



United States Department of Agriculture
Rural Development

TO: State Directors
Rural Development

ATTENTION: Housing Program Directors and Staff Involved In The
Section 523 Mutual Self-Help Housing Program

FROM: Russell T. Davis *Russell T. Davis*
Administrator
Single Family Housing

SUBJECT: Funding of Section 523 Mutual Self-Help Housing
Grants for Fiscal Year 2009

The purpose of this memorandum is to provide guidance in the processing and funding of Section 523 Mutual Self-Help Housing Grants for Fiscal Year (FY) 2009.

Based upon anticipated funding levels and our projections demand will once again exceed the available resources. Therefore, in order to effectively manage our limited fund balance, the following policies and procedures have been implemented for FY 2009:

Existing performing grantees will be allowed to request an increase in their overall grant in an amount not to exceed 10% of their previous grant. We will obligate an amount not to exceed 75% of the request. If this amount is less than the grantee anticipated, this will be considered a partial funding of the grant and grantee should be so advised. The remaining 25% of the grant will be obligated at a later date, pending the availability of funds.

Because this is a partially funded grant, and future funding levels remain uncertain, we ask that you use the following guidelines when closing this grant:

EXPIRATION DATE:
September 30, 2009

FILING INSTRUCTIONS:
Housing Programs

1400 Independence Ave, S.W. · Washington DC 20250-0700
Web: <http://www.rurdev.usda.gov>

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1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

- The grant agreement should be for two years and state the full amount of the grant request. The budgets, schedules, and all other documents and items related to the grant, should be considered as in the usual two year grant cycle.
- The grant agreement must be modified on the first page under the terms of the agreement item (a) with the following two condition statements:

a)(1) "This is partial funding in the amount of \$ _____, with the \$ _____ balance of the grant being subject to the future availability of funds through the Section 523 Mutual Self-Help Program and remaining in full compliance with the terms of this agreement."

(a)(2) "The grantee will not start more than fifty percent of the homes proposed under this grant during the first year of the grant. No other starts are authorized until additional funds have been obtained. This is intended to ensure that the homes constructed under this partial funding (75%), will be completed."

Subsequent grant requests will not be considered except in rare cases beyond the reasonable control of the grantee. Therefore, it is imperative that budgets and proposals be well developed and realistic.

Due to the continued high demand on the program, the decision has been made not to obligate any new or predevelopment grants this fiscal year. Any pending applications should be returned and applicants notified accordingly. This is not an appealable action.

States should continue to work with their regional Technical and Management Assistance Contractor and all applications for re-funding should be carefully reviewed before submission. If you have any questions, please contact Carolyn Bell of the Single Family Housing Direct Loan Division at (202) 720-1532.