

# NSP PROGRAM INCOME WEBINAR

January 21, 2011  
DHCD Project Management Office  
NSP Team



# OVERVIEW

- What is Program Income?
- When and where can I use it?
- How is it calculated?
- How do I request it?
- Examples
- Q&A



# Program Income

- Program Income (PI) are funds generated from sale of NSP property less subsidies, and recycled to continue the program until July 2013
- Net operating income from operation of rental properties acquired and/or rehabilitated with NSP funds



# When and Where PI is Used

- PI can be requested with the return of PI check to DHCD (typically from sale of house)
- Use allowed in current eligible census tracts or defined neighborhoods
- PI should be returned within 10 days

# How PI is Calculated

- PI is calculated using the DHCD Tracking Completion Report TCR (rev 1/12/11) including:
  - Acquisition
  - Rehab
  - Homebuyer Assistance (closing costs)
  - Leveraged funds
  - Subsidies

Virginia DHCD		NSP TCR		Revised 01/12/11	
		white- Grantee fills in		green- auto calculates	
<b>Grantee Information</b>					
Grantee Name (Agency)	Anytown				
Your Name	Joe Smith				
Phone					
Date of Closing	2/1/2011				
Property Address	123 Oak Street				
Borrowers Last Name/ Client AMI	Richmond				
	Thompson				
<b>Part A Determining Acquisition and DHCD Match</b>					
As Is Appraisal (Acquisition)	\$	180,000.00			
Acquisition NSP Money	\$	175,000.00			
Acquisition Leverage Money	\$	-			
Total Acquisition Cost	\$	175,000.00			
DHCD Match shown as Percentage (roundup)		2.78%			
DHCD Match shown in dollars		5,250.00			
<b>Part B Determining Rehab and NSP Sales Price</b>					
Rehab Costs NSP Money	\$	25,000.00			
Rehab Costs Leverage Money		\$3,333.00			
Total Rehab Costs	\$	28,333.00			
Total Acquisition Cost	\$	175,000.00			
NSP Sales Price	\$	203,333.00			
<b>Part C Homebuyers Numbers</b>					
NSP Sales Price	\$	203,333			
AMI%- a= <50, b=51-80, c= 81-120, d-Habitat			b		
NSP Subsidy	\$	40,667			
DHCD Match	\$	5,250			
Borrowers Dwn Payment/ EMD	\$	500			
Leveraged Dwn Payment					
Borrowers Loan Amount	\$	153,583			

# NSP Resale/Transfer Checklist

**VDHCD**  
**NSP RESALE/TRANSFER CHECKLIST**

Date: \_\_\_\_\_ Grant# 08-NSP-\_\_\_\_\_ House no. \_\_ of \_\_  
 Grantee: \_\_\_\_\_ Grant Administrator: \_\_\_\_\_  
 Property Address: \_\_\_\_\_  
 Annual Median Income (select one): Select  
 Closing date: \_\_\_\_\_

*Attach this checklist to the following items and submit as soon as possible after closing, not to exceed 21 days. Make check payable to: Treasurer, Commonwealth of Virginia.*

ITEM:	DATE RECVD / COMMENTS:
<input type="checkbox"/> Final Tracking/Completion Report (TCR) _____	
<input type="checkbox"/> Final HUD-1 (Resale) _____	
<input type="checkbox"/> Sales Contract (Resale) _____	
<input type="checkbox"/> Good Faith Estimate (Resale) _____	
<input type="checkbox"/> Deed(s) of Trust & Note(s) _____	
<input type="checkbox"/> Statutory Enviro. Checklist (11B) _____	
<input type="checkbox"/> Verification of Income _____	
<input type="checkbox"/> VHDA Homeownership Edu. Cert. _____	
<input type="checkbox"/> Program Income Transmtl; Check No. _____ Amt: \$ _____	
<input type="checkbox"/> _____	
<input type="checkbox"/> _____	

DHCD REVIEW ONLY:		Date
Community Rep:	_____	_____
Financial Review:	_____	_____
Demo. Data/PI:	_____	_____
Program Mgr:	_____	_____

Rev4.10 NSP.de





# Program Income Tracking Form

- DHCD's form for PI – Program Income Tracking (“PIT”) Form
  - Used exclusively for PI
  - Track amount of PI returned, date and property
  - Allocate funds to create PI budget and update as often as you return PI - provides rolling totals for each activity
  - Automatically calculates admin (8% to grantee, 2% for DHCD)
  - Provides at-a-glance summary and cumulative balances

# Program Income Tracking Form ("PIT")

Grant Number:	NSP000			
Grantee:	Sample			
Program Income Returned:	-	-	-	-
Less Admin:	-	-	-	-
<b>ADMINISTRATION (8% Max)</b>	-	DATE	DATE	DATE
Line Item	Total P/I	Allocation	Allocation	Allocation
<b>ACQUISITION</b>				
Program Delivery (@5,000)	-			
Appraisals	-			
Acquisition Cost	-			
Formulated Administration	-	-	-	-
sub-total:	-	-	-	-
<b>HOUSING REHABILITATION</b>				
Construction	-			
Rehab Specialist (max @ 5,500)	-			
Formulated Administration	-	-	-	-
sub-total:	-	-	-	-
<b>HOMEBUYER ASSISTANCE</b>				
Closing Costs	-			
Formulated Administration	-	-	-	-
sub-total:	-	-	-	-
<b>TRANSFER</b>				
Program Delivery - Homebuyer Commitment (@ 5,000)	-			
Program Delivery - Occupancy Bonus (@ 2,500)	-			
Formulated Administration	-	-	-	-
sub-total:	-	-	-	-
<b>PROGRAM INCOME GRAND TOTALS:</b>				
Within Budget Total	-	Balance to Allocate	-	-
<b>CHECK AND BALANCE OF TOTALS</b>				
Program Income Funds For Eligible Activities:	-			
Allowable Admin. Expenses for Grantee @ 8%:	-			
DHCD Allowable Admin. Expenses @ 2%:	-			

- Activity Check  
- Admin Check

NSP PI REC'D revOCT10

# Transition Example A

- Grantee has identified an NSP-eligible property for **\$175,000** on Oak Street, and has -
- Generated program income of **\$225,000**
- Remaining in Acquisition **\$29,000**
- Remaining in Rehab **\$27,500**
- Remaining in Homebuyer Assist. **\$10,000**
- Remaining in Transfer **\$37,500**

# Transitioning to PI

## NSP PI TRANSITION

Example

Need 175,000 in Acquisition

	Oblig. Budget	Draws to Date	Balance	# 50	Balance	#51-PI
				Draw		PI Draw
<b>Admin</b>	46,000.00	40,000.00	6,000.00	1,500.00	4,500.00	
				1,500.00	4,500.00	*
<b>Acquisition</b>			-			
Program Delivery (Acquire)	25,000.00	25,000.00	-			5,000.00
Appraisal	2,000.00	2,000.00	-			400.00
Activity	549,500.00	520,500.00	29,000.00	29,000.00		146,000.00
Subtotal	576,500.00	547,500.00	29,000.00	29,000.00	-	151,400.00
<b>Rehab</b>						
Activity (Construction)	225,000.00	200,000.00	25,000.00	-		-
Program Delivery (Rehab Spec.)	27,500.00	25,000.00	2,500.00			-
Subtotal	252,500.00	225,000.00	27,500.00	-	27,500.00	-
<b>Homebuyer Asst.</b>						
Activity (Closing Costs)	50,000.00	40,000.00	10,000.00			
Subtotal	50,000.00	40,000.00	10,000.00	-	10,000.00	
<b>Transfer</b>						
Prog Deliv. (Homebuyer Commit.)	50,000.00	45,000.00	5,000.00			
Prog Deliv. (Occupancy Bonus)	25,000.00	22,500.00	2,500.00			
Subtotal	75,000.00	37,500.00	37,500.00	-	37,500.00	
<b>TOTAL</b>	<b>1,000,000.00</b>	<b>890,000.00</b>	<b>110,000.00</b>	<b>30,500.00</b>	<b>79,500.00</b>	<b>151,400.00</b>

Acquisition

# Transition to PI (cont.)

## Draws for acquisition of Oak Street

1. Submit DD#50 for **\$29,000** for remaining Acquisition in obligated budget (“zero out line item”)
2. Submit PI budget and DD#51-PI for balance of acquisition **\$146,000**
3. Add appraisal or deliverable as applicable
4. Admin of 8% is auto-calculated **\$13,457.78**

# First, Allocate PI using PIT Form, on Prog Income tab

Grant Number:	NSP000				
Grantee:	Anytown				
Program Income Returned:	225,000.00	225,000.00	-	-	-
Less Admin:	202,500.00	202,500.00	-	-	-
<b>ADMINISTRATION (8% Max)</b>	<b>18,000.00</b>		DATE	DATE	DATE
Line Item	Total P/I	Allocation	Allocation	Allocation	Allocation
<b>ACQUISITION</b>					
Program Delivery (@5,000)	10,000.00	10,000.00			
Appraisals	1,000.00	1,000.00			
Acquisition Cost	163,750.00	163,750.00			
Formulated Administration	15,533.33	15,533.33			
sub-total:	190,283.33	190,283.33	-	-	-
<b>HOUSING REHABILITATION</b>					
Construction	25,000.00	25,000.00			
Rehab Specialist (max @ 5,500)	2,750.00	2,750.00			
Formulated Administration	2,466.67	2,466.67			
sub-total:	30,216.67	30,216.67	-	-	-
<b>HOMEBUYER ASSISTANCE</b>					
Closing Costs	-	-			
Formulated Administration	-	-			
sub-total:	-	-	-	-	-
<b>TRANSFER</b>					
Program Delivery - Homebuyer Commitment (@ 5,000)	-	-			
Program Delivery - Occupancy Bonus (@ 2,500)	-	-			
Formulated Administration	-	-			
sub-total:	-	-	-	-	-
<b>PROGRAM INCOME GRAND TOTALS:</b>	<b>220,500.00</b>	<b>220,500.00</b>	-	-	-
<b>Within Budget Total</b>		<b>Balance to Allocate</b>			
<b>CHECK AND BALANCE OF TOTALS</b>			202,500.00	Activity Check	
Program Income Funds For Eligible Activities:	202,500.00		18,000.00	Admin Check	
Allowable Admin. Expenses for Grantee @ 8%:	18,000.00				
DHCD Allowable Admin. Expenses @ 2%:	4,500.00				

NSP PI REC'D revOCT10

# Second, Indicate PI Amount on Draw tab

NSP PROGRAM INCOME DRAWDOWNS						
Grant Number:		NSP000				
Grantee:		Anytown				
Current PI Available at the MAX:		220,500.00				
Total Drawdowns To Date:		164,857.78				
		Within Budget Total				
Line Item	PI BUDGET	Drawdown Date: Cum. Draws	DD# 51-PI	DD#	DD#	DD#
<b>ADMINISTRATION (8% Max)</b>	18,000.00					
Acquisition	15,533.33	13,457.78	13,457.78	-	-	-
Rehab	2,466.67	-	-	-	-	-
Homebuyer Asst.	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
sub-total	18,000.00	13,457.78	13,457.78	-	-	-
<b>ACQUISITION</b>	190,283.33					
Program Delivery (5,000@)	10,000.00	5,000.00	5,000.00			
Appraisals	1,000.00	400.00	400.00			
Acquisition Cost	163,750.00	146,000.00	146,000.00			
sub-total	174,750.00	151,400.00	151,400.00			
<b>HOUSING REHABILITATION</b>	30,216.67					
Construction	25,000.00	-	-			
Rehab Specialist (max 5,500@)	2,750.00	-	-			
sub-total	27,750.00	-	-			
<b>HOMEBUYER ASSISTANCE</b>	-					
Closing Costs	-	-	-			
sub-total	-	-	-			
<b>TRANSFER</b>	-					
Program Delivery- Homebuyer Commitment (5,000@)	-	-	-			
Program Delivery- Occupancy Bonus (2,500@)	-	-	-			
sub-total:	-	-	-			
<b>PI BUDGET TRANSFERRED:</b>	220,500.00					
<b>DRAWDOWN GRAND TOTAL:</b>		164,857.78	164,857.78			

Acquisition



# PI Amount on Draw tab

NSP PROGRAM INCOME DRAWDOWNS						
Grant Number:		NSP000				
Grantee:		Anytown				
Current PI Available at the MAX:		220,500.00				
Total Drawdowns To Date:		164,857.78				
		Within Budget Total				
Line Item	PI BUDGET	Drawdown Date: Cum. Draws	Admin			
			DD# 51-PI	DD#		
<b>ADMINISTRATION (8% Max)</b>	18,000.00					
Acquisition	15,533.33	13,457.78	13,457.78	-	-	-
Rehab	2,466.67	-	-	-	-	-
Homebuyer Asst.	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
sub-total	18,000.00	13,457.78	13,457.78	-	-	-
<b>ACQUISITION</b>	190,283.33					
Program Delivery (5,000@)	10,000.00	5,000.00	5,000.00			
Appraisals	1,000.00	400.00	400.00			
Acquisition Cost	163,750.00	146,000.00	146,000.00			
sub-total	174,750.00	151,400.00	151,400.00	-	-	-
<b>HOUSING REHABILITATION</b>	30,216.67					
Construction	25,000.00	-				
Rehab Specialist (max 5,500@)	2,750.00	-				
sub-total	27,750.00	-	-	-	-	-
<b>HOMEBUYER ASSISTANCE</b>	-					
Closing Costs	-	-				
sub-total	-	-	-	-	-	-
<b>TRANSFER</b>	-					
Program Delivery-						
Homebuyer Commitment (5,000@)	-	-				
Program Delivery-						
Occupancy Bonus (2,500@)	-	-				
sub-total:	-	-	-	-	-	-
<b>PI BUDGET TRANSFERRED:</b>	220,500.00					
<b>DRAWDOWN GRAND TOTAL:</b>		164,857.78	164,857.78	-	-	-

# PI Amount on Draw tab

NSP PROGRAM INCOME DRAWDOWNS						
Grant Number:		NSP000				
Grantee:		Anytown				
Current PI Available at the MAX:		220,500.00				
Total Drawdowns To Date:		164,857.78				
		Within Budget Total				
Line Item	PI BUDGET	Drawdown Date: Cum. Draws	DD# 51-PI	DD#	DD#	DD#
<b>ADMINISTRATION (8% Max)</b>	18,000.00					
Acquisition	15,533.33	13,457.78	13,457.78	-	-	-
Rehab	2,466.67	-	-	-	-	-
Homebuyer Asst.	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
sub-total	18,000.00	13,457.78	13,457.78	-	-	-
<b>ACQUISITION</b>	190,283.33					
Program Delivery (5,000@)	10,000.00	5,000.00	5,000.00			
Appraisals	1,000.00	400.00	400.00			
Acquisition Cost	163,750.00	146,000.00	146,000.00			
sub-total	174,750.00	151,400.00	151,400.00	-	-	-
<b>HOUSING REHABILITATION</b>	30,216.67					
Construction	25,000.00	-				
Rehab Specialist (max 5,500@)	2,750.00	-				
sub-total	27,750.00	-	-	-	-	-
<b>HOMEBUYER ASSISTANCE</b>	-					
Closing Costs	-	-	-	-	-	-
sub-total	-	-	-	-	-	-
<b>TRANSFER</b>	-					
Program Delivery- Homebuyer Commitment (5,000@)	-	-				
Program Delivery- Occupancy Bonus (2,500@)	-	-				
sub-total:	-	-	-	-	-	-
<b>PI BUDGET TRANSFERRED:</b>	220,500.00					
<b>DRAWDOWN GRAND TOTAL:</b>		164,857.78	164,857.78			

Total Draw Amt

# Third, verify amount on Summary tab

## BALANCE SHEET

Grant Number: **NSP000**  
 Grantee: **Anytown**

Line Item	TOTAL PI	TOTAL DRAWS	BALANCE
<b>ADMINISTRATION (8% Max)</b>			
Acquisition	15,533.33	13,457.78	2,075.56
Rehab	2,466.67	-	2,466.67
Homebuyer Asst.	-	-	-
Transfer	-	-	-
sub-total	18,000.00	13,457.78	4,542.22
<b>ACQUISITION</b>			
Program Delivery (@ 5,000 each)	10,000.00	5,000.00	5,000.00
Appraisals	1,000.00	400.00	600.00
Acquisition Cost	163,750.00	146,000.00	17,750.00
sub-total	174,750.00	151,400.00	23,350.00
<b>HOUSING REHABILITATION</b>			
Construction	25,000.00	-	25,000.00
Rehab Specialist (@ 2,500 each)	2,750.00	-	2,750.00
sub-total	27,750.00	-	27,750.00
<b>HOMEBUYER ASSISTANCE</b>			
Closing Costs	-	-	-
sub-total	-	-	-
<b>TRANSFER</b>			
Program Delivery- Homebuyer Commitment (@ 5,000 each)	-	-	-
Program Delivery- Occupancy Bonus (@ 2,500 each)	-	-	-
sub-total:	-	-	-
<b>GRANDTOTAL:</b>	<b>220,500.00</b>	<b>164,857.78</b>	<b>55,642.22</b>

Total Draw Amt

NSP PI BALSHT.rev OCT10

# Transition Example B - Sweep

- Grantee has identified an NSP-eligible property for **\$175,000** on Oak Street, and has -
- Generated program income of **\$225,000**
- Remaining in Acquisition **\$29,000**
- Remaining in Rehab **\$27,500**
- Remaining in Homebuyer Asst. **\$10,000**
- Remaining in Transfer **\$37,500**

# Transitioning to PI - Sweep

**NSP PI TRANSITION** Sweep Option - Requires Budget Revision  
 Example Need 175,000 in Acquisition

	Oblig. Budget	Draws to Date	Balance	Budget Rev.	Balance	#_50_ Draw	Balance	#51-PI PI Draw
<b>Admin</b>	46,000.00	40,000.00	6,000.00		6,000.00	1,500.00	4,500.00	
<b>Acquisition</b>								
Program Deliv. (Acquire)	25,000.00	25,000.00	-					5,000.00
Appraisal	2,000.00	2,000.00	-					400.00
Activity	549,500.00	520,500.00	29,000.00	75,000.00	104,000.00	104,000.00	-	71,000.00
Subtotal	<b>576,500.00</b>	<b>547,500.00</b>	<b>29,000.00</b>	<b>75,000.00</b>	<b>104,000.00</b>	<b>104,000.00</b>	<b>-</b>	<b>76,400.00</b>
<b>Rehab</b>								
Activity (Construction)	225,000.00	200,000.00	25,000.00					
Program Deliv. (R. Spec.)	27,500.00	25,000.00	2,500.00					
Subtotal	<b>252,500.00</b>	<b>225,000.00</b>	<b>27,500.00</b>	<b>(27,500.00)</b>	-	-	-	-
<b>Homebuyer Asst.</b>								
Activity (Closing Costs)	50,000.00	40,000.00	10,000.00					
Subtotal	<b>50,000.00</b>	<b>40,000.00</b>	<b>10,000.00</b>	<b>(10,000.00)</b>	-	-	-	-
<b>Transfer</b>								
Prog Deliv. (Homebuyer)	50,000.00	45,000.00	5,000.00					
Prog Deliv. (Occupancy)	25,000.00	22,500.00	2,500.00					
Subtotal	<b>75,000.00</b>	<b>37,500.00</b>	<b>37,500.00</b>	<b>(37,500.00)</b>	-	-	-	-
<b>TOTAL</b>	<b>1,000,000.00</b>	<b>890,000.00</b>	<b>110,000.00</b>	<b>-</b>	<b>110,000.00</b>	<b>105,500.00</b>	<b>4,500.00</b>	<b>76,400.00</b>

Sweep into activity



# Drawdown Request Documents

- Acquisition:
  - Signed Sales Contract
  - As-Is Appraisal (and invoice if available)
  - HUD1 (required to pay deliverable)



# Drawdown Request Documents

- Rehab:
  - Construction draw (up to 50%) – rehab estimate should be submitted with Funding Reservation
    - Bid tab sheet and award recommendation documented
    - Executed rehab contract
    - Rehab work write-up
    - Provide EPA Certified Renovator certification with draw
    - If pre-1978 unit, use lead protocols, may require lead abatement contractor

# Drawdown Request Documents

- Rehab (cont.):
  - ‘Rehab Complete’ (balance and deliverable)
    - Contractor lien/waiver release, or
    - Post-rehab checklist
    - Verification or Certificate of completion
    - Change orders – submit contractor C/O to DHCD rep



# Drawdown Request Documents

- Homebuyer Assistance:
  - ‘Closing Costs Assistance’ - Preliminary HUD<sub>1</sub> and/or GFE provided by lender, as available
  - Preliminary TCR



# Drawdown Request Documents

- Transfer/Resale:
  - ‘Homebuyer Commitment’ - Ratified homebuyer sales contract, or commitment letter
  - ‘Occupancy Bonus’ – Buyer’s HUD1 and VHDA Homebuyer Education Certificate



# PI Drawdown Request Process

- Email PIT Form to Community Rep beforehand to verify
- Submit PIT summary page and signed/dated blue voucher page with consecutive draw number identify as “PI” (e.g. #51-PI)
- Requisite documentation for acquisition, rehab, homebuyer assistance and/or resale

# Walk-thru

- Example of transition to Program Income

Part F Program Income Return	
NSP Sales Price	\$ 203,333.00
Subtract DHCD Match	\$ 5,250
Subtract Subsidy	\$ 40,667
Subtract Leveraged Funds (Acq./ Rehab)	\$ 3,333
Program Income Returned to DHCD	\$ 154,083.40





# Guidelines For Using PI

- Environmental Statutory Checklist
- Minimum 1% below appraisal
- Approved census tract or DHCD approved neighborhood/area of greatest need
- Sale or rent to LMMI-eligible family
- Sales price cannot exceed acquisition + rehab
- No profit above cost can be earned on the sale of NSP assisted properties to an individual buyer
- URA (still applies)
- PI must be utilized prior to 7/30/13 for approved NSP activities
- Exceptions to PI:
  - 25/50 Set-aside is not required
  - Admin is calculated different, 8% grantee, 2% DHCD

# Sources of Foreclosures

- Fannie Mae [www.homepath.com](http://www.homepath.com)
- Freddie Mac [www.homesteps.com](http://www.homesteps.com)
- WellsFargo <http://www.pasreo.com>
- Bank of America <http://bankofamerica.reo.com>
- CitiGroup-<https://www.citimortgage.com/Mortgage/Oreo/SearchListing.do>
- JP MorganChase-[www.chase.com/reo](http://www.chase.com/reo)

# Online Help

- HUD: <http://hudnsphelp.info/index.cfm>
- DHCD: [http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/Neighborhood\\_Stabilization\\_Program.htm](http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/Neighborhood_Stabilization_Program.htm)



# DHCD NSP Staff

## **Community Representatives:**

- Doug Ellis [douglas.ellis@dhcd.virginia.gov](mailto:douglas.ellis@dhcd.virginia.gov)
- Monica Spradlin [monica.spradlin@dhcd.virginia.gov](mailto:monica.spradlin@dhcd.virginia.gov)

## **Policy Analyst/Real Estate:**

- Cheri Miles [cheri.miles@dhcd.virginia.gov](mailto:cheri.miles@dhcd.virginia.gov)

## **Program Manager**

Chris Thompson [chris.thompson@dhcd.virginia.gov](mailto:chris.thompson@dhcd.virginia.gov)

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