FUNDING APPROVAL AND GRANT AGREEMENT FOR NEIGHBORHOOD STABILIZATION PROGRAM (NSP) FUNDS AS AUTHORIZED AND APPROPRIATED UNDER THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008 (PUBLIC LAW 110-289, JULY 30, 2008)

NSP GRANTEE:	**City of Port St. Lucie**
NSP GRANT NUMBER:	**B-08-MN-12-0025**
NSP GRANT AMOUNT:	**$ 13,523,132**
NSP APPROVAL DATE:	**1/15/2009**

This Grant Agreement between the Department of Housing and Urban Development (HUD) and **City of Port St. Lucie (Grantee)** is made pursuant to the authority of sections 2301 – 2304 of the Housing and Economic Recovery Act of 2008 (Public Law 110-289 (July 30, 2008)) (HERA). The program established pursuant to section 2301-2304 is known as the "Neighborhood Stabilization Program" or "NSP." The Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Redevelopment of Abandoned and Foreclosed Homes Under the Housing and Economic Recovery Act, 2008 published at 73 FR 58330 (October 6, 2008) (Notice); HERA; the Grantee's submission for NSP assistance (Grantee Submission); the HUD regulations at 24 CFR Part 570 (as modified by the Notice and as now in effect and as may be amended from time to time) (Regulations); and this Funding Approval, including any special conditions, constitute part of the Grant Agreement.

Subject to the provisions of this Grant Agreement, HUD will make NSP Grant Funds in the amount of **$ 13,523,132** available to the Grantee upon execution of this Grant Agreement by the parties. The Grantee shall have 18 months from the date of HUD's execution of this Grant Agreement to obligate the NSP Grant Amount pursuant to the requirements of HERA and the Notice. The Grantee shall have 48 months from the date of HUD's execution of this Grant Agreement to expend the NSP Grant Amount pursuant to the requirements of the Notice. The NSP Grant Funds may be used to pay eligible costs arising from eligible uses incurred after the NSP Approval Date provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-award planning and general administrative costs may not be paid with funding assistance except as permitted in the Notice; the Notice limits such costs to those incurred on or after September 29, 2008. Other pre-award costs may not be paid with funding assistance except as permitted by 24 CFR 570.200(h); for purposes of NSP, such costs are limited to those incurred on or after the date that the NSP substantial amendment was received by HUD.

- Providing false, fictitious or misleading information with respect to the administration of NSP funds may result in criminal, civil or administrative prosecution under 18 U.S.C. 1001, 18 U.S.C. 1343, 31 U.S.C. 3729, 31 U.S.C. 3801, or another applicable statute.

In addition, this Grant Agreement contains a special condition. HUD has determined that any grantee receiving NSP funding in excess of three times its FY 2008 CDBG allocation is at high risk of having a management system that is inadequate to administer these funds. Since your NSP Grant Amount is greater than three times your jurisdiction's FY 2008 CDBG allocation, the NSP Grant Agreement contains a special condition requiring information to be submitted demonstrating the adequacy of staff and other resources to administer the NSP Grant.

The Department would also like to take this opportunity to inform grantees that the recently enacted American Recovery and Reinvestment Act of 2009 (ARRA) provides $2 billion in funding for a second edition of NSP. These funds will be distributed through a competitive process that HUD will identify not later than May 2, 2009. If your jurisdiction is interested in pursuing an award of these or other funds provided through ARRA, HUD advises that you continually monitor HUD's website at www.hud.gov or the White House economic recovery website at www.recovery.gov.

ARRA also repealed section 2301(d)(4) of HERA, which established requirements on the "reinvestment of profits" for the original NSP program. This provision presented a significant obstacle to the implementation of NSP and repeal of the provision will enable HUD to issue revised guidance on the treatment of "program income" under NSP. It is the Department's intent to treat NSP program income in a manner similar to program income under the CDBG program. However, NSP program income may only be used to fund NSP eligible uses indentified in HERA. Guidance on this and other changes made by ARRA will be forthcoming in March 2009, and will be posted on HUD's NSP website at www.hud.gov/nsp.

The Department is pleased to have this opportunity to work with your jurisdiction through the Neighborhood Stabilization Program and we are available to assist with your implementation of the program.

Sincerely,

Gary Causey

Gary Causey, Director
Community Planning and Development Division

Enclosures

cc: w/grant agreement Patricia Selmer