to a family whose household is at or below 120% of area median income.**

With respect to the number of units projected to be completed in the Action Plan and the number of actual units completed, as reported in Quarterly Performance Reports (QPR) and Completion Reports, DCA will be looking at whether grantees made reasonable attempts to achieve the proposed number of units. These determinations will be made on a case-by-case basis taking grant agreement stipulations and amendments into account.

Section 3.4: National Objective Met for Each Project/Activity

All NSP funds must be used for eligible activities and uses AND meet one of the national objectives of benefiting low, middle, and moderate-income residents listed below:

- Housing Activities (LMMH): Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of an area median income (or at or below 50% AMI for the 25% Set-aside Requirement).
- Area Benefit Activities (LMMA): Benefiting all the residents of a primarily residential area in which at least 51% of the residents have incomes at or below 120% of area median income. Most frequently demolition is an area benefit. Activities assisting a target area, such as a neighborhood park, access road, etc. can also be considered an area benefit.

Appendix C illustrates interplay between uses, activities and national objectives.

Figure 2 (page 12) provides examples of eligible disposition activities and corresponding NSP national objectives.

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FIGURE 1: NSP Eligible Uses and Correlated Activities

NSP Eligible Uses Eligible Property Type shown in <i>italicized, bold text</i> .	Correlated Eligible Activities From the CDBG Entitlement Regulations New eligible activities shown in bold text .
(A) Establish financing mechanisms for purchase and redevelopment of <i>foreclosed upon homes and residential properties</i> , including such mechanisms as soft-second, loan loss reserves and shared-equity loans for low- and moderate-income homebuyers.	<ul style="list-style-type: none"> • As part of an activity delivery costs for an eligible activity as defined in 24 CFR 570.206. • Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out.
(B) Purchase and rehabilitate <i>homes and residential properties that have been abandoned or foreclosed upon</i> , in order to sell, rent or redevelop such homes and properties.	<ul style="list-style-type: none"> • (b) Disposition, • (i) Relocation and • (n) Direct homeownership assistance (as modified below); • 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. • HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost • 24 CFR 570.203 Special economic development activities
(C) *Establish and operate land banks for <i>homes and residential properties that have been foreclosed upon</i> (Note: DCA did not include land bank as an eligible activity in its NSP Action Plans. However, non-NSP-funded land bank activities in coordination with other NSP-funded activities are allowed.)	<ul style="list-style-type: none"> • 24 CFR 570.201(a) Acquisition and • (b) Disposition • HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost
(D) Demolish <i>blighted structures</i>	<ul style="list-style-type: none"> • 24 CFR 570.201(a) Acquisition, • (b) Disposition and • (d) Clearance for blighted structures only.
(E) Redevelop <i>demolished or vacant properties</i> as housing ***NSP1 funds under eligible use (E) may be used for nonresidential purposes, while NSP3 funds must be used for housing.	<ul style="list-style-type: none"> • 24 CFR 570.201(a) Acquisition, • (b) Disposition • (c) Public facilities and improvements, • (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, • Relocation and • (n) Direct homeownership assistance (as modified below). • 24 CFR 570.202 Eligible rehabilitation and preservation activities for demolished or vacant properties. • 24 CFR 570.204 Community based development organizations. • HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost • NSP1 Only: 24 CFR 570.203 Special economic development activities

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Figure 2: Disposition Activities

	Eligible Activities		National Objectives	Examples
Eligible Use B	Housing		LMMI/LH25	Rehab multi-family or single-family housing units
	Disposition for Special Economic Development		1. LMMJ 2. LMMA	1. Create in-home day care center with new jobs 2. Long term lease of land for corner grocery store in target area
	Disposition for Ineligible activities		1. LMMA 2. LMMC	1. Donate to non-profit to develop community garden 2. Lease building for neighborhood senior center
Eligible Use C*	Housing		LMMI/LH25	Rehab multi-family or single-family housing units
	Disposition (as an end use)		LMMA	Side lot in area with comprehensive disposition
	Disposition for ineligible activities		LMMJ	Discounted sale of property to be used for a hair salon that creates new jobs
Eligible Use D	Disposition (as an end use)		LMMA	Sell or donate to neighbor as a side lot
	Disposition for ineligible activities		LMMA/LMMJ	Donate land for local business development
Eligible Use E	NSP1	Housing	LMMI/LH25	Construct new multi-family or single-family housing
		Public Facilities	LMMC	Homeless shelter
		Disposition for Special Econ Development	LMMA or LMMJ	Build a parking lot for a grocery store
		Disposition for Ineligible activities	LMMA or LMMJ	Lease to a for-profit to develop a shopping center
	NSP3	Housing Activity only	LMMI/LH25	Renovate or build new multi-family housing

*NSP Eligible use C is not allowed by the State of Georgia NSP.

Section 3.5: All NSP Costs Incurred

Prior to closeout, all costs to be paid with NSP funds must have been incurred, and all funds (Treasury and/or PI) drawn in order to close the NSP award. Post close out Program Income must be remitted to DCA (see Section 6.2).

Section 3.6: Other Grant Responsibilities and Regulations

DCA and the grantee will need to ensure that other responsibilities of the grantee under the grant agreement and applicable laws and regulations have been carried out satisfactorily, and that there is no further State or Federal interest in keeping the grant agreement open for the purpose of securing performance. For instance, grantees with outstanding monitoring concerns or audit findings will not be able to close their grant until these concerns are resolved.

Some responsibilities and regulations are unique to each of the programs (NSP1 and NSP3). Program considerations include, but are not limited to, the following:

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Green and Energy Efficiency Requirements Differ by Program

The HUD 2010 Unified NSP1 and NSP3 Notice in Subpart I describes the requirements for green and energy efficiency actions under NSP3.

Grantees must be able to demonstrate that these features have been included in all subject projects. Inspection reports or other documentation in the grantees records must contain this information sufficient to demonstrate compliance with this requirement.

NSP3 Demolition Restriction

NSP3 grantees must be able to demonstrate that no more than 10% of their grants were expended on demolition.

Chapter 4: Preparing for Closeout

The following are some tips that may assist grantees in closing their grants efficiently and effectively.

Section 4.1: Prepare Final QPR

While submitting the final QPR to DCA will be one of the last steps of the closeout process, the process of ensuring all budget, Program Income and project/activity information provided is correct can be time consuming depending on the size and activity of each grant. To help with this process, DCA will provide grantees with project, activity, and budget information via reports from DCA's Grant Management System. DCA completes "income switches" each quarter which should help alleviate the need for extensive corrections from previous QPRs. Ultimately, the final QPR must include ALL complete and accurate narrative and data from program inception as DCA will not review past QPRs.

The bullets below discuss some steps a grantee may take to prepare its Final QPR. Several reports can be generated by DCA NSP staff that may be helpful when reconciling data.

- Grantees should ensure all expenditures and Program Income have been recorded in the final QPR and that all other financial data is consistent with the grantee's records.
- Narrative in the final QPR should be clear and concise and "tell the story" focusing on accomplishments. Final report narrative must discuss the program from start to finish. This does not have to be lengthy, but should be comprehensive.
- Accomplishment data must be correct and final. As noted above, DCA will not review past QPRs. Contact DCA NSP staff for copies of completion reports and/or completion report data.

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Along with the QPR preparation suggested above, grantees are advised to review their recordkeeping and documentation systems to make sure the necessary documents are easily accessible to demonstrate compliance with regulations, completion of activities and meeting a national objective. Records management requirements are discussed in more detail in Chapter 6 of the Manual.

Section 4.2: Confirm that All Projects Have Met a National Objective

As discussed in Chapter 2, each project assisted with NSP funds (Treasury Funds and/or Program Income) must meet a national objective before a grant can be closed. NSP national objectives are limited to housing activities (LMMH), and area benefit activities (LMMA). Grantees can ensure a smoother closeout process by confirming in advance that each project/activity has met an NSP national objective.

Section 4.3: Confirm that the 25% Set-Aside Requirement Has Been Met

As discussed in Chapter 2, at the time of closeout, no less than 25% of the total amount of the grantee's NSP1 or NSP3 funding must have been expended to house individuals or families whose incomes do not exceed 50% of area median income. This amount may be made up of any combination of Treasury Funds or Program Income. This requirement applies to NSP1 and NSP3 and must be met for each grant individually in those cases where grantees may have multiple grants. DCA can provide reports to assist grantees in tracking progress toward meeting this requirement.

Section 4.4: Written Agreements

Grantees should review all written agreements to make sure that all commitments are identified and will be maintained. Program Income and continuing affordability requirements are two main areas of consideration during and after closeout. Agreements grantees should review include:

- Developer and asset manager agreements
- Long-term and/or continuing affordability enforcement instruments

Information to confirm within these agreements includes:

- Dates and terms
- Legal descriptions
- Responsibilities of parties involved
- Use of Program Income
- How long-term or continuing affordability will be maintained during the compliance period.
- Whether provisions for other federal regulations, records retention, reporting and property inspections are clear and complete.

Any required changes may be made through a written amendment signed by all parties to the agreement. However, all changes must first be reviewed and approved by DCA. Further, this would be a good time to establish a log of these agreements, which may help grantees in

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completing the required Management Plan for Continued Affordability (Appendix H), which is included in the grantee's closeout package and contains the real property inventory and continuing affordability terms. **This document (Excel Spreadsheet) must also be submitted electronically to nsp.biz@dca.ga.gov.** This document is discussed more in Chapters 5 and 6.

Chapter 5: Completing the Closeout Process

The NSP closeout process includes multiple steps. Grantees must work closely with DCA to coordinate the exchange of information. Technical assistance will be available from the onset to ease the process and ensure proper completion of tasks. As discussed in Chapter 2, grantees must communicate with DCA in preparation for closeout and must request a Closeout Readiness Checklist Review prior to scheduling the Closeout Review/Site Visit.

Once a complete and accurate Closeout Readiness Checklist request is received, DCA will contact the grantee to set up the Closeout Site Visit. During the Closeout Site Visit, DCA will work with grantees to confirm that all closeout criteria have been met and whether the grantee is prepared to commence the formal closeout steps. Depending on the needs of the grantee, additional on-call technical assistance may be provided to help prepare the grantee for closeout or guide grantees through the closeout steps.

Requests for technical assistance (TA) may be made at any time to DCA during the closeout process and may include assistance with:

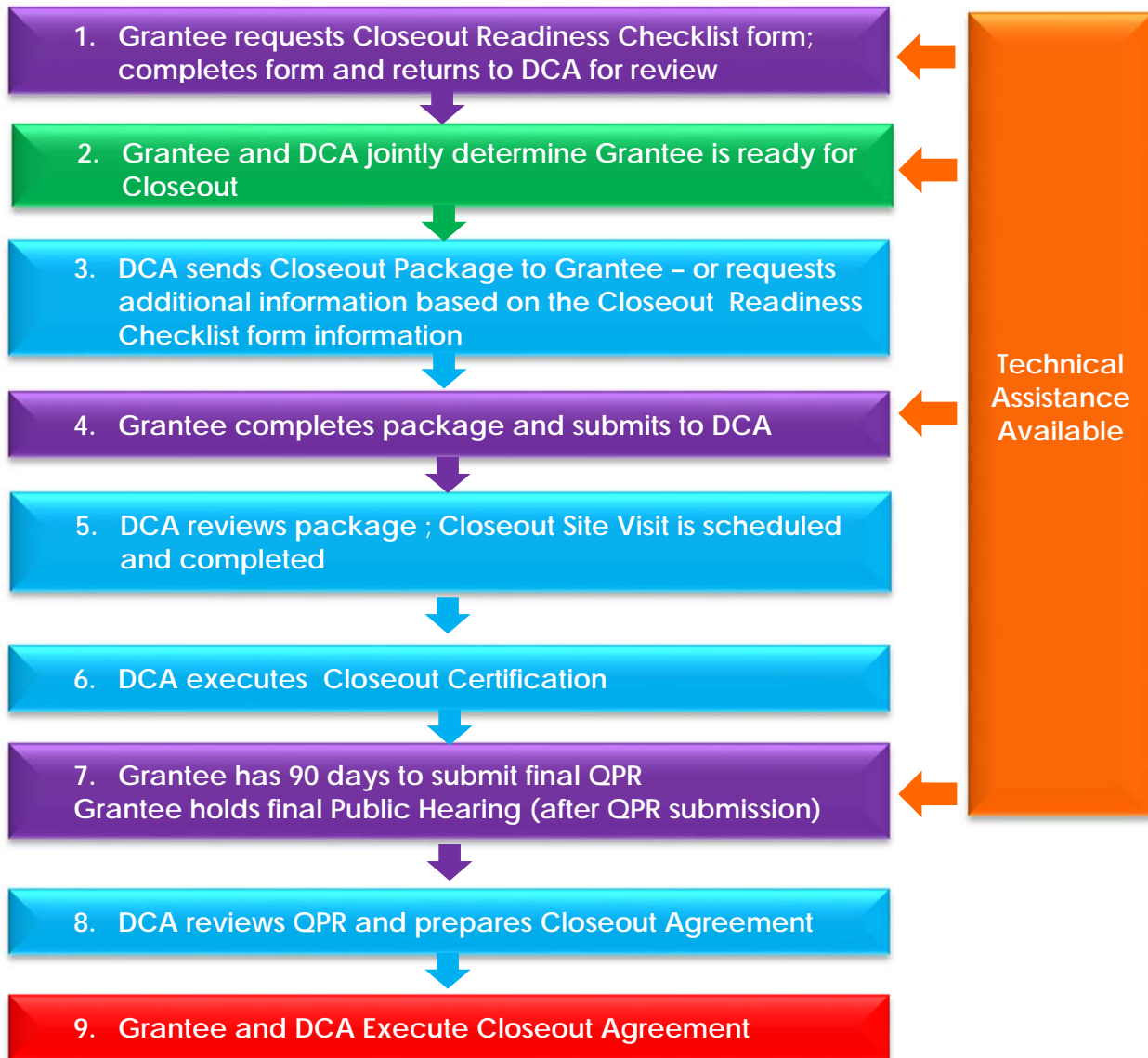
- Completing the Closeout Readiness Checklist;
- Understanding closeout criteria to ensure all criteria are met;
- Preparing the documentation required for closeout;
- Reviewing documentation prepared by the grantee for closeout; discussing recordkeeping needed to substantiate information provided in the closeout package; and
- Reconciling data and information in all program/project files and creating the Final QPR.

Requesting TA will help grantees and DCA ensure that the final closeout package is accurate and complete. A well-organized and thorough system for record keeping will enable grantees to demonstrate compliance with NSP requirements, if requested by DCA at a later date.

Each closeout step is described more fully below and illustrated in Figure 4 (page 16).

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Figure 4: Closeout Steps



Section 5.1: Grantee and DCA Determine Jointly that the Closeout Criteria Have Been Met

DCA and grantees will work cooperatively to determine that closeout criteria have been met. Considerations may include, but are not limited to:

- Amount of remaining Treasury Funds;
- Status of activities/projects;
- Program Income available; and
- The quality of QPR reports and recordkeeping.

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This will be a fluid process in which DCA and grantees mutually decide, based on the Closeout Readiness Checklist and through conversation that the grantee is ready to proceed with closeout. Either DCA or the grantee may initiate this discussion, though DCA will make the decision to proceed with the closeout. To initiate this process, the grantee should complete the following forms: 1) the 25% Set Aside Worksheet, and 2) the Closeout Readiness Checklist. The 25% Set Aside Worksheet should be retained in the grantee's internal records, while the Closeout Readiness Checklist must be submitted to DCA for review. Upon review and approval of the Closeout Readiness Checklist, DCA will send the Closeout Notification Package to the grantee.

Section 5.2: DCA Sends Closeout Notification Package to Grantee

Upon determining that a grantee is prepared for closeout, DCA will issue a closeout notification package that includes a letter similar to the form at Appendix E (Closeout Notification Letter) informing the grantee that the closeout process has commenced and to provide information on the next steps that need to be taken.

The Grantee Closeout Certification (Appendix I), NSP Management Plan for Continued Affordability (Appendix H) and Closeout Checklist (Appendix F) will accompany the Closeout Notification Letter. Also, the letter will include the following information:

- *Grant award number to be closed* – As noted previously, each NSP grant must be processed under a separate closeout agreement. (Ex. 08-ns-5***, 11-ns-6***, etc.)
- *The balance of unused Treasury Funds.* – As discussed, DCA will work with grantees to closeout grants at a point in time when Treasury Funds have been used to the greatest extent possible.
- *The balance of unused Program Income* – The full amount of remaining Program Income must be returned to DCA. The Closeout Notification Letter will include directions on how to submit the funds to DCA.
- *A general statement that additional Program Income generated from the use of NSP funds will be remitted to DCA upon receipt.*
- *A list of required documents to be submitted for review* – The Closeout Notification will require grantees to submit the closeout package described next in Section 5.3.
- *Provisions related to any special circumstance of the grant closeout, if any.* Special circumstances will be determined on a case by case basis.

Section 5.3: Grantee Prepares and Submits Closeout Package to DCA

The grantee prepares the closeout package and submits it to DCA. To ease this process, grantees should begin reviewing the materials in advance, organizing files and addressing some of the items listed in Chapter 3 of the Manual. As discussed above, technical assistance is available to

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provide guidance in preparing the closeout package. The closeout package consists of the documents listed below.

- *Closeout Checklist (See Appendix F)* – The closeout checklist includes questions that allow the grantee and DCA to determine whether all program requirements have been met prior to closeout. This Manual includes the checklist form as well as an annotated version of the checklist that provides additional guidance at Appendix G. The closeout checklist will be completed by the DCA field rep during the closeout visit, but NSP grantees should review the document in advance to ensure that all information and documentation pertaining to the checklist is ready and available for the visit.
- *An inventory of any real property and equipment purchased with NSP Funds* – Grantees must compile and submit a list of any real property titled to the grantee at closeout that were purchased with NSP funds. The grantee should be able to demonstrate ownership of this property through proper documentation.
- *Management plan for Continued Affordability (see Appendix H)* – Grantees must complete a Management Plan for Continued Affordability (Management Plan). The template (Excel Spreadsheet) for the Management Plan is Appendix H of this Manual. **The completed form must also be submitted electronically to nsp.biz@dca.ga.gov.** Grantees may also submit an Excel spreadsheet with a column for each of the following categories: Grantee Name, Grant Number, Responsible Organization, Description of Affordability (Resale, Recapture, Rental or Other), Property Address, DCA NSP Project #, amount of NSP assistance provided for the property, Start of Affordability Period and End of Affordability Period, and mechanism used to ensure compliance through the Affordability Period.

The Management Plan requires the grantee to certify that the appropriate mechanism is in place to ensure affordability requirements for NSP properties as defined in the 2010 Unified NSP1 and NSP3 Notice and the DCA NSP Recipients' Manual. Grantees must identify which properties are covered by another approach. Other approaches may include rent restrictions for rental properties. As noted above, property information must include the address, DCA NSP project # and dates of the start and end of the affordability period.

- *Closeout Certification* – A partially completed copy of the NSP Closeout Certification (see Appendix I) must be signed and returned with the closeout package. DCA will then complete and execute the certification following its approval of the closeout package.

To summarize, after receipt and review of the Closeout Notification Letter and Package, the grantee will submit the following items to DCA:

1. An inventory of any real property and equipment purchased with NSP Funds, if applicable. (This is not to be confused with NSP land/building properties which were purchased for purposes of demolition and/or rehabilitation.)
2. Management Plan for Continued Affordability. This form must be submitted electronically to nsp.biz@dca.ga.gov.

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3. A check or documentation of wire transfer in the amount of unspent remaining Program Income, if applicable, accompanied by a brief cover letter addressing the PI remittance.
4. The partially executed Close-out Certification, signed by a local authorized official.

Please note: the Closeout Checklist (as seen in Exhibit F) is not completed by the grantee. Rather, the grantee should retain this form and use it to prepare its records and documentation for the Closeout visit, at which time a DCA representative will complete the Closeout Checklist.

We encourage grantees to contact DCA for technical assistance prior to submitting these materials.

When the grantee concludes that the closeout materials are accurate and complete, the grantee will submit its closeout package to DCA for review.

Section 5.4: Closeout Package Review & Signing of Closeout Certification

DCA will complete its review of the contents of the closeout package and will present in writing and discuss any concerns with the grantee. Each review will be different and additional material may be requested as part of this review. Some of the information that DCA may use as it reviews the grantee's closeout package to confirm and clarify the information submitted, includes:

- *Applicable NSP Substantial Amendment and any Additional Amendments*
- *Disaster Recovery Grant Reporting (DRGR) and/or Grant Management System (GMS) Reports* – Examination of each NSP project to ensure the grantee has drawn down all funds aligned to that activity from DRGR/GMS. If the grantee has drawn down its entire grant amount and no other specific action is required, grant closeout may proceed.
- *Relevant NSP Audit Reports and Monitoring Letters* – Review of files to determine if any unresolved monitoring or audit findings and unaddressed citizen complaints remain. Unresolved monitoring findings may result in the delay to the closeout process. To assist in answering any inquiries from DCA, it is helpful if the grantee has readily available access to their grant administrator and local audits and responses to any findings, monitoring reports and responses to any findings or concerns in its own files.
- *Treasury Funds* – Check to determine if the grantee has any remaining Treasury Funds. If there are any remaining funds, they must be deobligated through the closeout process.
- *Program Income* – Check to determine if the grantee has any remaining funds in the Program Income bank account. If there are any remaining funds, they must be returned to DCA through the closeout process.

Upon confirming that the closeout package is accurate and complete, DCA will complete and execute the closeout certification returned in the grantee's closeout package. DCA will notify the

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grantee of the date of execution. Within 90 days of this date, the grantee must submit its final QPR.

Section 5.5: Grantee Submits Final QPR to DCA and conducts Public Hearing

Within 90 days of DCA's execution of the Certification, the grantee must submit its final Quarterly Progress Report (QPR) to DCA online at <http://communityfinance.dca.ga.gov/cdfd.html> and via hard copy to include the original signature of the designated official. **This must be an original hard copy and mailed to DCA. A grantee's final QPR will not be accepted via nsp.biz@dca.ga.gov.** If the grantee has already submitted its final QPR, no additional report is required to be submitted.

Grantees do not have to wait for a quarterly reporting deadline to submit the final QPR. As noted in Section 4.1, grantees must reconcile information provided to DCA by completing a thorough review of the information in their own records to ensure all beneficiary information, Program Income received, expenditure reports, other financial data such as budget and disbursement amounts and narratives are accurate and complete. To help with this process, DCA NSP staff can provide grantees with project, activity, and budget information via reports from DCA's Grant Management System. All corrections to any previous QPRs submitted must be made in the most current QPR only. Past QPRs will not be modified.

Once the final QPR is submitted, the grantee must hold a Public Hearing to discuss closure and accomplishments made by the program (See Citizen Participation requirements in the NSP Recipients' manuals).

Section 5.6: DCA and Grantee Execute Closeout Agreement

Based on satisfactory information provided in the final QPR, DCA will prepare a closeout agreement in the form of the document attached as Appendix I to this Manual. DCA will follow its standard procedures for the grantee and DCA to sign the Closeout Agreement. The date that DCA executes this agreement is the official date that the grant is conditionally closed out (see Section 5.8). This date also initiates the Final QPR clock, and the grantee will then have 90 days to submit the Final QPR to DCA.

Section 5.7: DCA Deobligates Any Unused Portion of NSP Grant Award

Prior to executing the Closeout Agreement, DCA will deobligate any unused portion of the grantee's remaining Treasury Funds and Program Income funds. DCA will work with grantees who have met the expenditure deadlines to allow them to spend their remaining Treasury Funds to the greatest extent possible prior to closeout. The grant shall be considered conditionally closed on the date that DCA executes the Closeout Agreement.

Section 5.8: Grantee's Next Single Audit Includes Previously-Unaudited Costs

Grantees must include any previously-unaudited costs in their next single audit performed in accordance with 2 CFR Part 200. Costs of the audit must be included in the Closeout Agreement if paid with NSP funds. The grantee may be required to repay DCA any disallowed costs based on the results of the audit or on additional DCA reviews provided for in the Closeout Agreement.

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Once all closeout procedures are complete, **the grant will be considered “Conditionally Closed” until the final audit is cleared.** Once the final audit is cleared, the grant will be considered “Formally Closed”.

Section 5.9: Grantee Ensures Long-Term Requirements are Met

Grantees must ensure compliance with the requirements listed in Chapter 6 below.

Chapter 6: Complying with Requirements Post Closeout – Ongoing Considerations

Grantees are responsible for ongoing compliance with the use of NSP funds and for ensuring affordability of NSP-funded properties. Requirements are summarized below, but grantees should carefully review the applicable regulations and notices as well as any special provisions contained in their Closeout Agreement.

Section 6.1: Internal Policies and Procedures to Ease Long-Term Administration

It would be helpful for grantees to draft policies for post-closeout administration and generally create systems for tracking compliance with these requirements. These tools will make long-term compliance more manageable throughout the course of staff turnover and the passage of time especially for activities that are only performed periodically.

For instance, policies and procedures may include:

- Detailed information on when and how to conduct monitoring during the affordability period;
- How to use the Management Plan for Continued Affordability to monitor long term obligations;
- Internal accounting and/or record keeping procedures that may be unique to NSP;
- What information should be maintained for annual reporting and how to complete annual reports; and
- Where, how and for how long records should be retained.

Section 6.2: Income Generated Following Closeout

DCA will require all Program Income to be remitted to DCA prior to closeout. Program Income received after closeout will be also need to be returned to DCA, upon receipt by the recipient.

Section 6.3: Reporting During Affordability Period

All NSP grantees must report annually on continued affordability restrictions on NSP assisted properties. Grantees are charged with ensuring that continued affordability requirements are met for the duration of the term of affordability. Grantees will need to report on continued affordability annually to DCA. Affordability terms may vary, depending on the grantee’s Action Plan and among strategies and unit types.

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As discussed in Section 5, a template for a Management Plan for Continued Affordability is included at Appendix H or the grantee may use a (pre-approved by DCA) excel spreadsheet that includes all required information. The two main methods of ensuring continued affordability are Resale and Recapture. The administration of these methods is very different, and grantees should follow the provisions of the Action Plans as well as the content of their written agreements, loan documents, liens and covenants.

Grantees should consider adopting policies and procedures for ensuring compliance with continued affordability requirements.

Continued affordability reporting for rental units will be required as well as ownership units. Rental properties must be made available to income-eligible tenants only for the duration of the affordability period. Rents must be restricted to the affordable amounts established by the Action Plan. Grantees are required to verify the household income prior to occupancy to determine eligibility.

Section 6.4: Records Management and Retention

As grantees close out their NSP grants, it is critical that an organized system be in place to manage existing records and to prepare for incoming documents that will be used to update inventories. Records management requirements are outlined in 24 CFR 570.506, 42 USC 12707(a)(4) and in *Community Development Block Grant Program (CDBG) – Guide to National Objectives and Eligible Activities for Entitlement Communities*. (See also: DCA NSP Recipients' Manual Chapter 1, Section 15, pp20-21). All of these requirements vary slightly so **it is recommended to ensure compliance with all requirements that all records be maintained and accessible for five years after the date of conditional closeout**. For properties still within the period of affordability at closeout, all real estate documents, including continued affordability instruments, must be kept for the entire period of compliance (affordability period). **Once the period of compliance has ended, all documents for those properties must be retained for five years. These properties are subject to the annual reporting requirement outlined in Section 6.3 above.**

Section 6.5: Flood Insurance

Grantees must ensure that flood insurance coverage is maintained for property located in any area identified by FEMA as having special flood hazards. The grantee is responsible for assuring that flood insurance under the National Flood Insurance Program is obtained and maintained by any affected property owners indefinitely (24 CFR 58.6).

Section 6.6: Change in Use

The NSP Closeout requires that the Closeout Agreement include provisions for the use of NSP-assisted properties in accordance with the change in use principles in 24 CFR 570.505(a). These rules apply if a change in use takes place within ten years of closeout.

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If a grantee cannot continue to meet an LMMI national objective after it has demolished or disposed of the property, then the property or interest must be sold at the current fair market value (FMV). Sale proceeds would then be returned to DCA, as Program Income.

No matter what the NSP investment, if the grantee did not meet a national objective, the grantee must reimburse DCA for the full cost of the activity.

Section 6.7: Environmental Reviews

Prior to the drawdown of any NSP funds, environmental reviews were required for grantees and the grantee is responsible for maintaining the Environmental Review Record (ERR). The ERR must be available for review for the duration of the records retention period.

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Appendices

Appendix A – Closeout Readiness Checklist

Appendix B – 25% Set-Aside Worksheet (Annotated and Blank Form)

Appendix C – Activities and National Objectives

Appendix D – RESERVED

Appendix E – Closeout Notification Letter (Form)

Appendix F – Closeout Review Checklist (Form)

Appendix G - Closeout Review Checklist – Annotated

Appendix H – Management Plan for Continued Affordability Template (Form)

Appendix I – Closeout Certification (Form)

Appendix J – Closeout Agreement (Form)

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Appendix A – Closeout Readiness Checklist

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Georgia Department of Community Affairs (DCA) NSP Closeout Readiness Checklist

Grantee: _____ Completed by: _____
Grant Number*: _____ Phone Number: _____
Date Complete: _____ Email Address: _____

To determine if your NSP grant is ready for Closeout, the completion of this Closeout Readiness Checklist is required. You must answer the six questions below, and return the **completed** checklist to DCA. If you answer "no" to any question, an explanation is required. Space has been provided for comments. Please refer to the DCA NSP Closeout Manual for checklist completion guidance. A Closeout Readiness Checklist must be completed separately for each NSP grant, even if an NSP grantee has more than one NSP grant ready for closeout. If you have any questions during the process of completing this form, please contact the NSP Program Manager at 404-679-0629.

1. Has an amount equal to or greater than 100% of your original NSP award been expended on NSP-eligible properties? (Can be a combination of both Treasury Funds and Program Income Funds.)

_____ Yes _____ No

If no, please explain:

2. Have all projects assisted by NSP funds (Treasury Funds and/or Program Income Funds) met a National Objective?

_____ Yes _____ No

If no, please explain:

3. Has an amount equal to at least 25% of the original grant amount and Program Income been spent on housing individuals at or below 50% of the Area Medium Income?

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_____ Yes _____ No

If no, please explain:

4. Do all NSP properties have mechanisms in place (such as liens) to ensure continued affordability?

_____ Yes _____ No

If no, please explain:

5. Are your project and financial files in order, and do they tell a complete and accurate story?

_____ Yes _____ No

If no, please explain:

6. Are you up-to-date on the submission of all Quarterly Performance Reports (QPRs) and other required reporting to DCA?

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_____ Yes _____ No

If no, please explain:

*** If you have any further questions/comments, please include them below:

Please submit the **completed** checklist to DCA via email to NSP.biz@dca.ga.gov.

DCA Office Use Only

Date Received: _____ Reviewed By: _____ Review Date: _____

Grantee Ready for Closeout: ___ Yes ___ No Closeout Review Scheduled: _____

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Appendix B – 25% Set-Aside Worksheet

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25% Set-Aside Worksheet (Annotated)

Grantee Name: _____

NSP Grant Number: _____

Date of Closeout Execution: _____

This is the minimum amount that must be expended toward 25% Set-Aside activities that have met a national objective prior to closeout.

This is the amount in the grantee's original Treasury Funds (Treasury Funds)

		A 100%	B 25%
1	Original Grant	Total NSP Grant	25% of total grant
2	Program Income (PI)	All PI as of date Closeout Agreement Execution	25% of all PI as of date Closeout Agreement Execution
3	Total	Total of Amounts in (A,1) and (A,2)	Total of amounts in (B,1) and (B,2)
4	Total Amount Grantee Expended and has met National Objective towards 25% set-aside		This amount must be more than or equal to the amount in (B,1) plus the amount in (B,2) before the grantee can close out
5	Amount left to expend to meet the 25% set-aside for Program Income		Subtract the amount in (B,4) from the amount in (B,3). This must be 0 or a negative number

This amount may be made up of a combination of Treasury Funds (Treasury Funds) and PI (enter amount in B,4).

This is the amount of PI earned as of the date of the Closeout Agreement

This is the minimum amount that must be expended toward 25% Set-Aside activities that have met a national objective prior to closeout.

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25% Set-Aside Worksheet

Grantee Name: _____

NSP Grant Number: _____

Date of Closeout Execution: _____

		A 100%	B 25%
1	Original Grant		
2	Program Income (PI)		
3	Total		
4	Total Amount Grantee Expended and has met National Objective towards 25% set-aside		
5	Amount left to expend to meet the 25% set-aside for Program Income		

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Appendix C – Activities and National Objectives

This chart illustrates the most common NSP projects, sometimes composed of several eligible activities and sometime several eligible uses. The chart aims to clarify the often-complex interplay among eligible properties, uses, and activities all of which must result in activities that meet a national objective.

NSP Eligible Uses	Eligible Property	Eligible Activities	Specific Activity	National Objective	Meeting the National Objective	
(A) Financing Mechanisms		NOTE: All Activities in this eligible use finance activities in the categories below. Follow the instructions for those activities.				
(B) Acquisition Rehabilitation	Abandoned or Foreclosed Homes and Residential Properties	Acquisition, Homebuyer Counseling ¹	Acquire a property and take no further action except to rent or sell it	LMMH ✓	Rent or sell the residential property to a family at or below 120% AMI	
		Rehabilitation, Homeownership Assistance, Homebuyer Counseling ¹	Rehabilitate a property that the grantee acquired through tax foreclosure in the past. NOTE: The grantee may not reimburse itself for the cost of the property with NSP funds, but can be repaid through sale proceeds	LMMH ✓	Rent or sell the residential property to a family at or below 120% AMI	
		Acquisition, Rehabilitation, Homeownership Assistance, Homebuyer Counseling ¹	Acquire and Rehabilitate a property and rent or sell it	LMMH ✓	Rent or sell the residential property to a family at or below 120% AMI	
		Acquisition, Rehabilitation, Relocation, Homebuyer Counseling ¹	Acquire and Rehabilitate a rental property that has a Bona Fide Tenant and rent or sell it	LMMH ✓	Protect the tenant. Rent or sell the residential property to a family at or below 120% AMI	
		Acquisition, Rehabilitation, Homeownership Assistance, Homebuyer Counseling ¹	Provide Financial Assistance to rehabilitate and/ or acquire an NSP eligible home. This assistance can be directly to the homebuyer or other interested party	LMMH ✓	Rent or sell the residential property to a family at or below 120% AMI	
		Acquisition, Rehabilitation, Homeownership Assistance, Homebuyer Counseling ¹	Reconstruct a property on the footprint of the original structure that was demolished	LMMH ✓	Rent or sell the residential property to a family at or below 120% AMI	
		Acquisition and Disposition	Purchase and briefly maintain an acquired property in a static state until a beneficiary occupies the property. Disposition can include maintenance, marketing and closing costs.	!	Another action must be taken for the property to meet a National Objective ²	
		Special Economic Development Activities ³	Rehabilitate a property that the grantee acquired through tax foreclosure in the past. Use the property for a business that creates or retains jobs NOTE: The grantee may not reimburse itself for the cost of the property with NSP funds, but can be repaid through sale proceeds	LMMJ ✓	Create or retain a job or jobs. 51% of the jobs must be for people at or below 120% AMI	
		Acquisition and Special Economic Development Activities ³	Acquire a property and then use the property for a business that creates or retains jobs	LMMJ ✓	Create or retain a job or jobs. 51% of the jobs must be for people at or below 120% AMI	
		Acquisition, Rehabilitation and Special Economic Development Activities ³	Acquire and Rehabilitate the property to use for a business that creates or retains jobs	LMMJ ✓	Create or retain a job or jobs. 51% of the jobs must be for people at or below 120% AMI	

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Appendix C – Activities and National Objectives (Con't)

(D) Demolition	<i>Blighted Homes and Residential Properties ("Blighted" is defined by state or local law.)</i>	Clearance	Demolish a structure that meets the local definition of "Blighted" when the grantee has the legal authority to demolish these structures	LMMMA ✓	Remove a structure that poses a detriment to the NSP target area where at least 51% of the residents are at or below 120% AMI
		Clearance	The grantee demolishes a number of structures that meet the local definition of "Blighted" in a concentrated neighborhood demolition plan.	LMMMA ✓	Improve a target area where at least 51% of the residents are at or below 120% AMI through a comprehensive plan to remove dangerous or blighting structures.
		Clearance	Demolish a structure that meets the local definition of "Blighted" and with the intention of carrying out another activity.	!	Another action must be taken for the property to meet a National Objective²
		Acquisition ³	Acquire a blighted property	!	Simply acquiring a property does not meet a National Objective; another action must be taken ²
(E) Redevelopment	<i>Demolished or Vacant Properties</i>	Acquisition	Acquire a property with the intent to demolish with use D and then redevelop	! -	Another action must be taken for the property to meet a National Objective²
		Acquisition, New Construction, Homeownership Assistance, Homebuyer Counseling ¹	Acquire vacant land and construct a new structure on it	LMMMH ✓	Rent or sell the residential property to a family at or below 120% AMI
		New Construction, Homeownership Assistance, Homebuyer Counseling ¹	Reconstruct a new structure on the site of a structure that the grantee demolished	LMMMH ✓	Rent or sell the residential property to a family at or below 120% AMI
		Acquisition, Construction of Public Facilities	FOR NSP1 FUNDS ONLY: Construct a public facility or improvement	LMMMA ✓	The public improvement must provide a benefits to NSP target area where at least 51% of the residents are at or below 120% AMI
		Disposition	Briefly maintain the property in a static state until a beneficiary occupies the property, fund expenses related to seller closing costs	! -	Another action must be taken for the property to meet a National Objective²
		Acquisition, New Construction and Special Economic Development Activities ³	FOR NSP1 FUNDS ONLY: Acquire vacant land, construct a new structure on it and use the structure for a business that creates or retains jobs	LMMMJ ✓	Create or retain a job or jobs. 51% of the jobs must be for people at or below 120% AMI
Program Administration and Planning	General Administration Activities	General Management, oversight and coordination (limited to 10% of total grant and Program Income)	-	Does not need to directly meet a National Objective, because it will support an activity that will	
<i>Footnotes</i>	¹ All Prospective Homeowners need to receive at least 8 hours of housing counseling, this cost is typically considered an activity delivery cost				
	² The property must be eligible under the new activity				
	³ This Activity is new as of the 12/27/12 Federal Register Notice (Closeout Notice)				

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Appendix D

RESERVED

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Appendix E

CLOSEOUT NOTIFICATION LETTER

NSP Grantee:

NSP Grant Award Number:

Dear _____:

SUBJECT: Grant Closeout and Recapture of Unspent Grant Funds Neighborhood
Stabilization Program (specify which NSP program)

Grant Number: xxxxxxxxx

[Insert name of jurisdiction] (hereinafter referred to as the “Grantee”) was awarded a Neighborhood Stabilization (NSP) [insert 1 or 3] grant in the amount of [inset amount] pursuant to the [Housing and Economic Recovery Act of 2008 or the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010] on [date], also identified as grant number [insert grant number].

It appears that the activities are completed and the grant is ready for closeout. In accordance with the grant closeout procedures found in the State of Georgia NSP Closeout Manual, any unspent (name the grant program) funds remaining in the account of an NSP grant period are to be de-obligated. As of _____ our records indicate that your (name the grant program) grant has a remaining balance of \$_____.

In general, program income generated from the use of (name the grant program) funds continued to be treated as program income, subject to all of the applicable NSP regulations unless otherwise stated in the Georgia Neighborhood Stabilization Program Closeout Manual. In order to proceed with this grant closeout and recapture of the remaining funds, the following documentation should be submitted by the grantee.

- An inventory of any real property and equipment purchased with grant funds
- Relevant Sections of the enclosed “Neighborhood Stabilization Program Grantee Closeout Certification” signed by the grantee’s authorized representative
- A completed Management Plan for Continued Affordability

The Grantee Closeout Certification has been partially-completed for your review and your signature confirms the accuracy of the information. DCA retains the right to monitor and follow up on monitoring and audit findings. In addition, the Department may recover disallowed costs for ineligible activities or actions or pursue other sanctions if DCA determines that the information provided by the grantee was false, erroneous or did not meet statutory or regulatory requirements.

Please return the signed Certification and the other listed documents to our Office. If you have any questions, please contact your DCA Program Representative (NAME/ CONTACT INFO).

Sincerely,

NSP Program Director

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Appendix F

NSP Closeout Checklist

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NSP (1 & 3) CLOSE-OUT REVIEW

Recipient: _____

Grant # _____ Review Date: _____

Reviewed By: _____ Follow-up needed? Yes No

	Comment			
	<u>Yes</u>	<u>No</u>	<u>Added</u>	<u>N/A</u>
Step 1: Compliance with Eligible Activities				
• Are all NSP funds (Treasury and Program Income) expended?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are all Activities funded with NSP complete?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Did all funded activities meet a National Objective? (low/mod/middle income benefit threshold)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is there evidence the LH 25 requirement has been met?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Has the grantee prepared a Management Plan for Continued Affordability?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
○ Was the Plan submitted electronically to DCA?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Do all NSP assisted units have appropriate mechanisms in place to ensure compliance with the required minimum affordability period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is there evidence that 100 percent of the grant amount principally benefited persons of low, moderate and middle income (individuals or families whose incomes do not exceed 120 percent of AMI)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Are all NSP-assisted homes occupied by income-eligible residents?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Did all NSP-assisted rental units meet the “affordable rents” standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Did the grantee maintain sufficient documentation about the purchase and sale amounts of each property to ensure compliance with applicable NSP regulations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• All units have site-specific environmental records?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NSP 3 ONLY:				
• Did all gut rehabilitation or new construction of residential buildings up to three stories meet or exceed the Energy Star Qualified New Homes standard?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Step 2: Check Recipient’s Financial Management				
• Were administrative costs paid for with NSP funds within the allowable limits - less than or equal to 6% (for PI, 10% was allowable up to 9-1-2016)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Were costs incurred “eligible, reasonable and appropriate?”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	<u>Yes</u>	<u>No</u>	<u>Comment Added</u>	<u>N/A</u>
• Were recipient expenditures allowable as specified in OMB Uniform Guidance at 2 CFR part 200?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Have all funds (Treasury or PI) remaining in the checking account been returned to DCA?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Will records be retained for a minimum of five years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Were drawdowns limited to the minimum amount of funds needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Was the time between the receipt of the drawdown & the disbursement of funds as close as administratively feasible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 3: Check Program Income:

• Was any Program Income generated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• If so, was it used before drawdown of Treasury funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Were all expenditures of Program Income used to fund eligible NSP activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 4: Check Recipient's Close-Out Procedures

• Has the final Quarterly Report been submitted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Do the grantee records reconcile with DCA GMS? (Number of properties/addresses completed?)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is supporting documentation available?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Has documentation been reviewed by rep?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is data acceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Have any civil rights complaints been filed Against the local gov't since the grant award? (If so, attach explanation)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Does the close-out information reconcile with the Recipient's records?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Has the final public hearing been held?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Were all Notices published in accordance with DCA requirements (including LEP, where applicable)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Were all hearings held in 504 accessible locations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• DCA Meeting Checklist completed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: _____

Program Representative Signature _____

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Appendix G

NSP Closeout Checklist - Annotated

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NSP (1 & 3) CLOSE-OUT REVIEW

This annotated version of DCA’s closeout checklist provides additional guidance to NSP grantees. The NSP Closeout Manual may be used in conjunction with the annotations to provide additional support.

Explanations are provided in italic print following questions in the checklist except where self-explanatory.

Recipient: _____

Grant # _____ **Review Date:** _____

Reviewed By: _____ **Follow-up needed? Yes** **No**

	<u>Yes</u>	<u>No</u>	<u>Comment Added</u>	<u>N/A</u>
<u>Step 1: Compliance with Eligible Activities</u>				
<ul style="list-style-type: none"> Are all NSP funds (Treasury and Program Income) expended? <input type="checkbox"/> <p><i>All NSP funds (treasury and PI) must be expended, deobligated or remitted to DCA prior to close of the award</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Are all Activities funded with NSP complete? <input type="checkbox"/> <p><i>All activities must be complete and have met a National Objective</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Did all funded activities meet a National Objective? (low/mod/middle income benefit threshold) <input type="checkbox"/> <p><i>NSP-funded activities must meet the CDBG national objective of benefiting low, middle and moderate income residents in one of four ways: Housing (LMMH), Area Benefit (LMMA), Limited Low Moderate Income Clientele (LMMC), and Jobs (LMMJ). The Substantial Amendment or Action Plan identifies the national objective that will be met for each NSP activity. See Appendix C of the NSP Closeout Manual for examples that demonstrate the interplay between activities and national objectives.</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Is there evidence the LH 25 requirement has been met? <input type="checkbox"/> <p><i>No less than 25% of the grant amount and any program income must be used for housing activities that benefit individuals or families whose incomes do not exceed 50% of the area median income (25% Set-aside Requirement). Grantees must use the 25% Set-aside Worksheet, Appendix B in the NSP Closeout Manual document these amounts. DCA Grants Management System (GMS) reports provide the amount drawn down for activities that are identified as LH25 activities that meet this requirement. Supporting documentation must be maintained for future audit and monitoring.</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> Has the grantee prepared a Management Plan for Continued Affordability? <input type="checkbox"/> <li style="margin-left: 20px;">Was the Plan submitted electronically to DCA? <input type="checkbox"/> <p><i>To ensure that NSP investments yield affordable housing over the long term, NSP imposes occupancy and rent requirements over the length of the affordability period. For NSP assisted projects, the length of the affordability period depends on the amount of NSP investment in the property and the nature of the activity funded. (See the NSP Recipient Manual).</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	<u>Yes</u>	<u>No</u>	<u>Comment Added</u>	<u>N/A</u>
<i>The Grantee must develop and submit the Management Plan electronically to DCA (See Appendix For homebuyer assistance and homeowner rehabilitation projects, recapture provisions apply to ensure continued availability of affordable homeownership opportunities.</i>				
• Do all NSP assisted units have appropriate mechanisms in place to ensure compliance with the required minimum affordability period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>The Grantee must have a mechanism to ensure the affordability period is met (Liens, covenants, etc.). See the NSP Recipient Manual.</i>				
• Is there evidence that 100 percent of the grant amount principally benefited persons of low, moderate and middle income (individuals or families whose incomes do not exceed 120 percent of AMI)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>The grantee must maintain supporting documentation of income determinations made for all NSP-assisted households. Sufficient documentation should be maintained for future audit and monitoring.</i>				
• Are all NSP-assisted homes occupied by income-eligible residents?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>All NSP assisted housing units must be occupied by households at or below 120% AMI.</i>				
• Did all NSP-assisted rental units meet the “affordable rents” standards?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>All NSP assisted rental housing units must meet the “Affordable Rent” standards for the community. Sufficient documentation must be maintained that includes the rent schedule for NSP-assisted rental units and the method for ensuring continued affordability.</i>				
• Did the grantee maintain sufficient documentation about the purchase and sale amounts of each property to ensure compliance with applicable NSP regulations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>The Grantee must maintain records of all purchase and subsequent sale of all NSP assisted properties to ensure compliance with applicable NSP requirements.</i>				
• All units have site-specific environmental records?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NSP 3 ONLY:				
• Did all gut rehabilitation or new construction of residential buildings up to three stories meet or exceed the Energy Star Qualified New Homes standard?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>NSP 3 required that all “gut” Rehabs and new construction meet the Energy Star standards.</i>				
Step 2: Check Recipient’s Financial Management				
• Were administrative costs paid for with NSP funds within the allowable limits - less than or equal to 6% (for PI, 10% was allowable up to 9-1-2016)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Were costs incurred “eligible, reasonable and appropriate?”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	<u>Yes</u>	<u>No</u>	<u>Comment Added</u>	<u>N/A</u>
• Were recipient expenditures allowable as specified in OMB Uniform Guidance at 2 CFR part 200?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Do the grantee financial records reconcile with DCA GMS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Have all funds (Treasury or PI) remaining in the checking account been returned to DCA?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Will records be retained for a minimum of five years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Were drawdowns limited to the minimum amount of funds needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Was the time between the receipt of the drawdown & the disbursement of funds as close as administratively feasible?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 3: Check Program Income:

• Was any Program Income generated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• If so, was it used before drawdown of Treasury funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Federal regulations require that Program Income is expended in advance of Treasury funds.

• Were all eligible expenditures of Program Income used to fund eligible NSP activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------	--------------------------	--------------------------

Step 4: Check Recipient's Close-Out Procedures

• Has the final Quarterly Report been submitted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Do the grantee records reconcile with DCA GMS? (Number of properties/addresses completed?)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is supporting documentation available?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Has documentation been reviewed by rep?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Have any civil rights complaints been filed Against the local gov't since the grant award? (If so, attach explanation)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Does the close-out information reconcile with the Recipient's records?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Has the final public hearing been held?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Were all Notices published in accordance with DCA requirements (including LEP, where applicable)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Were all hearings held in 504 accessible locations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• DCA Meeting Checklist completed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: _____

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Program Representative Signature _____

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Appendix H

Management Plan for Continued Affordability

This form is available online at DCA.ga.gov and must be submitted electronically to nsp.biz@dca.ga.gov

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NSP Closeout Manual

Appendix H

NSP Management Plan for Continued Affordability

NSP Grantee: _____

NSP Award #: _____

Project Number	Street Address	City	Zip Code	Amount of NSP Assistance	Affordability Type (Recapture, Resale or Rental)	Start of Affordability Period	End of Affordability Period	Mechanism used to enforce affordability (lien, Rental restriction)

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Appendix I

State of Georgia Neighborhood Stabilization Program Grantee Closeout Certification

Grantee Name:

Grant Number:

The Grantee hereby certifies that: (1) the activities as described in the approved (name the grant program) Application have been performed in accordance with the terms and conditions of the executed Grant Award and Conditions and applicable statutory and regulatory requirements and that there are no known outstanding programmatic or financial issues; and (2) all data provided below fairly reflect costs and sources of funds of the (name the grant program) and are taken from DCA approved reports and other project related documents.

- | | |
|---|----|
| 1. Grant amount authorized | \$ |
| 2. Cumulative grant funds disbursed
(Grantee should draw down amounts for any final audit costs or unsettled third-party claims
Any such amounts not subsequently disbursed must be immediately reimbursed to HUD.) | \$ |
| 3. Grant funds recaptured | \$ |
| 4. Balance of grant funds remaining
(These funds will be canceled by DCA.) | \$ |

(Note: Grantees that spent funds for acquisition, rehabilitation or new construction through the Neighborhood Stabilization Program are required to continue to maintain long term affordability for the time period stated in their (name the grant program NSP) award. Therefore, notwithstanding this Grantee Closeout Certification, grantees failing to comply with this requirement shall be required to repay all or a portion of the grant amount, as provided in the appropriate regulation.)

Grantee Authorized Representative's Signature and Date

DCA Director's Signature and Date

Typed Name of Signatory

Typed Name of Signatory

Title

Title

The above signature by DCA signifies approval of grant closeout

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Appendix J

GRANT CLOSEOUT AGREEMENT
For the
State of Georgia
Neighborhood Stabilization Program (specify)

Between

Georgia Department of Community Affairs

60 Executive Park S., NE

Atlanta, GA 30329

AND

Name and address of Grantee

NSP Award Number:

This agreement sets forth the terms for final disposition and conditions associated with the closeout of NSP (name of the grant program) Grant (Number) provided pursuant to the grant agreement dated (date of grant approval), and any applicable amendments. The (name of grantee) certifies that to the best of its knowledge:

- All activities as authorized by the grantee's NSP Award and any applicable amendments have been completed as described in the grantee's final Quarterly Performance Report (QPR) in the DCA Quarterly Reporting System dated (date of final report).
- No fraud, waste or mismanagement has occurred in carrying out the grant. If fraud, waste or mismanagement has occurred, appropriate action has been taken to address it.

NSP grantees were statutorily required to use not less than 25 percent of the NSP grant (initial allocation plus program income) to house individuals or families whose incomes do not exceed 50 percent of area median income.

- (Name of grantee) has expended and met a national objective with an amount equal to or greater than the total set-aside requirement for program income and the original grant, and DCA acknowledges that the grantee has met the 25 percent set aside requirement.

Further, the (name of grantee) hereby acknowledges the remaining obligation(s) under the terms of the grant agreement and agrees as follows:

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- All records and documents pertaining to this grant will be maintained for a period of 5 years after execution of this closeout agreement, or 5 years after the completion of a project whichever may be longer. Additionally all records related to the affordability of a project must be **maintained for 5 years after the affordability period comes to an end.**
- Additionally, the Grantee agrees to comply with the annual reporting requirements outlined in the DCA NSP Close-out Manual until the end of the affordability period for all properties assisted with NSP funds.
- If any rehabilitated property falls within a flood plain, flood insurance coverage must be maintained for the mandatory period for affected property owners.
- A total of \$ (amount) in grant funds has been previously de-obligated and returned to the Department on (date).

DCA maintains the right to conduct future monitoring of this grant, either on site or by review of information or copies of documents requested from the (name of grantee). The (name of grantee) acknowledges that a finding of noncompliance resulting from such a review and failure to take appropriate corrective action satisfactory to DCA may be taken into account by DCA as evidence of unsatisfactory performance, in consideration of future grant awards. Further the (name of grantee) may be required to repay DCA any disallowed costs based on the review results of a future audit or monitoring.

For the (name of grantee):

Signature of CEO

Date

Typed name and Title of CEO

For the Department of Community Affairs:

Signature of DCA Director

Date

Typed name of DCA Director

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