





A-TEAM Special Training Session, an encore of
October 2023's HAC National Conference Session

***Navigating Self-Help Finance -
The Road Map to Success!***


December 5, 2023
Live Webinar

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Navigating Self-Help Finance: The Road Map to Success

... it's paved with a little "mutual" support





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Your Trainers Today!

Samantha Bowley, Facilitator
Financial Management Specialist, RCAC
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Since 2019

Donna Lea Brooks, Moderator
Rural Development Specialist, RCAC
dbrooks@rcac.org
Since 2017

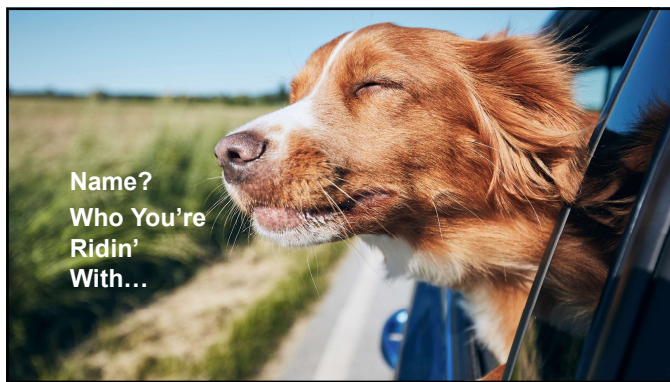
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Learning Objectives:

- Understand the overall journey of the Self-Help grant
- Be aware of financial roadblocks and compliance pitfalls that can arise along the way
- Know where to stop for directions and information
- Stay awake at the wheel!



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Preparing for the Trip


Gather your Tools & Resources!

- RCAC's Financial Tool Kit for Self-Help, and
 - SH Trainings & Webinars
 - RD Regulations and Guidance Forms
 - SH Housing Handbooks
- Handout for today's session:
 - **HAC Navigating Self-Help Finance - The Road Map to Success!** (slide companion)
 - 1944-1 (updated 9/29/23 (w/ financial highlights))
 - Appendix 13 (updated 1/23/03; revised 7/21/23)
 - ZCPR201
 - Self-Help Builder News Archives - RCAC
 - TA Provider

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Preparing the Application



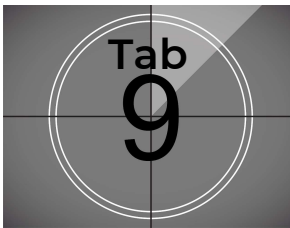
You are not alone!
Your
Technical Assistance Providers are with you on this journey!

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Preparing the Application

- Your Detailed SH Program Budget
some examples:
 - Wage/fringe: Line-item positions with % FTE
 - Travel: Gas, mileage, conference, etc.
 - Supplies: Office, but also tools for SH
- Narrative: Tell the Story of your budget beyond the numbers...
 - Weather impacts to building reduced staffing?
 - Hiring new staff?
 - COLA for year two?
- SF424A required budget reporting tool
 - Complete last, place square pegs in round holes



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Preparing the Application

[View Burden Statement](#)


BUDGET INFORMATION - Non-Construction Programs OMB Number: 4040-0009
Expiration Date: 02/28/2025

SECTION A - BUDGET SUMMARY


Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.		\$	\$	\$	\$	\$
2.						

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Preparing the Application





- 523 Grant Allowable Budget Line Items 1944.405 *some examples*
 - Salaries & fringe
 - Office rent, utilities, supplies
 - Training
 - Liability Insurance
 - Can I buy hand tools to give to participating families?
 - Can I charge a tool rental fee to the families?



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Preparing the Application


- 523 Grant Unallowable Costs 1944.406 *some examples*
 - Hiring personnel to perform sweat equity work for families
 - Buying land or building materials for families
 - Payoff of family builders' debts



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Introducing

2CFR200

The Uniform Guidance



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Managing the Grant



Code of Federal Regulations

A point in time eCFR system



Title 2

Title 2 / Subtitle A / Chapter II / Part 200 Previous / Next / Top

ECFR CONTENT

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§ 200.216 Prohibition on certain telecommunications and video surveillance services or equipment.

Subpart D Post Federal Award Requirements 200.300 – 200.346

§ 200.300 Statutory and national policy requirements.

§ 200.301 Performance measurement.

§ 200.302 Financial management.


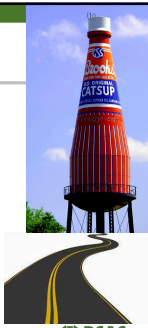
§ 200.303 Internal controls.

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Preparing the Application

More Budget Preparation considerations:

- **Equipment §200.313**
 - Useful life of more than one year & exceeds capitalization threshold
 - Can I buy a truck? A tool trailer?...*strings attached*
 - See today's handout *HAC Navigating SH Finance slide companion* for more information
- **Planning for Indirect**
 - 10% de minimis or NICRA
 - What's MTDC (Modified Total Direct Costs)? -- excludes "Equipment"
 - Applies to 10% de minimis and *could* apply to NICRA base
 - check yourself with RCAC's [SH Financial Tool Kit](#)
 - Indirect Cost Allocation Spreadsheet tool
 - Indirect video training & Indirect slides
 - 1944-I Exhibit P

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Preparing the Application



More Application components for 523 Grant:

- Interest Bearing Checking Account 1944.411 (g)
 - 2 bonded officials must sign all checks
- Fidelity Bonding
- Show us your audit! 1944.422
 - Timely audits are required of grantees in receipt of federal funds




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Preparing the Application

502 Family Loan Funds:

- Custodial Accounts
 - Open a single custodial checking account for the deposits and expenses for your custodial family loan funds
- Set up your Custodial Chart of Accounts
 - Who does that money belong to? The Family Builders!
 - Who has responsibility to manage? Your organization!
 - See Custodial SBA Account Guidebook 7/13/22 on RCAC's SH Financial Tool Kit page
- Supervised Bank Accounts
 - RD will open a checking account to manage each family loan and you will coordinate draws and vendor payments with them







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Preparing the Application

[Self-Help Builder News 3/21/23 DNP Portal and DOL Notification](#)

- You will submit information to USDA RD, RD will check the portal:
 - Self-Help Do Not Pay (DNP) clearance and Department of Labor notification requirements
 - Do Not Pay for checking (Sub)Contractors
 - Do Not Pay for Grantees
 - RD will check at grant application submission and again prior to grant agreement execution, and again and again during the grant period and again before final checks are issued at closeout
- Reporting to DOL
- Find more detail about this and so much more in [Self-Help Builder News](#) archives

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We got a grant agreement!

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Managing the Grant



We worked so hard on that application, finally we have an award and are on our way!...but wait?!

What's a

Financial Certification?




within 90 Days of grant closing
 1944.411(f) "...establishes a record keeping system that is certifiable that it adequately meets the agreement"



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Managing the Grant

- §200.302(b) Financial Management System MUST:**
 - Identify funds received and expended
 - Disclose accurate, current and complete financial results
 - Identify source and application of funds
 - Effective controls and accountability for funds, property and other assets
 - Compare budget to actual results
 - Written procedures** for federal payments per §200.305
 - Written procedures** for determining allowability of costs

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Managing the Grant

Financial Certification!

- Revisit financial material from application:
 - Audit and/or
 - Current agency Balance Sheet and P&L 1944.410(a)(3)
 - Budget Details
 - Fidelity Bond coverage
 - Indirect cost rate
 - Interest-bearing checking w/ 2 signers
- Current 523 BTA & sample 502 BTA



Do you think we're ready yet?



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Managing the Grant

Budget to Actual

		e.g., 3rd month of grant			
	current period	cumulative	TOTAL PROG BUDGET	balance	
Personnel	\$ 17,561	\$ 52,683	\$ 421,460	\$ 368,778	
Fringe	\$ 4,566	\$ 13,697	\$ 109,580	\$ 95,882	
Travel	\$ 105	\$ 316	\$ 2,530	\$ 2,214	
Equipment	\$ 438	\$ 1,313	\$ 10,500	\$ 9,188	
Supplies	\$ 323	\$ 969	\$ 7,754	\$ 6,785	
Contractual	\$ 333	\$ 1,000	\$ 8,000	\$ 7,000	
Other	\$ 2,568	\$ 7,704	\$ 61,630	\$ 53,926	
Total Direct Costs	\$ 25,894	\$ 77,882	\$ 621,455	\$ 543,773	
10% de minimis indirect	\$ 2,589	\$ 7,768	\$ 62,145	\$ 54,377	
Total Program Costs	\$ 28,483	\$ 85,650	\$ 683,600	\$ 598,150	



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Managing the Grant

Financial Certification continued...

- Structure and processes in Accounting
 - Financial Policies & Procedures
 - Internal Controls
- Who Reviews and approves financial reports?
 - Board involvement
- Software, storage, backup
- Record Retention schedules and storage
- Assets & Inventories
- Grant Management processes
 - 523 Grant Draw schedule & comparison to production/EU's
 - Custodial fund management



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Managing the Grant



Get to Know Your Auditor:

- In good standing? Findings? Ratios?

Your Funder says: 1944.422

- Compliance timelines for audits
 - Annually
 - 30 days after receipt of audit or 9 months after end of grantees audit period/FY
 - 90 days following grant period (@ closeout)
- Ensure 502 files are reviewed



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Managing the Grant



Let's take
a closer
look at
our
budget



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Managing the Grant

What if I need to change something?

\$200,308 Revision of budget or program plans

(c) Prior approval **required** for:

- (1) Change in scope
- (2) Change in key person
- (3) Program/project leader change for more than 3 months or 25% reduction in project time
- (4) Adding costs that require prior approval
- (8) Additional federal funds needed to complete project

(f) Funder *may* restrict, if cumulative amount exceeds SAT AND exceeds 10% of total budget

(g) No prior approval needed, other than above



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Managing the Grant

523 SAMPLE BUDGET REVISION				
ORIGINAL 2-YEAR BUDGET	INCREASE	DECREASE	REVISED 2-YEAR BUDGET	
Personnel \$ 423,453	\$ 850.00		\$	423,313
Fringe \$ 108,579			\$	108,579
Travel \$ 2,515	\$ 685.00		\$	3,215
Equipment \$ 10,000		\$ (100,000)	\$	(90,000)
Supplies \$ 7,254			\$	7,254
Contractual \$ 8,000			\$	8,000
Rent/Utilities \$ 13,400		\$ (100,000)	\$	(86,600)
Marketing \$ 4,400		\$ (600,000)	\$	(595,600)
Insurance \$ 26,880			\$	26,880
Auto \$ 6,000			\$	6,000
Communication \$ 6,500			\$	6,500
Printing \$ 2,250			\$	2,250
\$ 621,453	\$ 1,535	\$ (1,535)	\$	621,453
Total Direct Costs \$ 621,453				
10% de minimis indirect \$ 62,145				
Total Grant/Program Costs \$ 683,598				
Budget Revision Approved by: _____				
Date: _____				



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Managing the Grant

Budget Management, at least quarterly, assess how is the self-help line of business doing:

- Do finances track with grant period and production? (Budget to EU comparison)
- Is the 523 grant covering all SH costs or is the organization having to supplement?
- What adjustments may need to be considered?
- Ideas for grant supplements
- Capacity consideration



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Managing the Grant

The Uniform Guidance tells me so...

- **Stuff you gotta have:**
 - Financial Policies & Procedures
 - Internal Controls – big or small, what you need to do
- **Stuff you gotta understand:**
 - Capital Vs. Supplies
 - Equipment conditions, restrictions, requirements, regulations, caveats...
- **Stuff you gotta do:**
 - Procurement
 - Informal
 - Formal
 - Noncompetitive



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Managing the Grant


Indirect, can be a bit of a rough road:

- NICRA
- 10% de minimis
 - Cost Allocation Plan (RD wants one of the above, but for government, tribes CAP is A-OK)
- Can I switch?




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Managing the Grant




NICRA Conundrums:

- Based on your fiscal year, applies to your grant cycle
- FY06-24, grant 4/1/24-3/31/26
 - How many different rates *could* you have?
 - The rates do not "wash"!
 - 4/1/24-6/30/24 is 15.39% FINAL
 - 7/1/24-6/30/25 is 15.74% FINAL
 - 7/1/25-3/31/26 is 15.69% FINAL
 - Cannot exceed rate during the period, **must pay back** any overcharges
 - Most likely **cannot charge** for undercharging!
 - Negotiated **ANNUALLY**
 - PROVISIONAL** rate is real, but all that matters is the **FINAL** rate which you typically receive **AFTER** your books are closed

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Grant Extension or Revision



Wait! I need a bit more time!
Extension or Revision to Grant Agreement 1944.420


- Up to one year with justification
- New budget, if requesting additional funds
- In writing at least 30 days prior to grant expiration
 - 1944.420 (e) Expired grant agreements **CANNOT** be modified, remaining funds will be de-obligated

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1944.421 Refunding of an Existing Grantee... ...just keep on Keepin' On

Recommend filing for reapplication 6 months before end of current grant period






☒ **YES! We have earned an acceptable rating on our current grant!**

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Closeout

We did it! Our grant is complete!

- If applicable, return leftover funds to RD
- Expenditures must be invoiced/encumbered prior to grant expiration, payments/draws can be received post expiration (but before you submit SF425)
- Submit **SF425 within 90 days** (up to 120 days UG) of grant expiration
- Provide an audit including audit of self-help borrower accounts







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Close Out

Reflect:

- Final **Indirect** charges must be reported on SF425
- Pre-emptive strategies for assurance you won't overcharge indirect
- Reflect **BEFORE** you charge indirect
- Use the *Cost Allocation tool spreadsheet* on **SH Financial Tool Kit** site throughout the grant cycle!
- How did it go?

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Close Out

Federal Financial Report
(Follow form instructions)

OMB Number: 4940-0014
Expiration Date: 02/28/2025

1. Federal Agency and Organizational Element to Which Report is Submitted

2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use PFR Attachment)

3. Recipient Organization (Name and complete address including Zip code)

Recipient Organization Name: _____

Street1: _____

Street2: _____

City: _____ County: _____

State: _____ ZIP / Postal Code: _____

4a. UEI: _____ 4b. EIN: _____




5. Recipient Account Number or Identifying Number (To report multiple grants, use PFR Attachment)

6. Report Type
☐ Quarterly
☐ Semi-Annual
☐ Annual

7. Basis of Accounting
☐ Cash
☐ Accrual

8. Project/Grant Period
 From: _____ To: _____

9. Reporting Period End Date: _____






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Closeout

Time to close out your build group account too:

- Custodial Loan Funds 502 must be audited (from most recent audit)
- **Best Practice:** Any remaining funds should be returned to RD to reduce the borrower's loan principal




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Revisit our Learning Objectives:

- Understand the overall journey of the Self-Help grant
- Be aware of financial roadblocks and compliance pitfalls that can arise along the way
- Know where to stop for directions and information
- Stay awake at the wheel!



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Back at Home

Employing Strategies

- Make a plan
- What will you do differently?
- What do you need more information on?
- Put check points in your calendar
- Note your successes



Accountability Buddy: check in with a co-worker or someone you met today online!

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Resources

Remember your Tools & Resources!

- [RCAC's Financial Tool Kit for Self-Help, and](#)
 - SH Trainings & Webinars
 - RD Regulations and Guidance Forms
 - SH Housing Handbooks
- Handout for today's session:
 - **HAC Navigating Self-Help Finance - The Road Map to Success!** slide companion
 - 1944-I updated 9/29/23 (w/ financial highlights)
 - Appendix 13 updated 1/23/03, revised 7/21/23
- 2CFR200
- [Self-Help Builder News Archives – RCAC](#)
- TA Provider

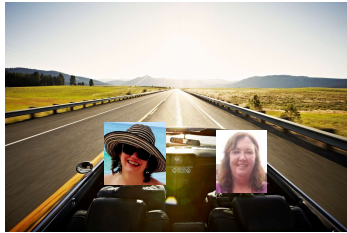


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Your Trainers Today!

Samantha Bowley, Facilitator
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 Since 2019

Donna Lea Brooks, Moderator
 Rural Development Specialist, RCAC
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 Since 2017



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Navigating Self-Help Finance - The Road Map to Success!

Wednesday, October 25, 2023 from 3:45 to 5:15 PM

Speaker: Samantha Bowley, Financial Management Specialist, RCAC

Moderator: Donna Lea Brooks, Rural Development Specialist, RCAC

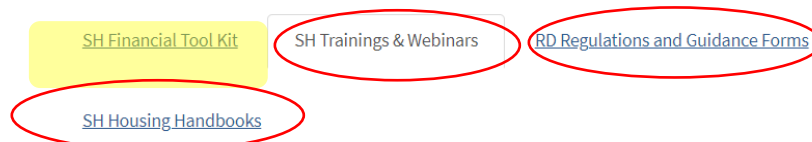
Description: Join us on a journey to uncover the financial management road best traveled as it relates to the USDA RD federally funded grant for Self-Help. We'll explore the surprising pitfalls and roadblocks that can sometimes present themselves as you navigate the rules, regulations and compliance issues. Attendees will gain valuable planning tools and a few shortcuts to ensure a smooth ride when it comes to managing the financial components of their Self-Help grant.

Gather your Tools & Resources!

- [RCAC's Financial Tool Kit for Self-Help](#), and
 - SH Trainings & Webinars
 - RD Regulations and Guidance Forms
 - SH Housing Handbooks

screenshot of tabs @ site

Self-help housing resources



Gather your Tools & Resources!

- Handout for today's session:
 - **HAC Navigating Self-Help Finance - The Road Map to Success!** slide companion
 - 1944-I updated 9/29/23 (w/ financial highlights)
 - Appendix 13 updated 1/23/03, revised 7/21/23
- [2CFR200](#)
- [Self-Help Builder News Archives – RCAC](#)
- TA Provider

EQUIPMENT: slides from RCAC's Uniform Guidance training 2CFR200

Some highlights from the UG training:

Subpart D—Post Federal Award Requirements

§200.313 Equipment revisit Definitions §200.1

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.



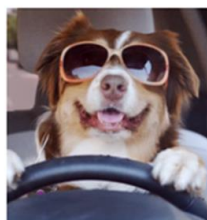
See also the definitions of *capital assets*, *computing devices*, *general purpose equipment*, *information technology systems*, *special purpose equipment*, and *supplies* in this section.

§200.313 Equipment (cont.)

(e) (1) *Disposition* Fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further **NEW responsibility** obligation to the federal awarding agency

(2) Fair market value <\$5,000, NFE must ask for disposition instruction

- If no response in 120 days, may keep or sell, but
- must pay awarding agency its share of proceeds of FMV
- Non-Federal entity may keep up to \$500 of proceeds (for admin)



That's It, Honey, I Quit,
I'm Movin' On
-The Equipment



OTHER REMINDERS from 2 CFR 200 Regarding Equipment (as defined above) purchased with federal funds:

- Must have funder's prior approval before purchasing any equipment above your capitalization threshold
- Must meet minimum recordkeeping requirements (below)
- And must meet disposal requirements (below)

§200.313 Equipment (cont.) [200.439]

(d) *Management requirements at a minimum:*

- Description of property
- Serial or other identification number
- Source of funding and title
- Acquisition date
- Cost of property, % of federal participation of cost
- Location and use of the property
- As applicable, disposition data
- Physical inventory at least every 2 years, results reconciled with the property records
- Control system with adequate safeguards to prevent loss, damage or theft (theft requires investigation)
- Adequate maintenance procedures
- Highest return sales procedures



Subpart D—Post Federal Award Requirements


§200.313 Supplies revisit Definitions §200.1

Supplies means all tangible personal property other than those described in the definition of *equipment* in this section. 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 the definitions of computing devices and equipment in this section.*



INDIRECT:

RCAC's Financial Tool Kit for Self-Help

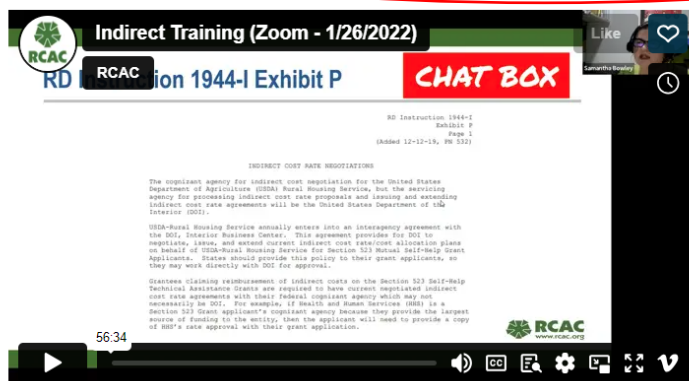


Indirect

Indirect is a challenging component of financial grant management.

Learn all about the mysteries of applying indirect (both provisional and final), reporting requirements and monitoring your percentage rate.

[Indirect Training PowerPoint slides](#) | [Indirect Cost Allocation Spreadsheet Tool](#)



ICR Sample Documents from a DOI ICR Calculation submission:

- [3-1 – Sample nonprofit proposal checklist](#)
- [3-2 – Sample cover letter \(Part I: Narrative and certificates\)](#)
- [3-3 – Sample excel file \(Part II: Cost schedules\)](#)
- [ARTICLE: Cost Allocation & Applying Indirect – Judy Monteux \(2018\)](#)

Cognizant agency for indirect costs: the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans and indirect cost proposals on behalf of all Federal agencies. Commonly for Self-Help (appointed by USDA RD) this is the Department of Interior but can be other federal entities.

INDIRECT: slides from RCAC's Uniform Guidance training 2CFR200

Subpart E—Cost Principles

§200.414 Indirect (F&A) costs (f) (cont.)
...back to Definitions §200.1

BEFORE APPLYING THE 10% DE MINIMIS, MTDC MUST BE DETERMINED

Modified Total Direct Cost (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC **excludes** equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

See also **Appendix IV to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations**



Subpart E—Cost Principles

Let's Do Some Math!



Total Direct Costs: 100,000
LESS EQUIPMENT: (7,500)
Modified Total Direct Costs: 92,500

10% De Minimis Indirect: 9,250
TOTAL GRANT: 109,250



What does NICRA (negotiated indirect cost rate agreement) look like?



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

Nonprofit Organization Indirect Cost Negotiation Agreement

[REDACTED]

Date: 11/02/2020

Organization:

[REDACTED]

Report Number: 2020-0674

Filing Ref.:

Last Negotiation Agreement
dated: 08/28/2019

The indirect cost rates contained herein are for use on grants, contracts, and other agreements with the Federal Government to which Public Law 93-638 and/or 2 CFR Part 200 apply subject to the limitations contained in Section IIA. of this agreement. The rates were negotiated by the U.S. Department of the Interior, Interior Business Center, and the subject organization in accordance with the authority contained in applicable regulations.

Section I: Rate

Start Date	End Date	Rate Type					
01/01/2019	12/31/2019	Final	Name	Rate	Base	Location	Applicable To
			Indirect	11.41 %	(A)	All	All Programs
01/01/2021	12/31/2021	Provisional	Name	Rate	Base	Location	Applicable To
			Indirect	12.30 %	(A)	All	All Programs

2. **Provisional/Final Rate:** Within six (6) months after year end, a final indirect cost rate proposal must be submitted based on actual costs. Billings and charges to contracts and grants must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.

BASE:			FINAL INDIRECT RATE	CALCULATED FINAL INDIRECT ALLOWED:	ACTUAL INDIRECT RATE CHARGED:	CALCULATED INDIRECT CHARGED:	OVER/(UNDER) CHARGED						
176,000	11 months	6/30/2019 to 6/30/2020	26.9%	47,344	25.2%	44,352	(2,992)	CANNOT COLLECT or CREDIT UNDERCHARGED INDIRECT					
192,000	12 months	6/30/2020 to 6/30/2021	24.59%	47,213	25.2%	48,384	1,171	MUST PAY BACK \$1,171 TO FUNDER					
16,000	1 month	6/30/2021 to 6/30/2022	22.79%	3,646	25.2%	4,032	386	MUST PAY BACK \$386 TO FUNDER					
384,000				98,203		96,768	(1,435)	CANNOT COLLECT or CREDIT UNDERCHARGED INDIRECT					
Agency's Fiscal Year: FY06-30							***cannot total the grant period and proclaim that overall it is "undercharged"						
Grant Cycle: 08/01/2019 to 07/31/2021							TOTAL DUE TO FUNDER: \$1,557						

- Use an indirect calculator-there's a spreadsheet tool available here [RCAC's SH Resources Financial Toolkit](#) to calculate your own indirect each draw period to see how your calculated indirect compares to your negotiated PROVISIONAL rate; if your actual rate is less, charge less indirect for the draw (no more than you calculated), this will significantly lessen the likelihood of overcharging the grant.
- Negotiate your indirect rates annually (as the NICRA letter indicates to do). This will minimize your risk timeline of overcharging indirect to the grant.
- Your indirect rate belongs to your agency, and is determined annually based upon your fiscal year's financials; it is applied to the 2-YEAR SH grant (and any other federal funding that you may receive) annually, based on your fiscal year timeline, regardless of how the grant cycle intersects with the rates (see example below)
- Unfortunately, you receive no credit/no refund on undercharged indirect, **but you are required to repay the funder for any indirect overcharges** (see example below)

CUSTODIAL ACCOUNTS materials from RCAC's site:

[RCAC's Financial Tool Kit for Self-Help](#)

CUSTODIAL & SUPERVISED ACCOUNTS

MSH Custodial Accounts & Supervised Bank Accounts

The guidebooks for custodial and supervised bank accounts is here!

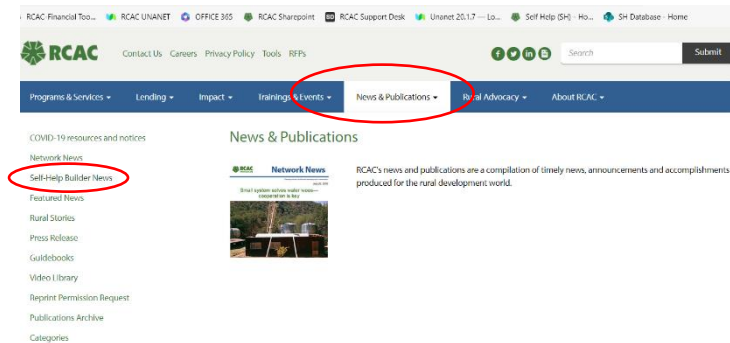
Discover all the how-to's of responsible financial management of the family loan funds.

Webinar: 5 Days of 502 (Day 3): Custodial Accounting | [Click here to view the recording on Vimeo](#)

[8-1 – Custodial SBA Loan Account Guidebook \(7/13/2022\)](#) | [8-2 – Custodial SBA Accounts PowerPoint slides \(7/27/2022\)](#)

[8-3 – Sample Lot 15 BTA](#) | [8-4 – Sample Draw Request Form](#) | [8-5 – Sample Back Up](#) | [8-6 – Sample Reconciliation Sheet](#)

SELF-HELP BUILDER NEWSLETTERS CONTAIN GREAT REFERENCE MATERIAL TOO! (on RCAC's website)



Browsing Category Archives

Based on "Self-Help Builder News".

Self-Help Builder September 2023

CEO update: Let's Talk 502, Unique Approach to Self-Help Building: Community Rebuilds, Dear Sher and more!

Self-Help Builder August 2023 (Special Edition)

RCAC called for videos, pictures and stories from your homeownership celebration events, key ceremonies, success stories and self-help grantees delivered! In this Special Edition, we feature eleven grantees and families from across our service area.

Self-Help Builder June 2023

CEO update: PN 583 makes significant changes to HB-1-3550. RCAC Self-Help shares training videos and more!

Self-Help Builder March 2023

An interview with Cathy Glover (USDA RD Deputy Administrator of Single-Family Housing), Self-Help Do Not Pay (DNP) clearance and Department of Labor notification requirement, and more!

Self-Help Builder December 2022

As we close out 2022, I hope this message finds you well. For RCAC's holiday message, we asked the RCAC community to submit a word or phrase that depicts what they most look forward to during this time of year.

BUDGET TIPS:

Make a simple budget revision record to maintain on file for your auditor if you do need to adjust line items.

523 SAMPLE BUDGET REVISION					
	ORIGINAL 2-YEAR BUDGET	INCREASE	DECREASE	REVISED 2-YEAR BUDGET	
Personnel	\$ 421,460	\$ 850.00		\$ 422,310	
Fringe	\$ 109,579			\$ 109,579	
Travel	\$ 2,530	\$ 685.00		\$ 3,215	
Equipment	\$ 10,500		\$ (500.00)	\$ 10,000	
Supplies	\$ 7,754			\$ 7,754	
Contractual	\$ 8,000			\$ 8,000	
Rent/Utilities	\$ 15,600		\$ (350.00)	\$ 15,250	
Marketing	\$ 4,400		\$ (685.00)	\$ 3,715	
Insurance	\$ 26,880			\$ 26,880	
Audit	\$ 6,000			\$ 6,000	
Communications	\$ 6,500			\$ 6,500	
Printing	\$ 2,250			\$ 2,250	
	\$ 621,453	\$ 1,535	\$ (1,535)	\$ 621,453	\$ 310,727
Total Direct Costs	\$ 621,453				
10% de minimis Indirect	\$ 62,145				
Total Gtant/Program Costs	\$ 683,598				
Budget Revision Approved by:					
Date:					

Part 1944 - HOUSING

Subpart I - Self-Help Technical Assistance Grants

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PART 1944 - HOUSING

Subpart I - Self-Help Technical Assistance Grants

§ 1944.401 Objective.

This subpart sets forth the policies and procedures and delegates authority for providing Technical Assistance (TA) funds to eligible applicants to finance programs of technical and supervisory assistance for self-help housing, as authorized under Section 523 of the Housing Act of 1949. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to Rural Development employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of 7 CFR Part 11 and Subpart D of Part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with a Rural Development employee. This financial assistance may pay part or all of the cost of developing, administering, or coordinating programs of technical and supervisory assistance to aid needy very low- and low-income families in carrying out self-help housing efforts in rural areas. Very low-income families must receive a priority for recruitment and participation and may not comprise less than the percentage stated in Subpart L of Part 1940 of this chapter of those assisted in any grant. The primary purpose is to fund organizations that are willing to locate and work with families that otherwise do not qualify as homeowners. Generally, these are families below 50 percent of median incomes, living in substandard housing, and/or lacking the skills to be good homeowners. Grantees will comply with the nondiscrimination regulation Subpart E of Part 1901 of this chapter which states that no person in the United States shall, on the grounds of race, color, national origin, sex, religion, marital status, mental or physical handicap, or age, be excluded from participating in, be denied the benefits of, or be subject to discrimination in connection with the use of grant funds and all provisions of the Fair Housing Act of 1988.

§ 1944.402 Grant purposes.

Rural Development may contract or make a grant to an organization to:

- (a) Give technical and supervisory assistance to eligible very low- and low-income families as defined in Appendix 9 of HB-1-3550 (available in any Rural Development Office), in carrying out self-help housing efforts.
- (b) Assist other organizations to provide technical and supervisory assistance to eligible families.
- (c) Develop a final application, recruit families and related activities necessary to participate under paragraph (a) of this section.

§ 1944.403 Definitions.

(a) Agreement. The Self-Help Technical Assistance Agreement, which is a document signed by Rural Development and the grantee, sets forth the terms and conditions under which TA funds will be made available. (Exhibit A of this subpart).

(b) Agreement period (or grant period). The period of time for which an agreement is in force. Generally, the period will not exceed 24 months.

(c) Date of completion. The date when all work under a grant is completed or the date in the TA grant agreement, or any supplement or amendment to it, when Federal assistance ends.

(d) Direct costs. Those costs that are specifically identified with a particular project or activity. Grantees receiving funds from a single grant source would consider all costs as direct costs.

(e) Disallowed costs. Those charges to a grant which Rural Development determines cannot be authorized.

(f) Equivalent units. Equivalent units represent the "theoretical number of units" arrived at by adding the equivalent percentage of completion figure for each family in the self-help program (pre-construction and actual construction) together at any given date during program operations. The sum of the percentage of completion figures for all participant families represent the total number of "theoretical units" completed at any point in time. Equivalent units are useful in measuring progress during the period of the grant and are not a measurement of actual accomplishments. The number of equivalent units for any group/project can never exceed the number of planned or completed houses/homes for that group/project.

(g) Equivalent value of a modest house (aka Cost of Contractor-Built home). The equivalent value of a modest house is the typical cost of a recent contractor-built Rural Development financed home in the area plus the actual or projected costs of an acceptable site and site development. If Rural Development has not financed a contractor-built house during the last twelve months, the value will be established by use of the Marshall and Swift cost handbook or a similar type of handbook. Equivalent value of a modest house is established by Rural Development. This value is not necessarily equal to the modest housing definition in 7 CFR §§ 3550.10 and 3550.63(a)(3). This value may be determined periodically and published as a State Supplement.

(h) Indirect costs. Those costs that are incurred for common or joint objectives and therefore, cannot be readily and specifically identified with a particular project or activity, e.g. self-help. See Exhibit P for Rural Development's indirect cost rate negotiation guidance.

(i) Mutual self-help. The construction method by which participating families organized in groups generally of 4 to 10 families utilize their own labor to reduce the total construction cost of their homes. Participating families complete construction work on their homes by an exchange of labor with one another. The mutual self-help method must be used for new construction.

(j) Organization.

(1) A State, political subdivision, or public nonprofit corporation (including Indian tribes or Tribal corporations); or

(2) A private nonprofit corporation that is owned and controlled by private persons or interests and is organized and operated for purposes other than making gains or profits for the corporation and is legally precluded from distributing any gains or profits to its members.

(k) Participating family. Individuals and/or their families who agree to build homes by the mutual self-help method and rehabilitate homes by the self-help method. Participants are families with very low- or low-incomes who have the ability to furnish their share of the required labor input regardless of the handicap, age, race, color, national origin, religion, family status, or sex of the head of household. The participating family must be approved for a Section 502 RH loan or similar loans from other Federal, state, and private lenders that uses income guidelines substantially similar to the Department of Housing and Urban Development before the start of construction, have sufficient time available to assist in building their own homes, and show a desire to work with other families. Each family in the group must contribute labor on each other's homes to accomplish the 65 percent of the total 100 percent of tasks listed in Exhibit B-2 of this subpart. A participating family may use a substitute to perform the labor with prior approval of the Grantee and the Rural Development State Director. A substitute is only permitted when the participating family is incapacitated. For rehabilitation type grants, participating families must complete a minimum of 10 labor hours for every \$1,000 in project costs that are not completed by a sub-contractor.

(l) Self-help. The construction method by which an individual family utilizes their labor to reduce the construction cost of their home without an exchange of labor between participating families. Unless otherwise authorized by the District Director, this method is only funded for repair and rehabilitation type construction (owner occupied or acquisition rehabilitation).

(m) Sponsor. An existing entity that is willing and able to assist an applicant, with or without charge, in applying for a grant and in carrying out responsibilities under the agreement. Examples of sponsors are local rural electric cooperatives, institutions of higher education, community action agencies and other self-help grantees. Also, when available, regional technical and management assistance contractors may qualify to serve as a sponsor at no charge.

(n) Technical assistance. The organizing and supervising of groups of families in the construction of their own homes including:

- (1) Recruiting families who are interested in sharing labor in the construction of each other's homes and assisting such families in obtaining housing loans.
- (2) Conducting meetings of the families to explain the self-help program and subjects related to home ownership, such as loan payments, taxes, insurance, maintenance, and upkeep of the property.
- (3) Helping families in planning and developing activities that lead to the acquisition and development of suitable building sites.
- (4) Assisting families in selecting or developing house plans for homes which will meet their needs and which they can afford.
- (5) Assisting families in obtaining cost estimates for construction materials and any contracting that may be required.
- (6) Providing assistance in the preparation of loan applications.
- (7) Providing construction supervision and training for families while they construct their homes.
- (8) Providing financial supervision to individual families with Section 502 Rural Housing (RH) loans which will minimize the time and effort required by Rural Development in processing borrower expenditures for materials and contract services. For rehabilitation projects, Section 504 loans/grants may also be included.
- (9) Assisting families in solving other housing problems.

(o) Termination of a grant. The cancellation of Federal assistance, in whole or in part, at any time before the date of completion.

\$1944.404 Eligibility.

To receive a grant, the applicant must:

- (a) Be an organization as defined in §1944.403(j) of this subpart.
- (b) Have the financial, legal, administrative, and actual capacity to assume and carry out the responsibilities imposed by the Agreement. To meet the requirement of actual capacity it must either:
 - (1) Have necessary background and experience with proven ability to perform responsibly in the field of mutual self-help or other business management or administrative ventures which indicate an ability to perform responsibly in the field of mutual self-help; or
 - (2) Be sponsored by an organization with background experience, and ability, which agrees in writing to help the applicant to carry out its responsibilities.

(c) Legally obligate itself to administer TA funds, provide adequate accounting of the expenditure of such funds, and comply with the Agreement and Rural Development regulations.

(d) If the organization is a private nonprofit corporation, be a corporation that:

(1) Is organized under State and local laws.

(2) Is qualified under Section 501(c)(3) of the Internal Revenue Code of 1986.

(3) Has as one of its purposes the production of affordable housing.

(4) Has a Board of Directors which consist of not less than five. For smaller organizations (i.e. less than 5 staff members) a board of 3 is authorized.

§ 1944.405 Authorized use of grant funds.

(a) Payment of salaries of personnel as authorized in the Agreement.

(b) Payment of necessary and reasonable office expenses such as office rental, office utilities, and office equipment rental. The purchase of office equipment is permissible when the grantee determines it to be more economical than renting. As a general rule, these types of expenses would be classified as indirect costs in multiple funded organizations.

(c) Purchase of office supplies such as paper, pens, pencils, and trade magazines.

(d) Payment of necessary employee benefit costs including but not limited to items such as Worker's Compensation, employer's share of social security, health benefits, and a reasonable tax deferred pension plan for permanent employees.

(e) Purchase, lease, or maintenance of power or specialty tools such as a power saw, electric drill, saber saw, ladders, and scaffolds, which are needed by the participating families. The participating families, however, are expected to provide their own hand tools such as hammers and handsaws. If the grant award will not cover all tools, any proposal to charge a tool rental fee directly to a program participant must meet the following criteria:

(1) The fee amount must be reasonable and approved by Rural Development.

(2) The proposal must demonstrate that the program participants are receiving the best value as compared to renting from other sources. These funds may only be used for the rental of tools and other miscellaneous shared cost items for the building group (i.e. porta-potty, scaffolding, temporary power supply, etc.).

(3) All rental fees must be tracked as a separate ledger item with disbursements approved and reviewed annually by the Technical and Management Assistance (T&MA) Contractor and Rural Development.

(f) Payment of liability insurance and special purpose audit costs associated with self-help activities. These would be considered direct costs, even though the grantee's general liability insurance cost and the cost of audits for the organization are generally indirect costs. The amount of required liability insurance will vary based on the organization's assets at risk. For example, assets that could be lost due to employee dishonesty at \$100,000 requires matching liability coverage.

(g) Payment of reasonable fees for training of grantee personnel including board members. This may include the cost of travel and per diem to attend in or out-of-state training as authorized by the board of directors and, when necessary, for the employee to do the current job. These costs are generally direct costs.

(h) Payment of services rendered by a sponsor or other organization after the grant is closed and when it is determined the sponsor can provide the necessary services which will result in an overall reduction in the cost of assistance. Typically, this will be limited to new grantees and an existing grantee for the period of time that its size or activity does not justify a full staff. A full staff is a full or part-time director, project worker, secretary-bookkeeper, and a construction supervisor. This type of cost is generally direct.

(i) Payment of certain consulting and legal costs required in the administration of the grant if such service is not available without cost. This does not include legal expenses for claims against the Federal Government. (Legal costs that may be incurred by the organization for the benefit of the participating families may be paid with prior approval of the State Director).

(j) Payments of the cost of an accountant to set up an accounting system and perform audits that may be required. Generally, these costs are indirect.

(k) Payments of reasonable expenses of board members for attending regular or special board meetings. These costs are indirect.

§ 1944.406 Prohibited use of grant funds.

- (a) Hiring personnel specifically for the purpose of performing any of the construction work for participating families in the self-help projects.
- (b) Buying real estate or building materials or other property of any kind for participating families.
- (c) Paying any debts, expenses, or costs which the responsibility of the participating families in the self-help projects should be.
- (d) Paying for training of an employee as authorized by 2 CFR part 200 adopted by USDA through 2 CFR part 400.
- (e) Paying costs other than approved indirect (including salaries) that are not directly related to helping very low- and low-income families obtain housing consistent with the objectives of this program.

§ 1944.407 Limitations.

The amount of the TA grant depends on the experience and capability of the applicant and must be justified based on the number of families to be assisted. As a guide, the maximum grant amounts for any grant period will be limited to (See Exhibit H for sample calculations):

- (a) An average TA cost equivalent per unit of no more than 15 percent of the cost of equivalent value of modest homes built in the area. (Upon request, the County Supervisor will provide the grantee the average cost of modest homes for the area); or
- (b) An average TA cost per equivalent unit that does not exceed the difference between the equivalent value of modest homes in the area and the average mortgage of the participating families minus \$1,000; or
- (c) A TA per equivalent unit cost that does not exceed an amount established by the State Director. The State Director may authorize a greater TA cost than paragraph (a) or (b) of this section when needed to accomplish a particular objective, such as requiring the grantee to serve very low-income families, remote areas, or similar situations; or
- (d) A negotiated amount for repair and rehabilitation type proposals. At a minimum, applicants applying for repair and rehabilitation grants must include information on the proximity of the houses in a project, the typical needed repairs, and the cost savings between self-help and contractor rehabilitation and repair. This amount should be reviewed as

an average grant cost savings to the family which is greater than or equal to the TA per equivalent unit cost.

§ 1944.408 [Reserved]

§ 1944.409 Executive Order 12372.

The self-help program is subject to the provision of Executive Order 12372 which requires intergovernmental consultation with State and local officials. Under Subpart I of Part 1970 (available in any Agency office), new applicants for the self-help program must submit their Statement of Activities to the State single point of contact prior to submitting their preapplication to the Agency. The name of the point of contact is available from the State Office.

§ 1944.410 Processing preapplications, applications, and completing grant dockets.

(a) Form SF-424, "Application for Federal Assistance." Form SF-424 in an original and one copy must be submitted by the applicant to the District Director. It will be used to establish communication between the applicant and RHS, determine the applicant's eligibility, determine how well the project can compete with similar applications from other organizations and eliminate any proposals which have little or no chance for Federal funding before applicants incur significant expenditures for preparing an application. In addition, the following information will be attached to and become a part of the preapplication:

(1) Complete information about the applicant's previous experience and capacity to carry out the objective of the agreement.

(2) If the applicant organization is already formed, a copy of or an accurate reference to the specific provisions of State law under which the applicant is organized; a certified copy of the applicant's Articles of Incorporation and Bylaws or other evidence of corporate existence; certificate of incorporation for other than public bodies; evidence of good standing from the State when the corporation has been in existence 1 year or more; the names and addresses of the applicant's members, directors, and officers; and, if another organization is a member of the applicant-organization, its name, address, and principal business. If the applicant is not already formed, attach copies of the proposed organizational documents demonstrating compliance with §1944.404(d) of this subpart.

(3) A current (no more than 12 months old) dated and signed financial statement showing the amounts and specific nature of assets and liabilities together with information on the repayment schedule and status of any debt owed by the applicant. If the applicant is being sponsored by another organization, the same type of financial statement also must be provided by the applicant's sponsor. The applicant organization's most recent audit report will be provided, if available.

(4) A narrative statement which includes information about the amount of the grant funds being requested, area(s) to be served, need for self-help housing in the area(s), the number of self-help units proposed to be built, rehabilitated or repaired during the agreement period, housing conditions of low-income families in the area and reasons why families need self-help assistance. Evidence should be provided that the communities support the activity and that there are low-income families willing to contribute their labor in order to obtain adequate housing. Evidence of community support may be letters of support from local officials, individuals and community organizations. The pre-application may contain information such as census materials, local planning studies, surveys, or other readily available information which indicates a need in the area for housing of the type and cost to be provided by the proposed self-help TA program.

(5) A plan of how the organization proposes to reach very low-income families living in houses that are deteriorated, dilapidated, overcrowded, and/or lack plumbing facilities.

(6) A proposed budget which will be prepared on SF-424A, "Budget Information (Non-Construction Programs)" will be completed to address applicable assurances as outlined in 2 CFR 200 as adopted by USDA through 2 CFR 400. State and local Government will include an assurance that the grantee shall comply with all applicable Federal statutes and regulations in effect with respect to the periods for which it receives grant funding. The State and local governments shall also comply with 2 CFR 200 as adopted by USDA through part 400.

(7) A preliminary survey as to the availability of lots and projected cost of the sites.

(8) A list of other activities the applicant is engaged in and expects to continue, and a statement as to other sources of funding and whether it will have sufficient funds to assure continued operation of the other activities for at least the period of the agreement. If multi-funded, its cost allocation plan or indirect cost rate must be part of the pre-application.

(9) Whether assistance under paragraph (d) of this section is requested and a brief narrative identifying the need, amount of funds needed, and projected time period.

(10) If a project is planned for five or more housing lots or units, an Affirmative Fair Marketing Plan is required. The plan will be in effect until the completion of the project.

(b) Preapplication review.

(1) The District Director, within 30 days of receipt of the preapplication, Form SF-424, and all other required information and material will complete a thorough review for completeness, accuracy, and conformance to program policy and regulations. Incomplete preapplications will be returned to the applicant for completion. The applicant should be given the name of the regional technical assistance contractor. The County Supervisor in the prospective county will be contacted as to the need for the program in the proposed area and if the necessary resources are available to the grantee. This will include a discussion of the number of 502 and 504 units that will need to be committed to the grantee and the potential work impact on the office during the grant period. If it is determined that the County Office lacks the resources (either personnel or funds) to process all loan requests in a timely manner, the District Director must communicate this need to the State Director along with a recommended solution. (Lack of resources at the county level are not grounds to deny a request). After the District Director has determined that the preapplication is complete and accurate, the District Director will assemble the material in an applicant case file and forward it to the State Director. The case file, as a minimum, must contain the following:

- (i) Form SF-424,
- (ii) Documentation required in accordance with 7 CFR part 1970,
- (iii) Eligibility recommendations, and
- (iv) HUD Form 935.2 "Affirmative Fair Housing Marketing Plan - Single Family Housing", if applicable.

(2) The State Director may, if needed, submit the organizational documents with any comments or questions to the Office of General Counsel (OGC) for a preliminary opinion as to whether the applicant is or will be a legal organization of the type required by these regulations and for advice on any other aspects of the preapplication.

(3) The State Director, if unable to determine eligibility or qualifications with the advice of the OGC, may submit the preapplication to the National Office for review. The preapplication will contain all memoranda from OGC giving the results of its review. The State Director will identify in the transmittal memorandum to the National Office the specific problem and will recommend possible solutions and any information about the applicant which would be helpful to the National Office in reaching a decision.

(4) After an eligibility determination has been made, which should be completed within 30 days unless OGC is involved, the State Director will:

(i) If the applicant is eligible, contact the National Office as to the availability of funds or submit the proposal to the National Office for authorization if the requested amount exceeds the State Director's approval authority. If funds are available, the final review officer, either the State Director or the Assistant Administrator, Housing will issue a letter of conditions that the applicant must meet and direct the District Director to issue Form AD-622, "Notice of Preapplication Review Action."

(ii) If the applicant is determined not eligible, the State Director will direct the District Director to issue Form AD-622.

(c) Form AD-622, "Notice of Preapplication Review Action."

(1) If the applicant is eligible and after the State Director has returned the pre-application information and, as appropriate, the environmental review documentation required in 7 CFR part 1970 to the Area Office, the Area Director will, within 10 days, prepare and issue Form AD-622. The original Form AD-622 will be signed and delivered to the applicant along with the letter of conditions, a copy to the applicant's case file, a copy to the County Supervisor, and a copy to the State Director.

(2) If the applicant is not eligible and after the State Director has returned the preapplication information, the District Director will within 5 days notify the applicant on Form AD-622. The notification will inform the applicant that an appeal of the decision may be made to the National Appeals Division under 7 CFR Part 11 and Subpart B of Part 1900 of this chapter.

(3) If the applicant is eligible and no grant or loan funds are available, the State Director will return the preapplication information to the District Director who will, within 10 days, notify the applicant on Form AD-622. The notification will explain the facts concerning the lack of funding and that Rural Development will notify them when funding will be available. This is not an appealable decision.

(d) Self-help technical assistance grant predevelopment agreement. If the grantee requested predevelopment assistance and the State Director determines that the applicant lacks the financial resources to meet the conditions of grant approval, a grant of up to \$10,000 and for up to six months will be made in order for the applicant to provide what is required by paragraph (e) of this section. Exhibit D of this subpart will be used for this purpose. Existing grantees proposing to operate in an area different from the area that they are currently funded to operate are eligible for this grant. However, this grant is available only once for a defined area. This grant is available only after the letter of conditions has been issued. Denial of this assistance is an appealable decision under 7 CFR Part 11 Subpart B of Part 1900 of this chapter.

(e) Form SF-424, "Application for Federal Assistance." The applicant will submit Form SF-424 in an original and one copy to the District Director. The application should provide a detailed proposal of its goals including (see application checklist in Exhibit G):

(1) Names, addresses, number in household, and total annual household income of families who have been contacted by the applicant and are interested in participating in a self-help housing project. Community organizations including minority organizations may be used as a source of names of people interested in self-help housing.

(2) Proof that the first group of prospective participating self-help families have qualified for financial assistance.

(3) Evidence that lots are optioned by the prospective participating self-help families for the first group. Evidence that lots are available for the remaining groups.

(4) Detailed cost estimates of houses to be built by the mutual self-help method. Plans and specifications should be submitted with the cost estimates.

(5) Proposed staffing need, including qualifications, experience, proposed hiring schedule, and availability of any prospective employees.

(6) Name, address, and official position of the applicant's representative or representatives authorized to act for the applicant and work with Rural Development.

- (7) Budget information including a detailed budget for the Agreement period based upon the needs outlined in the proposal. SF 424A will be completed to furnish the budget information.
- (8) Indirect or direct cost policy and proposed indirect cost rate developed in accordance with 2 CFR 200 as adopted by USDA through 2 CFR part 400.
- (9) Personnel procedures and practices that will be established or are in existence. Forms to be used should be submitted with the application.
- (10) A proposed monthly activities schedule showing the proposed dates for starting and completing the recruitment, loan processing and construction phases for each group of participant families.
- (11) Other items identified in Exhibit G for application processing.

§ 1944.411 Conditions for approving a grant.

A grant may be approved for an eligible applicant when the conditions in the letter of conditions are met and the following conditions are present (see Exhibit J for a sample letter of conditions):

- (a) The applicant has or can hire, or contract directly or indirectly with, qualified people to carry out its responsibilities in administering the grant.
- (b) The applicant has met all of the conditions listed in §1944.410(e) of this subpart.
- (c) The grantee furnishes a signed statement that it complies with the requirements of the Departmental Regulations found in 2 CFR 200 as adopted by USDA through 2 CFR 400.
- (d) A resolution has been adopted by the board of directors which authorizes the appropriate officer to execute Exhibit A of this subpart and Form RD 400-4, "Assurance Agreement."
- (e) The grantee has fidelity bonding as covered in 2 CFR 200 as adopted by USDA through 2 CFR 400 if a nonprofit organization or, if a State or local government, to the extent required in 2 CFR 200 as adopted by USDA through 2 CFR 400.
- (f) The grantee has agreed by completing SF-424B, "Assurances-Non-Construction Programs," that it will establish a recordkeeping system that is certifiable by a certified public accountant that it adequately meets the Agreement. This form is completed in the System for Award Management (SAM) and will not be collected in the application docket.

(g) The grantee has established an interest-bearing checking account on which at least two bonded officials will sign all checks issued and understands that interest earned in excess of \$250.00 annually must be submitted to Rural Development quarterly. (The use of minority depository institutions is encouraged.) Effective September 10, 2015, interest earned up to \$500 per year may be retained by the grantee for administrative expense in accordance with 2 CFR \$200.305(b)(9). Grantees must maintain advance payments of Federal awards in interest-bearing accounts in accordance with 2 CFR \$200.305(b)(8) unless the following apply:

- (1) The Non-Federal entity receives less than \$120,000 in Federal awards per year.
- (2) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
- (3) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- (4) A foreign government or banking system prohibits or precludes interest bearing accounts.

(h) The grantee has developed an agreement to be executed by the grantee and the self-help participants which clearly sets forth what is expected of each and has incorporated Exhibit B-2 of this subpart which clearly shows what work is expected of the participating family.

(i) The grantee is not a debarred or an excluded party. The Treasury's Bureau of Fiscal Service Do Not Pay (DNP) portal, or an equivalent system is used as part of the pre-award verification process and to reduce improper payments. The organizations and their principals are checked through the DNP portal.

§ 1944.412 Docket preparation.

When the application and all items required for the complete docket have been received, the District Director will thoroughly examine it to insure the application has been properly and accurately prepared and that it includes the required dates and signatures. The docket items will be assembled and distributed by the District Director in the following order:

Form Number	Name of Form or Document	Total No. of Copies	Signed by Applicant	Number for Agree-ment docket	Copy for Applicant
SF-424	Application for Federal Assistance	3	1	1-0&1C	1-C
AD-622	Notice of Pre-application Review Action	2	-	1-C	1-0
RD 1940-1	Request for Obligation of Funds	4	2	3-0&2C	1-C
RD 400-4	Assurance Agreement	2	1	1-0	1-C
	HUD Form 935.2, Affirmative Fair Housing Marketing Plan	3	1	1-0&1C	1-C
	Certified Copy Authorizing Resolution	1	1	1-0	-
	Self-Help Technical Assistance Grant Agreement (Exhibit A)	2	1	1-0	1-C
	Any Personnel Forms to be used	2		1-0	1-C

Additional items and timeframes for submission are found in Exhibit G. Agency staff must use the Electronic Customer File (ECF) system (or any superseding system implemented by the Agency) to store and maintain the '523 Self-Help Grant' file folder. Use of a physical, hardcopy folder is not acceptable. The ECF folder must contain applicable documentation on 'Applications', 'Draws', and 'Servicing.'

Refer to the ECF User and Document Guide for instructions.

Agency staff should encourage new applicants and current grantees to submit documents electronically with encryption and password protection. Documents that are not received electronically must be scanned and converted for upload into ECF.

O=Original
C=Copy

§ 1944.413 Grant approval.

(a) Approval of grant. Within 30 days of the grantee meeting the conditions of §1944.411 of this subpart or, if applicable, signing Exhibit D, the approving official will:

(1) Execute and distribute Form RD 1940-1 in accordance with the Forms Manual Insert (FMI). In accordance with §1944.415 of this subpart, a grant in excess of \$300,000, or in the case of a grant amendment when the amount of the grant plus any unexpended funds from a previous grant will exceed \$400,000, requires prior National Office consent. State Directors or their designees will sign Form RD 1940-1 for grants of \$300,000 or less, and amendments that do not exceed \$400,000 (current grant plus any unexpended funds from a previous grant).

(2) After the Finance Office acknowledges that funds are obligated, request an initial advance of funds on Form RD 440-57, "Acknowledgment of Obligated Funds/Check Request," in accordance with the FMI. The amount of this request should cover the applicant's needs for the remainder of the month in which the grant is closed plus the next month. Subsequent advances will cover only a one-month period.

(3) The applicant will be sent a copy of the executed grant agreement and Form RD 1940-1. The RD Approving Official has 30 days to sign Form RD 1940-1 upon receipt of the recommendation (i.e., T&MA Contractor recommendation for State approval or State and T&MA Contractor recommendations for National Office approval). The obligation must be processed in the appropriate system within 5 business days of the executed Form RD 1940-1. A copy of Form RD 1940-1 must be placed in the applicant's case file in ECF.

(b) Cancellation of an approved grant. An approved grant may be canceled before closing if the applicant is no longer eligible, the proposal is no longer feasible, or the applicant requests cancellation. Cancellation will be accomplished as follows:

(1) The District Director will prepare Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation," according to the FMI and send it to the State Director with the reasons for cancellation. If the State Director approves the request, Form RD 1940-10 will be returned to the District Office for processing in accordance with the FMI.

(2) The District Director will notify the applicant of the cancellation and the right to appeal under 7 CFR Part 11 and Subpart B of Part 1900 of this chapter. If the applicant requested the cancellation, no appeal rights are provided, but the applicant will still be notified of the cancellation.

(3) If the recipient notifies RD that the funds are no longer valid or the recipient did not win upon appeal, Form RD 1940-10 must be prepared and signed by the State approving official within 5 business days. Once Form RD 1940-10 has been approved, it should be forwarded to the National Office at SFHDIRECTPROGRAM@USDA.GOV, and the National Office shall have 15 business days to deobligate the funds in the appropriate system. If the grant is terminated, prior to deobligation, the recipient must be notified and given appeal rights. Recipients have 30 days to appeal. If the recipient does not appeal within the timeframe, Form RD 1940-10 must be signed and dated by the State approving official within 15 days and sent to National Office for processing at SFHDIRECTPROGRAM@USDA.GOV. The deobligation of funds will be processed by the National Office in the appropriate system within 15 business days from signature of Form RD 1940-10. The executed Form RD 1940-10 must be stored in the recipient's case file in ECF.

(c) Disapproval of grant. If a grant is disapproved after the docket has been developed, the approving official will state the reason on the original Form RD 1940-1, or in a memorandum to the District Director. The District Director will notify the applicant in writing of the disapproval and the reason for disapproval. Also, the notification will inform the applicant of its appeal rights under 7 CFR Part 11 Subpart B of Part 1900 of this chapter.

§ 1944.414 [Reserved]

§ 1944.415 Grant approval and other approving authorities.

(a) The State Director is authorized to approve or disapprove TA grants under this subpart. For a grant in excess of \$300,000, or in the case of a grant amendment when the amount of the grant plus any unexpended funds from a previous grant will exceed \$400,000, prior written consent of the National Office is required. In such cases, the docket, along with the State Director's recommendations, must be submitted to the National Office for review.

(1) Once funds have been obligated, the National Office will issue a letter to the State Director confirming the obligation and outlining any additional closing conditions. The Letter of Conditions (LOC) will include all conditions to grant closing and issue it with the grant agreement, as applicable. This final LOC is part of the grant docket and no funds may be released to the grantee before the grant agreement is fully executed. Once the grant is closed, a copy of the fully executed grant agreement and LOC are also provided to the T&MA Contractor.

(2) Congressional notification is accomplished through the Rural Development Office of External Affairs (OEA) procedures to announce grant awards.

(b) The State Director may approve a grant not to exceed \$10,000 to an eligible organization under §1944.410(d) of this subpart. The grant must be limited to 6 months and funds must be used for the development of the final application, family recruitment, and related activities as explained in §1944.410(e) of this subpart. The amount of this grant will not be included in figuring TA cost per units.

(c) For grant requests of \$300,000 or less, the State Office should upload all documents in ECF, and the National Office will review the following prior to funding:

- (1) The analysis from the T&MA contractor;
 - (2) The State Director's recommendation;
 - (3) A copy of the conditions to be met, if applicable;
 - (4) A copy of Form RD 1940-1, Request for Obligation of Funds (executed by requesting organization and State Director); and
 - (5) A copy of the most recent quarterly report.
- (6) For grant requests that exceed \$300,000, the complete application docket will be reviewed by the National Office in ECF, and Form RD 1940-1 will be executed by the Director of the Single-Family Housing Direct Division.

(c) The authority to contract for services is limited to the Administrator of Rural Development, Rural Housing Service.

(d) Monthly expenditures of the grantee will normally be approved by the District Director unless:

- (1) The grantee operates in only one county, in which case the authority may be delegated to the County Supervisor.
- (2) The grantee operates in more than one Rural Development District, in which case the State Director will designate the approving official.
- (3) The grantee operates in more than one State Director's jurisdiction, in which case the Administrator will designate the approving official.
- (4) The expenditure is under contract authority, in which case the Contracting Official Representative will approve the monthly expenditure.

§ 1944.416 Grant closing.

The grant is closed on the date the Agreement is executed as defined in §1944.403(a) by the applicant and the Government. Funds may not be advanced prior to the signing of the Agreement. The District Director or Assistant District Director are authorized to execute the Agreement for Rural Development. Person(s) authorized by resolution may sign for the applicant.

§ 1944.417 Servicing actions after grant closing.

Rural Development has a responsibility to help the grantee be successful and help the grantee avoid cases of fraud and abuse. Servicing actions also include correlating activities between the grantee and Rural Development to the benefit of the participating families. The amount of servicing actions needed will vary in accordance with the experience of the grantee, but as a minimum the following actions are required:

(a) Monthly, the grantee will provide the District Director with a request for additional funds on Form SF-270, "Request for Advance or Reimbursement." This request need only show the amount of funds used during the previous month, amount of unspent funds, projected need for the next 30 days, and written justification if the request exceeds the projected need for the next 30 days. This request must be in the District Director's office fifteen days prior to the beginning of the month. Upon receipt of the grantee's request, the District Director will:

(1) If the request appears to be in order, process Form RD 440-57 so that delivery of the check will be possible on the first of the next month. Grant disbursements are based upon an approved draw schedule taking into account, but not based exclusively on the Equivalent Units (EU's) produced as well as other factors such as power tool and equipment needs, audit requirements, and training. With the request, the grantee may submit a copy of a current working budget and sample draw request form found in Exhibit L.

(2) If the request does not appear to be in order, immediately contact the grantee to resolve the problem. After the contact:

(i) if the explanation is acceptable, process Form RD 440-57 so delivery may be possible by the first of the next month, or

(ii) if the explanation is not acceptable, immediately notify the grantee and request the amount of funds that appear reasonable for the next 30 days on Form RD 440-57, so that delivery may be possible by the first of the next month. Unapproved funds that are later approved will be added to the next month's request.

(b) Quarterly, the grantee will submit Exhibit B of this subpart in an original and three copies to the County Supervisor on or before January 15, April 15, July 15, and October 15 which will verify its progress toward meeting the objectives stated in the Agreement and the application. The County Supervisor will immediately complete the County Office review part and forward the report to the District Office. After Exhibit B is received in the District Office, a meeting should be scheduled between the grantee, District Director, and the County Supervisor since this is an opportune time for both the grantee and Rural Development to review progress to date and make necessary adjustments for the future. This meeting is required if the grantee was previously identified as a problem grantee or will be identified as a

problem grantee at this time. Regardless of whether a meeting will be held, the following will be done (Note: Conducting this meeting virtually is permitted. The grantee, Rural Development staff administering the TA grant, processing Section 502 loans / Section 504 loans and grants, and the T&MA Contractor should participate in meetings):

(1) Exhibit B and other information will be evaluated to determine progress made to date. The District Director will comment on Exhibit B as to whether the grantee is ahead or behind schedule in each of the following areas (Note: an automated process for Exhibit B may be used so long as it captures the same data and these reports must be saved in the organization's ECF case file.):

(i) Assisting the projected number of families.

(ii) Serving very low-income applicants. Is the grantee reaching a minimum of very low-income families as required in Exhibit A, Attachment 2 to Subpart L of Part 1940 of this chapter (available in any Rural Development office).

(iii) Equivalent units (EUs). Is the number of EUs completed representative of lapse in time of the grant? For example, if 25 percent of the grant period has elapsed, are 25 percent of the number of EUs completed?

(iv) Labor contributions by the family. Are the families working together and are they completing the labor tasks as established on Exhibit B-2?

(2) The District Director will submit Exhibit B to the State Director who will evaluate the quarterly report along with the District Director's comments. If the State Director determines the grantee is progressing satisfactorily, the State Director will sign and forward Exhibit B to the National Office. However, if the State Director determines the grantee is not performing as expected, the State Director will notify the grantee that it has been classified a "High Risk" grantee. The notice will specify the deficiencies and inform the grantee of proposed remedies for non-compliance. Performance issues include any problem that will affect or is affecting the grantee's ability to meet the five grant goals with consideration for issues that may be caused by Rural Development

delays. See Exhibit M for a sample "High Risk" designation letter. The notice will advise the grantee that Rural Development is available to assist and provide the name and address of an organization that is under contract with Rural Development to assist them. The State Director will forward a copy of Exhibit B, District Directors comments, and the reasons for classifying them as "High Risk" to the National Office, Single Family Housing, Special Programs Branch. When the period of time provided for corrective action has expired, an assessment will be made of the progress by the grantee toward correcting the situation. If the State Director determines:

(i) The situation has been corrected or reasonable progress has been made toward correcting the situation, the "High Risk" status will be lifted and the grantee so notified. See Exhibit N for sample "High Risk" removal letter.

(ii) The situation has not been corrected but it is correctable if additional time is granted, an extension will be issued.

(iii) The situation has not been corrected and it is unlikely to be corrected if given additional time, the grant will be terminated under §1944.426(b) (1) of this subpart. Termination of a grant should only begin with concurrence from the National Office, Single Family Housing, Special Programs Branch.

(3) Funds monitoring. Information on whether a grantee has unused funding that needs to be de-obligated or an unclosed grant with available funding, will be used to provide a status on the semi-annual Unliquidated Obligations Certification report.

§1944.418 [Reserved]

§1944.419 Final grantee evaluation.

Near the end of the grant period but prior to the last month, an evaluation of the grantee will be conducted by Rural Development. The State Director may use Rural Development employees or an organization under contract to Rural Development to provide the evaluation. The evaluation is to determine how successful the grantee was in meeting goals and objectives as defined in the agreement, application, this regulation, and any amendments. Failure to obtain at least an acceptable grant rating could jeopardize future grant awards.

(a) This is a quantitative evaluation of the grantee to determine if it met its goals in:

(1) Assisting the projected number of families in obtaining adequate housing.

(2) Meeting the goal of assisting very low-income families.

(3) Meeting the family labor requirement in §1944.411(h) and Exhibit B-2 of this subpart. For rehabilitation use Exhibit K-2.

(4) Keeping costs within the guides set in §1944.407.

(5) Meeting other objectives in the Agreement.

(b) The evaluation is a narrative addressed to the State Director with a copy to the National Office, Single Family Housing Processing Division. It will be in 3 parts, namely; findings, recommendations, and an overall rating. The rating will be either unacceptable, acceptable, or outstanding, as follows (see Exhibit O for a sample final evaluation letter):

(1) Outstanding if the grantee met or exceeded all of the goals in paragraph (a) of this section.

(2) Acceptable if the grantee met or exceeded all of the goals as defined in paragraph (a) except two.

(3) Unacceptable if the grantee failed to obtain an acceptable rating.

(c) After the State Director has reviewed the evaluation, a copy will be mailed to the grantee. The grantee may request a review of the evaluation with the District Director. This review is for clarification of the material and to dispute the findings if they are known to be wrong. The rating is not open for discussion except to the extent it can be proven that the findings do not support the rating. If this is the case, the District Director will file an amendment to the State Director. A copy of this letter should also be forwarded to the National Office, Single Family Housing, Special Programs Branch and the T&MA Contractor.

§1944.420 Extension or revision of the grant agreement.

The State Director may authorize the District Director to execute on behalf of the Government, Exhibit C of this subpart, at any time during the grant period provided:

(a) The extension period is for no more than one year from the final date of the existing Agreement.

(b) The need for the extension is clearly justified.

(c) If additional funds are needed, a revised budget is submitted with complete justification.

(d) The grantee is within the guidelines in §1944.407 of this subpart or the State Director determines that the best interest of the Government will be served by the extension.

(e) Requests for extensions or revisions should be made by the grantee in writing to Rural Development at least 30 days prior to the expiration of the grant (allow additional time for regional T&MA contractors review, see Exhibit I). Expired grant agreements CANNOT be modified, funds remaining after the expiration date will be de-obligated (this does not include any unclaimed charges against the grant that occurred during the grant period). Grantees should be monitored closely after an extension or other modification to ensure compliance and to prevent further delays.

(f) Grantee should include in the request all pertinent documents related to the modification such as a revised budget, implementation schedule, and the current status report utilizing the Self-Help Automated Reporting and Evaluations System (SHARES), see Exhibit B for new construction, or Exhibit K for rehabilitation. If additional funds are requested, an executed Form RD 1940-1, "Request for Obligation of Funds" must be submitted with the request, see Exhibit I. The T&MA Contractor will review the request and provide a recommendation to Rural Development.

(g) Rural Development will review the request, and if approved, submit Exhibit C, "Amendment to Self-Help Technical Assistance Grant Agreement" along with an amended letter of conditions, as needed.

(h) Modifications to reduce grant goals are highly discouraged, and will only be considered when it is in the best interest of the government (e.g. in lieu of a for-cost modification). As with any grant modification request, a well-documented explanation and justified reason must be provided. National Office approval is required for any reduction to program goals.

§ 1944.421 Refunding of an existing grantee.

Grantees wishing to continue with self-help efforts after the end of the current grant plus any extensions should file Form SF-424, in accordance with §1944.410(e). It is recommended that it be filed at least 6 months before the end of the current grant period. Funds from the existing grant may be used to meet the conditions of a new grant to serve the same or redefined geographic area. If the grantee is targeting a different geographic area, a new preapplication must be submitted in accordance with §1944.410 and the grantee may apply for a predevelopment grant in accordance with §1944.410(d). In addition to meeting the conditions of an applicant as defined in §1944.411 of this subpart, the grantee must also have received or will receive an acceptable rating on its current grant unless an exception is granted by the State Director. The State Director may grant an exception to the rating if it is determined that the reasons causing the previous unacceptable rating have been removed or will be removed with the approval of this grant.

§ 1944.422 Audit and other report requirements.

The grantee must submit an audit to the appropriate Rural Development District Office annually (or biennially if a State or local government with authority to do a less frequent audit requests it) and the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the grantee's audit period. The audit, conducted by the grantee's auditors, is to be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), using the publication "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" developed by the Comptroller General of the United States in 1981, and any subsequent revisions. In addition, the audits are also to be performed in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400 and Rural Development requirements as specified in this subpart. Audits of the borrower loan funds will be required. The number of borrower accounts audited will be determined by the auditor. In incidences where it is difficult to determine the appropriate number of accounts to be audited, auditors should be authorized by the State Director to audit the lesser of 10 loans or 10 percent of total loans. Audits of the borrower funds do not necessarily need to be tested in the same manner as the organizational audit. Agreed Upon Procedures (AUPs) may be developed and used for the Section 502 or 504 loan funds in custodial accounts. At a minimum, an AUP engagement will include a review of the draw requests to ensure charges listed can be traced back to source documents and a reconciliation of the financial institution's account record.

(a) Nonprofit organizations and others. If determined necessary, these organizations are to be audited in accordance with Rural Development requirements in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400. These requirements also apply to public hospitals, public colleges, and universities if they are excluded from the audit requirements of paragraph (b) of this section.

(1) An audit conducted by the grantee's auditor shall be supplied to the Rural Development District Director as soon as possible but in no case later than ninety (90) days following the period covered by the grant agreement.

(2) Auditors shall promptly notify United States Department of Agriculture's Office of the Inspector General Regional Inspector General and the Rural Development District Office, in writing, of any indication of fraud, abuse, or illegal acts in grantees use of grant funds or in the handling of borrower's accounts.

(3) Nonprofit organizations that receive less than \$25,000 a year in Federal financial assistance need not be audited.

(b) State and local governments and Indian tribes. These organizations are to be audited in accordance with this subpart and 2 CFR 200 as adopted by USDA through 2 CFR part 400. The grantee will forward completed audits to the appropriate Federal cognizant agency and a copy to the Rural Development District Director. "Cognizant agency" for audits is defined at 2 CFR 200.18 as the Federal agency designated to carry out the responsibilities described in §200.513 Responsibilities, paragraph (a). The cognizant agency for audit is not necessarily the same as the cognizant agency for indirect costs. A list of cognizant agencies for audit may be found at the FAC Web site. Within USDA, the OIG shall fulfill cognizant agency responsibilities. Smaller grantees not assigned a cognizant agency by OMB should contact the Federal agency that provided the most funds. When USDA is designated as the cognizant agency or when it has been determined by the borrower that Rural Development provided the major portion of Federal financial assistance, the State Director will contact the appropriate USDA OIG Regional Inspector General. Rural Development and the borrower shall coordinate all proposed audit plans with the appropriate USDA OIG.

(1) State and local governments and Indian tribes that receive \$25,000 or more a year in Federal financial assistance shall have an audit made in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR 400.

(2) State and local and Indian tribes that receive less than \$25,000 a year in Federal financial assistance shall be exempt from 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(3) Public hospitals and public colleges and universities may be excluded by the State Director from OMB Circular A-128 audit requirements. If such entities are excluded, audits shall be made in accordance with paragraph (a) of this section.

§ 1944.423 Loan packaging and 502 RH application submittal.

A grantee is required to assist 502 RH applicants in submitting their application for an RH loan. Loan packaging will be performed in accordance with 7 CFR part 3550; therefore, it is important that the grantee be trained at an early date in the packaging of RH loans. Typically, this training should take place before the first applications are submitted to the County Office and before the grant is closed. A grantee should become very knowledgeable of Rural Development's eligibility requirements but must understand that only Rural Development can approve or deny an applicant assistance. Grantee must work cooperatively with Rural Development in the 502 loan approval process and must work within the regulations for the 502 program and recognize Rural Development's ultimate decision making authority to approve or deny loans. However, the grantee may ask for clarification that may be helpful in working with future applicants. Grant funds may not

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be used to pay any expense in connection with an appeal that the applicant may file or pursue. Loan packaging must follow guidance in Handbook-1-3550 (see Appendix 13 for Self-Help Housing and Attachment 3-A).

(a) Grantee packaging for a Rehabilitation type project, at a minimum, must include the following items:

- (1) Final Purchase and Sale Agreement - with any amendments (n/a for Owner Occupied Rehab),
- (2) Inspection Report - from a qualified inspector,
- (3) Work Order List - with a description of materials,
- (4) Development Plan Cost Breakdown - include development/construction costs; purchase price and closing costs as applicable,
- (5) Projected Cost Savings - utilizing one of the allowed methods described below and,
- (6) Estimated Construction Period - including average labor requirements for the participants.

(b) This docket will be submitted to the local RD office if Agency funding will be used. If funding other than 502/504 will be utilized, grantees will need to report quarterly on the items outlined in Exhibit K but do not need to submit an entire project docket to the Agency. While rehab projects do not need to be approved individually, be reminded that the rehab program goal at grant completion is to have an average cost savings that is equal to or greater than the TA cost. (Added 12-12-19, PN 532.)

(c) The first choice for Owner Rehab funding should always be the RD Section 504 Loan/ Grant programs.

§ 1944.424 Dwelling construction and standards.

All construction will be performed in accordance with Subpart A of Part 1924 of this chapter. The planned work must meet the building requirements of 7 CFR part 3550 and meet the Development Standards as defined in subpart A of part 1924 of this chapter and in any local codes. Sites and site developments must conform to the requirements of subpart C of part 1924 of this chapter. The following applies to rehabilitations type construction projects:

(a) It is the responsibility of the Section 523 Mutual Self-Help applicant/grantee to provide adequate documentation to support the proposal for rehab projects. When a home has been identified for rehab, the grantee will need to assess the project's feasibility. Rehab projects may be on scattered sites and the construction supervisor travel cost, as well as oversight requirements for each task, should be accounted for in a grantee's feasibility analysis. Grantees should consider all organizational costs associated with undertaking the project and compare it to the maximum allowable TA amount before proceeding.

(b) The grantee must also determine if an identified home is suited for the program. Extreme consideration should be given to any hazardous materials, lead, mold and asbestos identified during the inspection. The scope of work for any project must, at a minimum, ensure that construction meets the standards in RD Instruction 1924-A and local codes for Acquisition Rehab; while Owner Occupied Rehab projects will typically need to meet Agency decent, safe, and sanitary requirements and local codes, if applicable. For this reason, a whole house inspection from a state-licensed inspector that addresses all items in Handbook HB-1-3550, paragraph 5.7 (A), is required for Acquisition projects

(c) For Owner Occupied Rehab projects, the Agency can accept an inspection from the grantee's qualified staff. State offices will determine the qualification of the grantee's staff and may require a third-party inspection on a case by case basis. Based on the inspector's findings, the grantee will prepare the project application docket described above.

(d) The grantee will be responsible for ensuring the bidding process for subcontracted work provides the best value to the program participants. The best value to the participant may be documented by comparable contractor bids, use of cost estimating software when costs appear realistic for the area, and/or the grantees certification that no better value is known based on their knowledge of the area.

(e) State offices must approve a grantee's performance of any subcontracted labor arrangements. In order for a grantee to serve as a subcontractor on a rehab project they must be licensed (if required by State law), demonstrate that they are able to provide the best value to the program participant as described above; and also have an accounting system that will ensure the 523 grant is not charged for subcontracted work which is a cost to the program participant's loan/grant.

§ 1944.425 Handling and accounting for borrower loan funds.

Grantees will be required to administer borrower loan funds during the construction phases. The extent of their involvement will depend on the experience of the grantee and the amount of authority delegated to them by the District Director in accordance with § 1924.6(c) of Subpart A of Part 1924 of this chapter. Training should include Rural Development's non-discrimination policies in receiving applications. At a minimum, the following requirements must be met:

- (a) The grantee should have successfully completed at least one grant cycle.
- (b) The grantee has a record-keeping system which shows that the cost of the materials and services were allocated to each borrower's account in relation to the actual material and service used by each borrower. When requesting funds from the 502 borrower accounts, the grantee should provide RD with clear documentation of the expenditures due. This should include a coversheet detailing the current charges due from the borrower as well as copies of corresponding invoices. The coversheet should be signed by both the grantee and the participating family before it is submitted to the RD for processing.
- (c) Custodial Accounts maintained by the grantee on behalf of a Mutual Self-Help group with funds exceeding \$250,000 at any time must have acceptable collateral pledged with the Federal Reserve Bank in an amount not less than the excess as outlined in RD Instruction 1902-A §1902.7. To avoid this situation, the field office should monitor the custodial account as draws are requested. It is advantageous to make smaller draws on the borrower's accounts, more frequently, as funds are needed.
- (d) A letter from the self-help grantee's auditor or T&MA Contractor indicating that the proposed method for bill-paying provides a means for an adequate audit trail.

§ 1944.426 Grant closeout.

- (a) Grant purposes completed. Promptly after the date of completion, grant closeout actions will be taken to allow the orderly discontinuance of grantee activity.

(1) The grantee will immediately refund to Rural Development any balance of grant funds advanced that are not committed for the payment of authorized expenses. The unused grant funds will be remitted on Form RD 451-2, "Schedule of Remittances" in accordance with the form's manual insert.

(2) The grantee will furnish Form SF-269A, "Financial Status Report (short form)" to Rural Development within 90 days after the date of completion of the grant. All other financial, performance, and other reports required as a condition of the grant also will be completed.

(3) After the grant closeout, Rural Development retains the right to recover any disallowed costs which are discovered as a result of the final audit. 7 CFR part 3550 will be used by Rural Development to recover any unauthorized expenditures.

(4) The grantee will provide Rural Development an audit conforming to those requirements established in this part, including audits of self-help borrower accounts.

(5) Upon request from the recipient, any allowable reimbursable cost not covered by previous payments shall be promptly paid by Rural Development.

(b) Grant purposes not completed.

(1) Notification of termination. The State Director will promptly notify the grantee and the National Office in writing of the termination action including the specific reasons for the decision and the effective date of the termination. The notification to the grantee will specify that if the grantee believes the reason for the proposed termination can be resolved, the grantee should, within 15 calendar days of the date of this notification, contact the State Director in writing requesting a meeting for further consideration. The meeting will be an informal proceeding at which the grantee will be given the opportunity to provide whatever additional information it believes should be considered in reaching a decision concerning the case. The grantee may have an attorney or any other person present at the meeting if desired. Within 7 calendar days of the meeting, the State Director will determine what action to take.

(i) If the State Director determines that termination is not necessary, the grantee will be informed by letter along with the District Director.

(ii) If the State Director determines that termination of the grant is appropriate, he/she will promptly inform the grantee by the use of Exhibit B-3 of 7 CFR Part 11 and Subpart B of Part 1900 of this chapter.

(2) National Office review.

(i) Upon receipt of a request from a grantee that the decision of the State Director be reconsidered, the National Office will make a preliminary decision concerning the continued funding of the grantee during the appeal period. Written notification of the decision will be given to the State Director and grantee.

(ii) The National Office will then obtain a comprehensive report on the matter from the State Office. This information will be considered together with any additional information that may be provided by the grantee.

(c) Grant Suspension. When the grantee has failed to comply with the terms of the agreement, the District Director will promptly report the facts to the State Director. The State Director will consider termination or suspension of the grant usually only after a Grantee has been classified as "high risk" in accordance with §1944.417(b) (2) of this subpart. When the State Director determines that the grantee has a reasonable potential to correct deficiencies the grant may be suspended. The State Director will request written authorization from the National Office to suspend a grantee. The suspension will adhere to 2 CFR part 200 as adopted by UDA through 2 CFR 400. The grantee will be notified of the grant suspension in writing by the State Director. The State Director will also promptly inform the grantee of its rights to appeal the decision by use of Exhibit B-3 of 7 CFR Part 11 and Subpart B of Part 1900 of this chapter.

(d) Grant Termination. The State Director may terminate the grant agreement whenever Rural Development determines that the grantee has failed to comply with terms of the Agreement. The reasons for termination may include, but are not limited to, such problems as listed in paragraph (e) (3) (i) of Exhibit A of this subpart. The State Director may also withhold further disbursement of grant funds and prohibit the grantee from incurring additional obligations of grant funds with written approval of the National Office. Rural Development will allow all necessary and proper costs which grantee could not reasonably avoid.

(1) Termination for cause. The grant agreement may be terminated in whole, or in part, at any time before date of completion, whenever Rural Development determines that the grantee has failed to comply with terms of the Agreement. The State Director will notify the grantee in writing giving the reasons for the action and inform the grantee of its rights of appeal by use of Exhibit B-3 of 7 CFR Part 11 and Subpart B of Part 1900 of this chapter.

(2) Termination for convenience. Rural Development or the grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the grant would not produce beneficial results. The two parties will agree in writing to the termination conditions including the effective date. No notice of rights of appeal will be issued by Rural Development.

§ 1944.427 Grantee self-evaluation.

Annually or more often, the board of directors will evaluate their own self-help program. Exhibit E of this subpart is provided for that purpose. It is also recommended that they review their personnel policy, any audits that may have been conducted and other reports to determine if they need to make adjustments in order to prevent fraud and abuse, and meet the goals in the current grant agreement.

§§ 1944.428 - 1944.449 [Reserved]

§ 1944.450 OMB Control Number

The reporting and recordkeeping requirements contained in this regulation have been approved by the Office of Management and Budget and have been assigned OMB control number 0575-0043. Public reporting burden for this collection of information is estimated to vary from 10 minutes to 18 hours per response, with an average of 1.17 hours per response including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office Management and Budget, Paperwork Reduction Project (OMB# 0575-0043), Washington, D.C. 20503.

Attachments: Exhibits A, B, B-1, B-2, B-3, C, D, E, F, G, H, I, J, K, L, M, N, O & P.

oOo

SELF-HELP TECHNICAL ASSISTANCE GRANT AGREEMENT

THIS GRANT AGREEMENT dated _____, 19____, is between _____

_____ a nonprofit corporation ("Grantee"), organized and operating under _____

_____ (authorizing State statute)

and the United States of America acting through Rural Development, Department of Agriculture.

In consideration of financial assistance in the amount of \$ _____ (called "Grant Funds") to be made available by Rural Development to Grantee under Section 523 (b) (1) (A) of the Housing Act of 1949 to be used in (specify area to be served) _____ for the purpose of providing a program of technical and supervisory assistance which will aid low-income families in carrying out mutual self-help housing efforts. Grantee will provide such a program in accordance with the terms of this Agreement and Rural Development regulations.

Definitions:

"Date of Completion" means the date when all work under a grant is completed or the date in the TA Grant Agreement, or any supplement or amendment thereto, on which Federal assistance ends.

"Disallowed costs" are those charges to a grant which the Rural Development determines cannot be authorized.

"Grant Closeout" is the process by which the grant operation is concluded at the expiration of the grant period or following a decision to terminate the grant.

"Termination" of a grant means the cancellation of Federal assistance, in whole or in part, under a grant at any time prior to the date of completion.

Terms of agreement:

(a) This Agreement shall terminate _____ years from this date unless extended or sooner terminated under paragraphs (e) and (f) of this Agreement.

(b) Grantee shall carry out the self-help housing activity described in the application docket which is attached to and made a part of this Agreement. Grantee will be bound by the conditions set forth in the docket, 7 CFR Part 1944, Subpart I, and the further conditions set forth in this Agreement. If any of the conditions in the docket are inconsistent with those in the Agreement or Subpart I of Part 1944, the latter will govern. A waiver of any condition must be in writing and must be signed by an authorized representative of Rural Development.

(c) Grantee shall use grant funds only for the purposes and activities specified in Rural Development regulations and in the application docket approved by Rural Development including the approved budget. Any uses not provided for in the approved budget must be approved in writing by Rural Development in advance.

(d) If Grantee is a private nonprofit corporation, expenses charged for travel or per diem will not exceed the rates paid Rural Development employees for similar expenses. If Grantee is a public body, the rates will be those that are allowable under the customary practice in the government of which Grantee is a part; if none are customary, the Rural Development rates will be the maximum allowed.

(e) Grant closeout and termination procedures will be as follows:

(1) Promptly after the date of completion or a decision to terminate a grant, grant closeout actions are to be taken to allow the orderly discontinuation of Grantee activity.

(i) Grantee shall immediately refund to Rural Development any uncommitted balance of grant funds.

(ii) Grantee will furnish to Rural Development within 90 days after the date of completion of the grant a "Financial Status Report", Form SF-269A. All financial, performance, and other reports required as a condition of the grant will also be completed.

(iii) Grantee shall account for any property acquired with technical assistance (TA) grant funds, or otherwise received from Rural Development.

(iv) After the grant closeout, Rural Development retains the right to recover any disallowed costs which may be discovered as a result of any audit.

(2) When there is reasonable evidence that Grantee has failed to comply with the terms of this Agreement, the State Director may determine Grantee as "high risk". A "high risk" Grantee will be supervised to the extent necessary to protect the Government's interest and to help Grantee overcome the deficiencies.

(3) Grant termination will be based on the following:

(i) Termination for cause. This grant may be terminated in whole, or in part, 90 days after a Grantee has been classified as "high risk" if the State Director determines that Grantee has failed to correct previous deficiencies and is unlikely to correct such items if additional time is allowed. The reasons for termination may include, but are not limited to, such problems as:

(A) Actual TA costs significantly exceeding the amount stipulated in the proposal.

(B) The number of homes being built is significantly less than proposed construction or is not on schedule.

(C) The cost of housing not being appropriate for the self-help program.

(D) Failure of Grantee to only use grant funds for authorized purposes.

(E) Failure of Grantee to submit adequate and timely reports of its operation.

(F) Failure of Grantee to require families to work together in groups by the mutual self-help method in the case of new construction.

(G) Serious or repetitive violation of any of the provisions of any laws administered by Rural Development or any regulation issued under those laws.

(H) Violation of any nondiscrimination or equal opportunity requirement administered by Rural Development in connection with any Rural Development programs.

(I) Failure to establish an accounting system acceptable to Rural Development.

(J) Failure to serve very low-income families.

(K) Failure to recruit families from substandard housing.

(ii) Termination for convenience. Rural Development or Grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in case of partial termination, the portion to be terminated.

(4) To terminate a grant for cause, Rural Development shall promptly notify Grantee in writing of the determination and the reasons for and the effective date of the whole or partial termination. Grantee will be advised of its appeal rights under 7 CFR Part 11 and 1900, Subpart B.

(f) An extension of this grant agreement may be approved by Rural Development provided in its opinion, the extension is justified and there is a likelihood that the grantee can accomplish the goals set out and approved in the application docket during the period of the extension.

(g) Grant funds may not be used to pay obligations incurred before the date of this Agreement. Grantee will not obligate grant funds after the grant termination or completion date.

(h) As requested and in the manner specified by Rural Development, the grantee must make quarterly reports, Exhibit C of this subpart (on 1/15, 4/15, 7/15 and 10/15 of each year), and a financial status report at the end of the grant period, and permit on-site inspections of program progress by Rural Development representatives. Rural Development may require progress reports more frequently if it deems necessary. Grantee must also comply with the audit requirements found in § 1944.422 of Subpart I of 7 CFR Part 1944, if applicable. Grantee will maintain records and accounts, including property, personnel and financial records, to assure a proper accounting of all grant funds. These records will be made available to Rural Development for auditing purposes and will be retained by grantee for three years after the termination or completion of this grant.

(i) Acquisition and disposal of personal, equipment and supplies should comply with Subpart R of 2 CFR Part 200 as adopted by USDA 2 CFR part 400. (Revised 03-28-22, PN 561.)

(j) Results of the program assisted by grant funds may be published by Grantee without prior review by Rural Development, provided that such publications acknowledge the support provided by funds pursuant to the provisions of Title V of the Housing Act of 1949, 42 U.S.C. 1471, et seq., and that five copies of each such publication are furnished to the local representative of Rural Development.

(k) Grantee certifies that no person or organization has been employed or retained to solicit or secure this grant for a commission, percentage, brokerage, or contingent fee.

(l) Grantee shall comply with all civil rights laws and the Rural Development regulations implementing these laws.

(m) In all hiring or employment made possible by or resulting from this grant, Grantee: (1) will not discriminate against any employee or applicant for employment because of race, religion, color, sex, marital status, national origin, age, or mental or physical handicap, and (2) will take affirmative action to insure that applicants are employed, and that employees are treated during employment without regard to their race, religion, color, sex, marital status, national origin, or mental or physical handicap. This requirement shall apply to, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In the event Grantee signs a contract which would be covered by any Executive Order, law, or regulation prohibiting discrimination, Grantee shall include in the contract the "Equal Employment Clause" as specified by Rural Development.

(n) It is understood and agreed by Grantee that any assistance granted under this Agreement will be administered subject to the limitations of Title V of the Housing Act of 1949 as amended, 42 USC 1471 et seq., and related regulations, and that rights granted to Rural Development in this Agreement or elsewhere may be exercised by it in its sole discretion to carry out the purposes of the assistance, and protect Rural Development's financial interest.

(o) Grantee will maintain a code or standards of conduct which will govern the performance of its officers, employees, or agents. Grantee's officers, employees, or agents will neither solicit nor accept gratuities, favors, or anything of monetary value from suppliers, contractors, or others doing business with the grantee. To the extent permissible by State or local law, rules, or regulations such standards will provide for penalties, sanctions, or other disciplinary actions to be taken for violations of such standards.

(p) Grantee shall not hire or permit to be hired any person in a staff position or as a participant if that person or a member of that person's immediate household is employed in an administrative capacity by the organization, unless waived by the State Director. (For the purpose of this section, the term "household" means all persons sharing the same dwelling, whether related or not).

(q) Grantee's board members or employees shall not directly or indirectly participate, for financial gain, in any transactions involving the organization or the participating families. This includes activities such as selling real estate, building material, supplies, and services.

(r) Grantee will retain all financial records, supporting documents, statistical records, and other records pertinent to this agreement for 3 years, and affirms that it is fully aware of the provisions of the Administrative Remedies for False Claims and Statements Act, 31 USC 3801, et seq.

By _____
(Signature)

(Title)
GRANTEE

By _____
(Signature)

(Title)
RURAL DEVELOPMENT

oOo

Evaluation Report of Self-Help Technical Assistance (TA) Grants

Evaluation for Quarter Ending: _____ (1) _____, 19 _____

1. a. Name of Grantee: _____ (2) _____

b. Address: _____ (3) _____

c. Area the grant serves: _____ (4) _____

2. Date of Agreement: _____ (5) _____ Time Extended _____ (6) _____

3. a. Equivalent unit increase during quarter: _____ (7) _____
First Month

_____ (8) _____
Second Month

_____ (9) _____
Third Month

b. Cumulative total number of Equivalent Units _____ (10) _____
since beginning of grant: Total to Date

4. a. Method of Construction:
Stick built _____%, Panelized _____%, Combined _____%

b. Number of bedrooms per house built this grant period:
_____ 2BR, _____ 3BR, _____ 4BR _____

c. Household size this Quarter:
1 person _____, 2 persons _____, 3 persons _____
4 persons _____, 5 persons _____

d. Number of houses under construction this grant period, but started
during previous grant period: _____

5. a. Number of houses proposed under this grant: _____ (11) _____

b. Number of houses completed under this grant: _____ (12) _____

- c. Number of houses currently under construction: _____ (13) _____
- d. Number of families in pre construction: _____ (14) _____
- e. Number of Construction Supervisors: _____ (15) _____
- f. Number of TA employees: _____ (16) _____
6. a. Average time needed to construct a single house: _____ (17) _____
- b. Number of months between submission of self-help borrower's docket and approval/rejection: _____ (18) _____
- c. Number and percentage of loan docket rejections during reporting period: _____ (19) _____
7. a. Did any of the following adversely affect the Grantee's ability to accomplish program objectives?
- | | YES | NO |
|---|-------|-------|
| TA Staff Turnover | _____ | _____ |
| Rural Development Staff Turnover | _____ | _____ |
| Bad Weather | _____ | _____ |
| Loan Processing Delays | _____ | _____ |
| Site Acquisition and Development | _____ | _____ |
| Unavailable Loan/Grant Funds | _____ | _____ |
| Lack of Participants | _____ | _____ |
| Communication between Rural Development/
Grantee | _____ | _____ |
8. Attach information concerning number of families contacted, number who have indicated a willingness to be a participating family, number of mutual self-help groups organized, progress on any construction started, and any problems relating to the operation of this grant.

9. Funds monitoring. Provide the amount of funding drawn from the grant. Discuss need for any additional funds or unused funds that may need deobligated.

I certify that the statements made above are true to the best of my knowledge and belief.

_____(20)_____ (Date)	_____(21)_____ (Title) GRANTEE	_____(22)_____ (Signature)
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COUNTY OFFICE REVIEW

I have reviewed the above information which I have found to be substantially correct. Must be completed by County Office.

Comment: Must be completed (23)

Average appraisal value of units financed this Quarter: _____

Average amount loan per unit financed this Quarter: _____

_____(24)_____ (Date)	_____(25)_____ County Supervisor
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DISTRICT OFFICE REVIEW

Comment: Must be completed (26)

_____(27)_____ Date	_____(28)_____ District Director
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STATE OFFICE REVIEW

Comments: Must be completed (29)

_____(30)_____
Date

_____(31)_____
State Office Representative

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Instructions for Preparation of
Evaluation Report of Self-Help Technical Assistance Grants

Exhibit B will be used by all Technical Assistance (TA) Grantees obtaining self-help TA grants. This attachment provides the grantee and Rural Development a uniform method of reporting the performance progress of self-help projects. The TA Grantee will prepare an original and 4 copies of the attachment. The TA Grantee will sign the original and 3 copies and forward it to the local Rural Development County Office. The TA Grantee will keep the unsigned copy for its records.

The evaluation report will be completed in accordance with the following:

1. Enter the date the quarter ends either March 31, June 30, September 30, or December 31 and the year.
2. Enter the full name of the TA Grantee organization.
3. Enter the complete mailing address of the TA Grantee organization.
4. Enter the area served by the grant.
5. Enter the date of the initial self-help TA grant agreement.
6. Enter the time of any extension self-help TA grant agreement(s).
7. Insert the number of equivalent units (EU) completed the first/second/third month of the quarter using steps 1, 2, and 3 of Exhibit B-3.
8. Insert the number of EU's completed the second month of the quarter by using steps 1, 2, and 3 of Exhibit B-3.
9. Insert the number of EU's completed the third month of the quarter by using steps 1, 2, and 3 of Exhibit B-3.
10. Add items (7), (8), and (9) to the total from the previous quarterly report to obtain the cumulative total number of EU's. This total is the cumulative total number of EU's for the project.
11. Enter the number of houses planned in the TA Grantee proposal(s).

12. Enter the number of houses completed and occupied since the beginning of the grant.
13. Enter the number of houses that are under construction at the end of this quarter.
14. Enter the number of families in the pre-construction phase.
15. Enter the total number of construction supervisor(s) paid with TA grant funds.
16. Enter the number of employees paid with TA grant funds including those listed in item 15.
17. Insert the average elapsed time needed per house from excavation to final inspection by Rural Development to complete construction of a house. If no self-help homes have been completed by this grantee, use other projects or your best estimate as a guide.
18. Enter the number of months it takes on average to approve or reject a borrower's docket once it's submitted.
19. Enter number and percent of dockets submitted and rejected this quarter.
20. Enter date of Exhibit submittal.
21. Insert title of the Grantee or authorized representative.
22. Signature of Grantee or authorized representative.
23. County Supervisor must answer questions concerning market value and loan amount and also should insert comments concerning progress of construction, success of the project and any problems that the organization may have.
24. Insert date of County Supervisor's review.
25. Signature of County Supervisor.
26. District Director representative should insert his/her comments concerning items listed in §1944.417(b) (1) of 1944-I.
27. Insert date of District Director review.
28. Signature of District Director or representative.

- 29. Insert State Office comments.
- 30. Insert date of State Office review.
- 31. Signature of State Office representative.

BREAKDOWN OF CONSTRUCTION DEVELOPMENT FOR
DETERMINING PERCENTAGE CONSTRUCTION COMPLETED

	With Slab on Grade %	With Crawl Space %	With Base- ment %
1. Excavation	3	5	6
The removal of earth to allow the construction of a foundation or basement.			
2. Footing, Foundations, columns	8	8	11
Footing: Construction of the spreading course or courses at the base or bottom of a foundation wall, pier, or column.			
Foundation: Construction of the supporting portion of a structure below the first floor construction, or below grade, including footing.			
3. Floor slab or framing	6	4	4
The floor slab consist of concrete, usually reinforced, poured over gravel and a vapor barrier with perimeter insulation to prevent heat loss.			
4. Subflooring	0	1	1
The installation of materials used for flooring that is laid directly on the joist and serving the purpose of a floor during construction prior installation of the finish floor.			
5. Wall framing sheathing	7	7	6
The construction process of putting together and erecting the skeleton parts of a building's walls (the rough lumber work) and, for the exterior walls, covering with sheathing (plywood, waferboard, oriented strand board or lumber) and insulating board to close up the side walls prior to the installation of finish materials on the surface.			
6. Roof and ceiling framing, sheathing	6	6	5
The process, or method, of putting the parts of a roof, such as truss, rafters, ridge and plates in position. Ceiling joist support the overhead interior lining of a room. Roof sheathing is any sheet material, such as plywood or particleboard, connected to the roof rafters or truss to act as a base for sheathing felt, shingles or other roof covers.			

- | | | | |
|---|---|---|---|
| 7. Roofing | 5 | 5 | 4 |
| The installation of a material that acts as a roof covering, making it impervious to the weather, such as shingles over sheathing felt, tile, or slate. | | | |
| 8. Siding, exterior trim, porches | 7 | 7 | 6 |
| The installation of lumber, panel products or other materials intended for use as the exterior wall covering including all trim. | | | |
| 9. Windows and exterior doors | 9 | 9 | 8 |
| The installation of all exterior windows and doors. This includes securely fastening windows and doors plumb and level, square and true and adjusting sash, screens and hardware for smooth and proper operation. | | | |
| 10. Plumbing - roughed in | 3 | 2 | 3 |
| Subject to local codes and regulations the installation of all parts of the plumbing system which must be completed prior to the installation of plumbing fixtures or appliances. This includes drain, waste, and vent piping, water supply, and the necessary built-in fixture supports. | | | |
| 11. Sewage disposal | 1 | 1 | 1 |
| Subject to local codes and regulations the construction and installation of a wastewater disposal system consisting of a house sewer, a pretreatment unit (e.g., septic tank, individual package treatment plant), an acceptable absorption system (subsurface absorption field, seepage pit, or subsurface absorption bed). The system shall be designed to receive all sanitary sewage (bathroom, kitchen and laundry) from the dwelling, but not footing or roof drainage. It shall be designed so that gases generated anywhere in the system can easily flow back to the building sewer stack. | | | |
| 12. Heating - roughed in | 1 | 1 | 1 |
| Subject to local codes and regulations the installation of ducts and/or piping and the necessary supports to minimize the cutting of walls and joist. This rough in is done before finish wall and floor installed. | | | |
| 13. Electrical - roughed in | 2 | 2 | 2 |
| Subject to local codes and regulations the installation of conduit or cable and the location of switch, light, and outlet boxes with wires ready to connect. This roughing-in work is done before the dry wall finish is applied, and before the insulation is placed in the walls and ceiling. | | | |

- | | | | |
|---|---|---|---|
| 14. Insulation | 2 | 2 | 2 |
| The installation of any material used in walls, floors, and ceilings to prevent heat transmission as required by RD Instruction 1924-A, Exhibit D of 7 CFR of Part 1924, Subpart A. | | | |
| 15. Dry wall | 8 | 8 | 7 |
| Dry walling is covering the interior walls using sheets of gypsum board and taped joints. | | | |
| 16. Basement or porch floor, steps | 1 | 1 | 6 |
| The construction of basement or porch floors and steps whether wood or concrete. | | | |
| 17. Heating - finished | 3 | 3 | 3 |
| Subject to local codes and regulations the installation of registers, grilles and thermostats. | | | |
| 18. Flooring covering | 6 | 6 | 5 |
| The installation of the "finish flooring" (the material used as the final wearing surface that is applied to a floor). Floor covering include numerous flooring materials such as wood materials, vinyl, linoleum, cork, plastic, carpet and other materials in tile or sheet form. | | | |
| 19. Interior carpentry, trim, doors | 6 | 6 | 5 |
| Installing visible interior finish work (molding and/or trim), including covering joints around window and door openings. The installation of an interior door including frames and trim. | | | |
| 20. Cabinets and counter tops | 1 | 1 | 1 |
| Securing cabinets and counter tops (usually requiring only fastening to the wall or floor) that are plumb and level, square and true. | | | |
| 21. Interior painting | 4 | 4 | 3 |
| Cleaning and preparation of all interior surfaces and applying paint in strict accordance with the paint manufacturer's instructions. | | | |
| 22. Exterior painting | 1 | 1 | 1 |
| Cleaning and preparation of all exterior surfaces and applying paint in strict accordance with the paint manufacturer's instructions. | | | |

- | | | | |
|--|---|---|---|
| 23. Plumbing - complete fixtures | 4 | 4 | 3 |
| Subject to local codes and regulations the installation of a receptor or device which requires both a water supply connection and a discharge to the drainage system, such as water closets, lavatories, bathtubs or sinks. Also, the installation of an energized household appliance with plumbing connections, such as a clothes washer, water heater, dishwasher or garbage grinder. | | | |
| | | | |
| 24. Electrical - complete fixtures | 1 | 1 | 1 |
| Subject to local codes and regulations the installation of the fixtures, the switches, and switch plates. This is usually done after the dry wall finish is applied. | | | |
| | | | |
| 25. Finish hardware | 1 | 1 | 1 |
| The installation of all the visible, functional hardware in a house that has a finish appearance, including such features as hinges, locks, catches, pulls, knobs, and clothes hooks. | | | |
| | | | |
| 26. Gutters and downspouts | 1 | 1 | 1 |
| The installation of a shallow channel of wood, metal, or PVC (gutters) positioned just below and following along the eaves of the house for the purpose of collecting and diverting water from a roof to a vertical pipe (downspouts) used to carry rainwater from the roof to the ground by way of a splash block or into a drainage system. | | | |
| | | | |
| 27. Grading, paving, landscaping | 3 | 3 | 3 |
| Landscaping includes final grading, planting of shrubs and trees, and seeding or sodding of lawn areas. Final grading includes the best available routing of runoff water to assure that house and adjacent homes will not be endangered by the path of water runoff. The minimum slope should be 6" in 10' or 5% from the foundation of the home. Paving includes both driveways and walks. | | | |

100%	100%	100%
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Pre-Construction and Construction Phase Breakdown

I. General. This Exhibit will be used by Rural Development and the Grantee in determining Grantee performance as required in §1944.417(b) of this subpart.

II. Determining technical assistance (TA) cost per unit.

A. Equivalent units are used to measure progress at any time during the period of the grant. It is necessary because self-help grantees have several groups of families in various stages of progress during the period of the grant. The following formula has been developed to provide a more accurate method of determining progress.

FORMULA

<u>PHASE BREAKDOWN</u>	<u>VALUE OF EACH PHASE</u> (%)	<u>CUMULATIVE</u> (%)
<u>Pre-Construction</u>		
Phase I	10	10
Phase II	10	10
<u>Construction</u>		
Phase III	80	21-100

B. Using the Description of Phase Breakdown as a guide, the project staff selects the total percentage pertinent to the stage the self-help group is in and multiplies that percentage by the number of families (units) in the group. The result is the equivalent number of units completed. No credit may be given for Phase I, if the application is rejected. When this computation has been completed for each group that falls within Phases I - III, the total number of equivalent units is divided into the total grant funds expended to that date. The result is the TA cost per unit at that stage of the program's progress.

C. The definition of pre-construction and construction phases described are follows:

PRE-CONSTRUCTION

Phase I: Hold community meetings; conduct interviews; obtain house plans; prepare cost estimates; begin search for land; submit family applications to the lender; lender runs credit check; applications. Lender either approves or rejects.

Phase II: Organize an association of Section 502 Rural Housing eligible families; association conducts weekly meetings at which required lender forms are discussed and completed; house plans and land sites are selected; outside speakers explain and discuss taxes, insurance, how to keep a checking account how interest is computed, home maintenance, decorating, and landscaping; etc.; completed loan dockets for each family are submitted to the lender. Family loan dockets are reviewed and recommendations made as to the loan amounts requested; the lender reviews family loan dockets; preliminary title search of each proposed building site is begun; requests loan check from Finance Office; when check arrives, final title search is made, loan closed, checking accounts opened, and construction begun.

Construction: The grantee will utilize Exhibit B-2 which outlines 27 construction tasks to determine the percentage of completed construction activities.

D. The computation of equivalent units and TA costs will be computed as follows:

Exhibit C will be used for recording the following information and construction in this example which starts January 1.

Step 1

Both the grantee and Rural Development review the Rural Development loan application records to determine the percentage of completion for each family in the pre-construction phase of the program. These are Phases I - III. Total these percentages to find the number of "equivalent units" (EUs) completed at that date during pre-construction. For example, if there are eight families in Group #2 and all have completed the 20 percent phase of preconstruction, then there would be 1.6 EUs in the pre-construction phase of the program as of that date. Each phase must be completed before it is considered in the calculation.

Step 2

Refer to the records of construction progress for families in the construction Phase III. As of that date, the director totals the percentage of completion figures for each family as followings:

Askew:	.45
Whited:	.40
Martinez:	.40
Gonzalez:	.38
Sherry:	.34
Duran:	.33
Johnson:	.13
Harvey:	<u>.31</u>

2.92 EUs

Total production in the construction phase is therefore 2.92 EUs as of that date.

Step 3

Add the pre-construction and construction subtotals together:

Pre-construction	1.60
Construction	<u>2.92</u>
Total EUs	4.52

This provides the total EUs of production during the first three months of operation. Steps 1, 2, and 3 will be used to complete items 7, 8 and 9 of Exhibit B of this subpart.

III. Preparation:

Compile Exhibit B of this subpart in an original and four copies. The exhibit will be signed by the TA Grantee. Submit the original and three copies of the exhibit quarterly to Rural Development County Office on or before January 15, April 15, July 15, and October 15, of each year for the quarters ending March 31, June 30, September 30, and December 31 of each year. The District Director will keep the original and forward two copies to the State Office. The State Office will forward one copy to the National Office. The State Office will prepare information concerning TA grants closed within 30 days of the end of a quarter on the next quarterly report.

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Amendment
to
Self-Help Technical Assistance Grant Agreement

This Agreement dated, _____ 19 _____ between _____

_____ a nonprofit corporation ("Grantee"), organized and operating under _____ and the United States of America
(authorizing State Statute)

acting through the Rural Development, Department of Agriculture ("Rural Development"), amends the "Self-Help Technical Assistance Grant Agreement" between the parties dated _____ 19 _____, ("Agreement").

The Agreement is amended by providing additional financial assistance in the amount of _____ to be made available by Rural Development to Grantee pursuant to Section 523 of Title V of the Housing Act of 1949 for the purpose of assisting in providing a program of technical and supervisory assistance which will aid low-income families in carrying out mutual self-help housing efforts; or

The Agreement is amended by changing the completion date specified in covenant 1 from _____ to _____ and by making the following attachments to this amendment: (List and identify proposal and any other documents pertinent to the grant.)

Agreed to this _____ day of _____ 19 _____.

(Name of Grantee)

By _____
(Signature)

(Title)

UNITED STATES OF AMERICA
By _____
(Signature)

(Title)
RURAL DEVELOPMENT

oOo

SELF-HELP TECHNICAL ASSISTANCE GRANT PREDEVELOPMENT AGREEMENT

THIS GRANT PREDEVELOPMENT AGREEMENT dated, _____
19 ____, is between _____
a nonprofit corporation ("Grantee"), organized and operating under

(authorizing State statute)
and the United States of America acting through the Rural Development,
Department of Agriculture.

In consideration of financial assistance in the amount of \$ _____
("Grant Funds") to be made available by Rural Development to Grantee under
Section 523 (b) (1) (A) of the Housing Act of 1949 to be used in (specify area
to be served) _____ for the purpose of
developing a program of technical and supervisory assistance which will aid
low-income families in carrying out mutual self-help housing efforts, Grantee
will provide such a program in accordance with the terms of this Agreement
and Rural Development regulations.

Grant funds will be used for authorized purposes as contained in §1944.410(d)
of 7 CFR Part 1944, Subpart I, as necessary, to develop a complete program
for a self-help TA grant. This will include recruitment, screening, loan
packaging and related activities for prospective self-help participants.

Agreed to this _____ day of _____
19 ____.

(Name of Grantee)

By _____
(Signature)

(Title)

UNITED STATES OF AMERICA

By _____
(Signature)

(Title)
RURAL DEVELOPMENT

oOo

GUIDANCE
FOR RECIPIENTS OF
SELF-HELP TECHNICAL ASSISTANCE GRANTS
(SECTION 523 OF HOUSING ACT OF 1949)

7 CFR Part 1944, Subpart I provides the specific details of this grant program. The following is a list of some functions of the grant recipients taken from this subpart. With the list are questions we request to be answered by the recipients to reduce the potential for fraud, waste, unauthorized use or mismanagement of these grant funds. We suggest the Board of Directors answer these questions every six months by conducting their own review. Paid staff should not be permitted to complete this evaluation.

A. Family Labor Contribution

- | | | |
|---|-----|----|
| 1. Does your organization maintain a list of each family and a running total of hours worked (when and on what activity)? | Yes | No |
| 2. Are there records of discussions with participating families counseling them when the family contribution is falling behind? | Yes | No |
| 3. Are there obstacles which prevent the family from performing the required tasks? | Yes | No |

B. Use of Grant Funds

- | | | |
|--|-----|----|
| 1. Were grant funds used to pay salaries or other expenses of personnel not directly associated with this grant? | Yes | No |
| 2. Were grant funds used to pay for construction work for participating families? | Yes | No |
| 3. Were all purchases or rentals (item and cost) of office equipment authorized? | Yes | No |
| 4. Are all office expenses authorized by 7 CFR Part 1944, Subpart I? | Yes | No |
| 5. Was a record of long distance telephone calls maintained and was that log and telephone checked? | Yes | No |
| 6. Was all travel and mileage incurred for official business and properly authorized in advance? | Yes | No |

- | | | | |
|-----|--|-----|----|
| 7. | Were mileage and per diem rates within authorized levels? | Yes | No |
| 8. | Were participating families charged for use of tools? | Yes | No |
| 9. | Were grant funds expended to train grant personnel? | Yes | No |
| 10. | Was training appropriate for the individual trainee? | Yes | No |
| 11. | Were any technical or consultant services obtained for participating families? | Yes | No |
| 12. | Were the provided technical or consultant services appropriate in type and cost? | Yes | No |

C. Financial Responsibilities

- | | | | |
|----|---|-----|----|
| 1. | Does each invoice paid by the grant recipient match the purchase order? | Yes | No |
| 2. | Does each invoice paid by the borrower and Rural Development match the purchase order? | Yes | No |
| 3. | Were purchases made from the appropriate vendors? | Yes | No |
| 4. | Are the invoices and itemized statements totaled for materials purchased for individual families? | Yes | No |
| 5. | Is there a record of deposits and withdrawals to account for all loan funds? | Yes | No |
| 6. | Are checks from grant funds signed by the Board Treasurer and Executive Director? | Yes | No |
| 7. | Are grant funds deposited in an interest bearing account? | Yes | No |
| 8. | Are checks from loan funds prepared by the grant recipient for the borrower's and lender's signature? | Yes | No |
| 9. | Are checks from loan funds accompanied by accurate invoices? | Yes | No |

- | | | | |
|-----|---|-----|----|
| 10. | Are any borrower loan funds including interest, deposited in grantee accounts? | Yes | No |
| 11. | Are checks from loan funds submitted to Rural Development more often than once every 30 days? | Yes | No |
| 12. | Is the reconciliation of bank statements for both grant and loan funds completed on a monthly basis? | Yes | No |
| 13. | If the person who issues the checks also reconciles them, does the Executive Director review this activity? | Yes | No |
| 14. | Are materials purchased in bulk approved by the Executive Director? | Yes | No |
| 15. | Was the amount of materials determined by both the Executive Director and construction staff? | Yes | No |
| 16. | Were any participating families consulted about the purchase of materials? | Yes | No |
| 17. | Were savings accomplished by the bulk purchase method? | Yes | No |
| 18. | Did the Executive Director review the purchase order and the ultimate use of the materials? | Yes | No |
| 19. | Are materials covered by insurance when stored by grantee? | Yes | No |

D. Reporting

- | | | | |
|----|--|-----|----|
| 1. | Are "Requests for Advance or Reimbursement" made once monthly to the Rural Development District Office? | Yes | No |
| 2. | Has the grant recipient engaged a certified public Accountant (CPA) or CPA firm to review their operations on a regular basis: (Annually is preferable but every two years and at the end of the grant period are requirements)? | Yes | No |
| 3. | Are the quarterly evaluation reports submitted on time to the County Supervisor? | Yes | No |

What, if any, problems exist that need to be corrected for effective management of the grant project?

Date

President, Board of Directors

(Period covered by report _____)

ANSWER KEY

The following answers should help your organization in assessing its vulnerability to fraud, waste, and abuse. You should take actions to correct practices that now generate an answer different from the key.

<u>Question</u>	<u>Answer</u>
A. 1	yes
A. 2	yes
A. 3	yes
B. 1	no
B. 2	no
B. 3	yes
B. 4	yes
B. 5	yes
B. 6	yes
B. 7	yes
B. 8	no
B. 9	yes
B. 10	yes
B. 11	yes
B. 12	yes
C. 1	yes
C. 2	yes
C. 3	yes
C. 4	yes
C. 5	yes
C. 6	yes
C. 7	no
C. 8	yes
C. 9	yes
C. 10	no
C. 11	no
C. 12	yes
C. 13	yes
C. 14	yes
C. 15	yes
C. 16	yes
C. 17	yes
C. 18	yes
C. 19	yes
D. 1	yes
D. 2	yes
D. 3	yes

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Site Option Loan to Technical Assistance
Grantees

I. Objectives. The objective of a Site Option (SO) loan under Section 523(b)(1)(B) of Title V of the Housing Act of 1949 is to enable technical assistance (TA) grantees to establish revolving fund accounts to obtain options on land needed to make sites available to families that will build their own homes by the self-help method. An SO loan will be considered only when sites cannot be made available by other means including a regular Rural Housing Site (RHS) loan.

II. Eligibility requirements. To be eligible for an SO loan, the applicant must be a TA grantee that is currently operating in a satisfactory manner under a TA grant agreement. If the SO loan applicant has applied for TA funds but is not already a TA grantee and it appears that the TA grant will be made, the SO loan may be approved but not closed until the TA grant is closed.

III. Loan purposes. Loans may be made only as necessary to enable eligible applicants to establish revolving accounts with which to obtain options on land that will be needed as building sites by self-help families participating in the TA self-help housing program. Loans will not be made to pay the full purchase price of land but only for the minimum amounts necessary to obtain an option from the seller. The option should be for as long as necessary but in no case should the option be for less than 90 days.

IV. Limitations.

(A) If the amount of an SO loan will exceed \$10,000, the prior consent of the National Office shall be obtained before approval.

(B) The amount of the SO loan should not exceed 15 percent of the purchase price of the land expected to be under option at any one time, unless a higher percent is authorized by the State Director when other land is not available or the particular area requires more down payment than elsewhere or similar circumstances exist.

(C) Form RD 440-34, "Option to Purchase Real Property," will be used without modification in all cases for obtaining options under this subpart.

(D) The limitations of §1822.266(b)(1) and (2) of Subpart F of Part 1822 of this chapter (RD Instruction 444.8, paragraphs VI B(1) and (2)) concerning land purchase will apply to options purchased under this subpart.

V. Rates and terms.

(A) Interest. Loans will be made at an interest rate of 3 percent.

(B) Repayment period. Each SO loan will be repaid in one installment which will include the entire principal balance and accrued interest. The maximum repayment period for each SO loan will be the applicant's remaining TA grant funding period.

(1) A shorter repayment period will be established if SO funds will not be needed for the entire TA grant funding period.

(2) If a regular RHS loan is to be processed, the SO loan should be scheduled for repayment when RHS loan funds will be available to purchase the land and repay the amount of SO funds advanced on the option, unless SO loan funds will still be needed to purchase other options. Under no circumstances, however, will the repayment period exceed the applicant's remaining TA grant funding period.

VI. Processing application.

(A) Form of application: The application for assistance will be in the form of a letter to the Rural Development County Supervisor having jurisdiction over the area of the proposed site to be optioned. The letter will be signed by the applicant or its authorized representative and contain, as a minimum, the following information:

(1) A copy of the proposed option that shows a legal description of the land, option price, purchase price, and terms of the option. If more than one site is to be purchased, a schedule of the proposed options should be included.

(2) Information to verify that a regular RHS loan cannot be processed in time to secure the option.

(3) Proposed method repayment of the SO loan.

(4) Resolution from the applicant's governing body authorizing the application for an SO loan from Rural Development.

(B) Responsibility of the County Supervisor. Upon receipt of an SO loan application, the County Supervisor will:

(1) Determine whether the applicant is eligible. If the applicant is not eligible, or the loan cannot be made for other reasons, the application may be rejected by the County Supervisor with the concurrence of the District Director. The reasons for the rejection should be clearly stated and provided, in writing to the applicant. The applicant will have the right to have the decision reviewed following the procedure established in 7 CFR Part 11 and

Subpart B of Part 1900 of this chapter.

- (2) Review and verify the accuracy of the information provided.
- (3) Make an inspection and a memorandum appraisal of each proposed site "as is." The appraisal will include a narrative statement as to whether the site has been recently sold, verify that the seller is the owner of the property, and indicate whether the purchase price is acceptable based on the selling price of similar properties in the area.
- (4) Indicate whether or not it appears that, considering the location and cost of development, adequate building sites can be provided at reasonable costs.
- (5) If the option is for a tract of land on which 5 or more sites are proposed, the County Supervisor will forward to the District Director with recommendations as defined in § 1924.119 of Subpart C of Part 1924 of this chapter.
- (6) If approval is recommended, prepare and have the applicant execute Form RD 1940-1, "Request for Obligation of Funds," for the amount needed. Copies of the form will be distributed as provided in the Forms Manual Insert (FMI).
- (7) Forward the SO loan application and the applicant's TA application or TA docket to the State Director. The submission will include the appraisal report and the County Supervisor's comments and recommendations.

VII. Loan approval authority and State Office actions. The State Director is authorized to approve SO loans developed in accordance with this Exhibit. The approval or disapproval of the loan will be handled in the same manner as provided in § 1822.272 of Subpart F of Part 1822 of this chapter (RD Instruction 444.8, paragraph XII). SO loans will be established in Automated Multiple Housing Accounting System (AMAS) using Form RD 3560-51, "Multiple Family Housing Obligation Fund Analysis". The Issue loan/Grant checks transaction will be used to request a check for SO loans.

VIII. Loan closing.

- (A) General. Loan closing instructions will be provided by the Office of the General Counsel (OGC) to assure that the Promissory Note is properly completed and executed. The County Supervisor may then close the loan.

(B) Security for the loan. The loan will be secured by a Promissory Note properly executed by the grantee using Form RD 1940-16, "Promissory Note." A lien on the optioned real estate will not be taken.

(1) The "kind of loan" block on the note will read "SO loan."

(2) The note will be modified to show that the only installment on the loan will be the final installment.

(C) Loan is closed. The loan will be considered closed when the note is executed and the loan check delivered to the grantee.

IX. Establishment of SO loan revolving account.

(A) Supervised bank accounts will not be used for SO loans.

(B) Grantee will deposit SO loan funds in a depository institution of its choice. The use of minority institutions is encouraged. Such funds will remain separate from any other account of the grantee and shall be established as an SO revolving account.

(C) Checks drawn on the revolving account will be for the sole purpose of purchasing land options and must be signed by at least two authorized officials of the grantee who have been properly bonded in accordance with § 1944.411(e) and (g) of this subpart.

(D) Grantees will not expend funds for any options until the site and the option form have been reviewed and approved by the County Supervisor.

(1) SO funds will not be left unused in the revolving account in excess of 60 days.

(2) If the funds are not used for the intended purpose within the 60 days specified above, the unused portion will be refunded on the account.

(E) When funds become available for repayment of the SO loan, such funds will be deposited in the revolving account for the purchase of additional site options if needed. If such funds are not needed to purchase more options, they will be applied on the SO loan.

X. Source of funds.

SO loans will be funded from the self-help housing land development fund.

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**SELF-HELP APPLICATION PROCESSING CHECKLIST
NEW CONSTRUCTION AND REHABILITATION**

Tab Position	Description of Documents	Form/ Instruction Number	Comments
(1)	Application for Federal Assistance Non-Construction Programs	Form SF-424 1944.410 (e)	
(2)	Waiting List of Participants (Name, Contact, & demographic info) <i>Rehabilitation-Property address(es) (if identified), anticipated loan amount(s) and source(s) of funding</i>	1944.410 (e) (1)	
(3)	Proof that the participants in the first group have qualified for assistance (RD HB LTR 16) <i>Rehabilitation-Proof that approximately 10% of the participants have qualified for assistance</i>	1944.410 (e) (2)	
(4)	Lot options for first group <i>Not applicable for rehab</i>	1944.410 (e) (3)	
(5)	Evidence of lot availability for remaining groups <i>A list of potential homes for sale/available could be included for acquisition rehab</i>	1944.410 (e) (3)	
(6)	House plans, specifications and detailed cost estimates <i>Rehabilitation-describe home inspection and contractor selection processes; and include sample workorder list, cost estimating, and how cost savings will be calculated</i>	1944.410 (e) (4)	

Tab Position	Description of Documents	Form/ Instruction Number	Comments
(7)	Staffing needs and hiring schedule	1944.410 (e) (5)	
(8)	Authorized representative of applicant	1944.410 (e) (6)	
(9)	Budget Information -Non-Construction Programs	Form SF-424A & Budget Narrative 1944.410 (e) (7)	
(10)	Indirect or direct cost policy and proposed indirect cost rate	1944.410 (e) (8)	
(11)	Monthly activities schedule	1944.410 (e) (10)	
(12)	Personnel practices and procedures	1944.410 (e) (9)	
(13)	Authorizing resolution	1944.411 (d)	
(14)	Assurance Agreement	Form RD 400-4 1944.411 (d)	
(15)	Fidelity Bond Coverage	1944.411 (e)	
(16)	Evidence of interest-bearing checking account and a statement of interest repayment (as applicable)	1944.411 (g)	
(17)	Group Agreement including Exhibit B-2 of 1944-I Rehabilitation-Participation Agreement including Exhibit K-2 of 1944-I	1944.411 (h)	

Tab Position	Description of Documents	Form/ Instruction Number	Comments
(18)	Request for Obligation of Funds (Must be signed by the applicant and State Director/Designee if \$300,000 or less; TOA code is a required field to be filled out before submission of the document (082-General Reserve 741- Persistent Poverty)	Form RD 1940-1 1944.412	
(19)	Self-Help Technical Assistance Grant Agreement	Exhibit A of 1944-I 1944.412	
(20)	Certification Regarding Lobbying	Exhibit A-1 of RD Inst. 1940- Q and §1940.810	
(21)	Statement of Compliance with 2 CFR 200 Part 400 & 416 if a State or Local government; or Part 400 & 415 if a non-profit	1944.411(c)	
(22)	Rural Developments Review and Recommendation including SAM & DNP Portal Verifications (Note: DNP is checked at submission and again prior to grant agreement execution)	1944.410(b) 1940-M §1940.606(b)	
(23)	T&MA Contractor's Review and Recommendation	Required Under National Contract	
(24)	National Office Review-Letter of Conditions (LOC) and Obligation (National Office will sign Form RD 1940-1 when the request is greater than \$300,000)	1944.415(a) and (c)	
(25)	Narrative Statement (a) Amount of request; (b) Areas served; (c) Number of houses proposed; (d) Housing conditions of low-income families; (e) Need for self-help housing; and (f) Evidence of Community Support Rehabilitation-in addition to the above (g) Rehab policies and procedures; (h) Min/Max of proposed project size per home; and (i) relocation policy, if any	1944.410(a) (4)	

Tab Position	Description of Documents	Form/ Instruction Number	Comments
(26)	Current Financial Statements for Applicant and any Sponsor	1944.410 (a) (3)	
(27)	Outreach Plan for very low- Income	1944.410 (a) (5)	
(28)	HUD Affirmative Fair Housing Marketing Plan (AFHM)	HUD Form 935.2 1944.410 (a) (10)	
(29)	Determination of TA Grant Amount	1944.407	
(30)	Intergovernmental Review Submittal (as available)	1944.409	
(31)	Civil Rights Impact Analysis Certification	Form RD 2006-38 2006-P, §2006.754 (b)	
(32)	Compliance Review (Pre-award)	Form RD 400-8 RD Inst. 1901-E, §1901.204 (a) & §1901.204 (c) (3)	
(33)	OGC Review (if necessary)	§1944.410 (b) (2)	
(34)	Previous Experience	§1944.410 (a) (1)	

Tab Position	Description of Documents	Form/ Instruction Number	Comments
(35)	Organizational Documents (a) Reference to State Law (b) Certified copies of Articles of Incorporation and Bylaws, or other evidence of corporate existence (c) Certificate of incorporation for other than public bodies (d) Evidence of Good Standing from the State (e) Names and addresses of Board of Directors, officers and members (plus principal business of any member that is an organization) (f) Evidence of nonprofit status	\$1944.410 (a) (2) \$1944.404 (d) (1-4)	
<p style="text-align: center;">Application Processing Overview</p> <p>I. Applicants and existing Self-Help grantees applying for a new grant should submit their applications electronically with encryption/password protected or in hard copy containing the above applicable items to the Technical and Management Assistance (T&MA) Contractor for review at least six months prior to the proposed grant start date.</p> <p>II. The T&MA Contractor will make a recommendation and submit the package to the State Office when it is ready for Agency review, and at least three months prior to the proposed start date. <u>Within thirty (30) days of receipt of the application, the Rural Development designated official will review the application for completeness, accuracy and conformance to program policy and regulations.</u></p> <p>III. The designated official should then make a recommendation, upload documents to the Electronic Customer File (ECF) system, and forward along with a copy of the grantee's package to the State Director. The State Office will issue a Letter of Conditions to the Grantee subject to: (1) review of the application package by the National Office (requests over \$300,000) and (2) subject to submission of any additional items not included with the application.</p> <p>IV. State Offices must then submit the applications/requests to the National Office within 30 days of their receipt (via an email to SFHDDIRECTPROGRAM@usda.gov that states the pertinent documents can be found in ECF).</p> <p>V. Within 30 days, National Office will review the full application docket for approval of a request exceeding \$300,000. If approved, within 5 business days the National Office will executive RD Form 1940-1, obligate funds in the appropriate system, and issue a letter of approval/conditions to the State. The executed Form 1940-1, obligation verification, and letter of approval/conditions will be uploaded to the ECF case file.</p>			

Grant Closing

I. Upon receipt of grant approval/funding notification sent from the National Office, the State will notify the grantee of any condition that must be met by issuing the template letter found in Exhibit J.

II. Once all conditions are met, the State should provide the completed Exhibit A, Grant Agreement, for grantee execution. Once received the State should sign Exhibit A along with the grantee and provide them with a copy of the executed grant agreement and Form RD 1940-1.

III. Once the grant agreement is fully executed then the grant is considered closed, and the grantee may charge the grant for cost associated with the program as described in their budget.

Obligation Monitoring

Obligation monitoring must be executed as described in §1944.417. The quarterly Exhibit B or equivalent must be saved in the recipient's case file via ECF. These reports will be used to provide a status on the semi-annual Unliquidated Obligation Certification report.

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SAMPLE TECHNICAL ASSISTANCE CALCULATIONS

Requested Grant Amount = \$500,000 (\$23,810 X 21 = \$500,010)

<u>Method A</u>		<u>Method B</u>
Equivalent Value of modest homes built in area:	\$160,000	Average mortgage of participating families \$134,000 minus \$1,000
Number of homes built under the grant proposal:	21	
Max allowed TA cost per House (\$160,000 X 15%):	\$24,000	
Requested TA per house:	\$23,810	
Actual Percentage of equivalent value:	14.88%	
(TA cost equivalent per unit of no more than 15% of modest home built in the area)		

<u>Calculation A</u>		<u>Calculation B</u>
Grant amount:	\$500,000	Average Mortgage of families
No. of homes built:	÷ 21	\$134,000
Requested TA amount	\$23,810*	
Equivalent Value of modest home built in area:	÷ \$160,000	
Percent of equivalent value =	14.88%	

Equivalent Value of modest home built in area:	\$160,000	Equivalent Value of modest home built in area:	\$160,000
15% of Equivalent Value	x 15%		\$160,000
Maximum allowed TA cost:	\$24,000		-\$134,000 (Average Mortgage)
			\$ 26,000
			-\$ 1,000
			\$ 25,000 (Difference*)

*The requested TA amount of \$23,810 does not exceed the difference (\$25,000) between the Equivalent Value of a modest home built in the area and the Average Mortgage of participating families, minus \$1,000.

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SELF-HELP GRANT AMENDMENT PROCESSING CHECKLIST

A. Grant amendment requests vary in nature, including but not limited to, extension of time, supplemental funding, change in service area, and modification of grant goals. All requests for grant modifications must be in writing and provide a detailed justification of the specific need. The request should include items relevant to the request including:

1. Current status of the grant (e.g. homes completed and in construction or being rehabilitated, anticipated production schedule, etc.);
2. Amount of time requested and new grant expiration date;
3. Amount of supplemental funding requested;
4. New service area description;
5. Modifying new/rehab goals; and
6. Other pertinent information.

B. The written request must be accompanied by the most recent quarterly evaluation report (from SHARES or Exhibit B for new construction; Exhibit K for Rehabilitation, or equivalents), and the T&MA contractor recommendation. In addition to these items, the following required documents are specific to the type of modification being requested.

1. Extension of Time.
 - i. Revised budget information, including how costs will be covered during the additional time, and
 - ii. Updated Implementation Schedule.
2. Supplemental Funding.
 - i. Revised budget information, including new technical assistance cost calculations, and
 - ii. An executed Form RD 1940-1, "Request for Obligation of Funds."

C. Requests for grant modification should be submitted to the regional T&MA contractor allowing adequate time for review prior to the expiration of the grant agreement (60-90 days prior is recommended). The T&MA contractor will review and provide a recommendation to Rural Development (RD) no less than 30 days prior to the expiration of the grant agreement.

D. If National Office review/approval is needed, please allow additional time for processing prior to grant expiration.

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LETTER OF CONDITIONS - APPLICATION REVIEW

Grantee Name and Address

Re: Self-Help Technical Assistance Grant {AMOUNT}

Dear {CONTACT PERSON}:

A review has been made of the items submitted in connection with your application for a Section 523 Mutual Self-Help grant to your organization. Based on your submittal of items required listed under 7 CFR 1944.410(e) (1) through (10), your application package is determined complete and grant approval can be considered.

This letter establishes conditions which must be understood and agreed to before your grant is approved. The amount of this grant is based upon the construction of {PROPOSED NUMBER OF HOUSES TO BE BUILT} houses. Please provide the following information to Rural Development within 30 days so that your grant can be approved. The items are as follows:

1. A signed statement from the Board of Directors stating the applicant has or can hire, or contract directly or indirectly with qualified people to carry out its responsibilities in administering the grant.
2. Provide a copy of the resolution adopted by (The Board of Directors or other Governing Body if public body) authorizing the appropriate official to execute Exhibit A, "Self-Help Technical Assistance Grant Agreement" of 7 CFR Part 1944, subpart I and Form RD 400-4, "Assurance Agreement".
3. By grant closing, {UNLESS EXEMPTED BY 2 CFR 200 §200.305(b) (8)} you must establish an interest-bearing checking account on which two or more bonded employees will sign checks. Any interest earned in excess of \$500 annually must be submitted to Rural Development quarterly. (The use of minority depository institutions is encouraged.)
4. Provide a copy of the agreement which will be signed by you and the self-help participants setting forth exactly what is expected of each and incorporates Exhibit B-2 of 7 CFR Part 1944, subpart I, clearly showing what labor tasks are required by the participating families.
5. Certify on Exhibit A of 1940-Q and §1940.810 (certification regarding lobbying) that you comply with the provisions therein.

6. Certify by signing Form AD-1049, "Certification Regarding Drug-Free Workplace" and Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions" that you will comply with the provisions of 2 CFR Part 200, Parts 400 and 416 if a State or Local government; or Part 400 and 415 if a non-profit. Provide a copy of the statement given all employees in accordance with Appendix C of Part 400. All persons/entities doing business with you must sign Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions".
7. You are encouraged to utilize the Technical and Management Assistance Regional Contractor ({INSERT NAME AND ADDRESS}) for any needed technical assistance in complying with these requirements.
8. {ADD ANY ADDITIONAL REQUIREMENTS}

[Note: If the grant will be closed 'subject to' any item(s) the final LOC should begin with the following language instead of the above.]

A review has been made of the items submitted in connection with your application for a Section 523 Mutual Self-Help grant to your organization. Based on your submittal of items required listed under 7 CFR 1944.410(e)(1) through (10), your application package is determined complete and the amount of this grant is based upon the construction of {PROPOSED NUMBER OF HOUSES TO BE BUILT} has been approved.

This letter establishes conditions which must be understood and agreed to in conjunction with the grant requirements outlined in 1944-I Exhibit A 'Self-Help Technical Assistance Grant Agreement.' This grant is being closed subject to the following conditions which, if not met, may result in the denial of grant draw request and potential termination of the grant:

1. {LIST CONDITIONS WITH TIMEFRAMES FOR COMPLETION.}

If you have any questions concerning these conditions, please contact Rural Development for assistance at {SERVICING OFFICE TELEPHONE NUMBER}.

Sincerely,

Rural Development Authorized Official

Attachments

cc: Appropriate T&MA Contractor
Appropriate Rural Development Offices

Evaluation Report of Rehabilitation Self-Help Technical Assistance (TA) Grants

Evaluation for Quarter Ending ____ (1) ____, 20__

1. a. Name of Grantee: ____ (2) ____
b. Address: ____ (3) ____
c. Area the grant serves: ____ (4) ____
d. TA Employees (number of and positions held): ____ (5) ____

2. Date of Agreement: ____ (6) ____ Time Extended ____ (7) ____

3. a. Equivalent unit increase during quarter:

____ (8) ____
First Month
____ (9) ____
Second Month
____ (10) ____
Third Month

b. Cumulative total number of Equivalent Units since beginning of grant:
____ (11) ____

4. a. Method of Rehabilitation: Acquisition_(12)_, Owner Occupied _(13)_,

b. Average construction investment this quarter:

____ (14) ____

b1. Average construction investment for the grant cycle:

____ (15) ____

c. Average cost savings to participant this quarter:

____ (16) ____

c1. Average cost savings to participants for the grant cycle:

____ (17) ____

5.a. Number of houses/EU completed in this grant cycle:

____ (18) ____

b. Number of houses/EU under rehab this grant cycle, but started during previous grant:

____ (19) ____

c. Number of houses/EU currently under rehab:

____ (20) ____

d. Number of families in pre-rehab phase:

____ (21) ____

6.a. Average time needed to complete rehab project:

_____ (22) _____

b. Length of time between submission of Rehab borrower's docket and approval/rejection and/or list third party funding sources being utilized:

_____ (23) _____

c. Number and percentage of loan docket rejections during reporting period:

_____ (24) _____

7. Did any of the following adversely affect the Grantee's ability to accomplish program objectives (attach narrative as needed)? (25)

	YES	NO
TA Staff Turnover		
RD Staff Turnover		
Bad Weather		
Loan Processing Delays		
Rehab Home Acquisition and Development		
Unavailable Loan/Grant Funds		
Lack of Participants		
Communication between RD/Grantee		

8. Attach information concerning individual projects as follows: (26)

(1) The participating families name, address, income level, and funding source with total loan/grant amount; (2) The rehab work completed with constructing investment amount; (3) Cost savings to family with explanation of method used.

I certify that the statements made above are true to the best of my knowledge and belief.

_____ (27) _____

(Title)

_____ (28) _____

(Date)

_____ (29) _____

(Grantee Signature)

B. *Area Office Review, as applicable*- I have reviewed the above information which I have found to be substantially correct.

Comments: _____ (30) _____

_____ (31) _____ (32) _____
(Area Office Representative Signature) (Date)

C. *State Office Review, as applicable*-I have reviewed the above information which I have found to be substantially correct.

Comments: _____ (33) _____

_____ (34) _____ (35) _____
(State Office Representative Signature) (Date)

**Instructions for Preparation of
Evaluation Report of Self-Help Rehabilitation Technical Assistance Grants**

Exhibit K will be used by all Technical Assistance (TA) Grantees obtaining self-help TA grants. This attachment provides the grantee and Rural Development a uniform method of reporting the performance progress of self-help projects. The TA Grantee will prepare an original and copies of the attachment for the quarterly meeting. The TA Grantee will sign the original and forward it to the local Rural Development Office. The TA Grantee will keep the unsigned copy for its records.

The evaluation report will be completed in accordance with the following:

1. Enter the date the quarter ends or the year.
2. Enter the full name of the TA Grantee organization.
3. Enter the complete mailing address of the TA Grantee organization.
4. Enter the area served by the grant.
5. Enter the position titles of all employees being paid by the TA grant and the percentage of their wages being paid or the originations indirect cost rate.
6. Enter the date of the initial self-help TA grant agreement.
7. Enter the time of any extension self-help TA grant agreement(s).
8. Insert the number of equivalent units (EU) completed the first/second/third month of the quarter using steps 1, 2, and 3 of Exhibit K-2.
9. Insert the number of EU's completed the second month of the quarter by using steps 1, 2, and 3 of Exhibit K-2.
10. Insert the number of EU's completed the third month of the quarter by using steps 1, 2, and 3 of Exhibit K-2.
11. Add items (7), (8), and (9) to the total from the previous quarterly report to obtain the cumulative total number of EU's. This total is the cumulative total number of EU's for the project.
12. Enter the number of Acquisition Rehab projects in the Grantee proposal(s).

13. Enter the number of Owner-Occupied Rehab projects in the Grantee proposal(s).

For numbers 14 through 17, if both Acquisition and Owner-Occupied Rehab types were completed a separate number for each program should be given.

14. Enter the average of all construction cost for rehab projects in the quarter.
15. Enter the average construction investment for the grant cycle to-date.
16. Enter the average cost savings to participants during the quarter by following the methods found in Exhibit K-2.
17. Enter the average cost savings to participants for the grant cycle to-date.
18. Enter the total number of houses/EU's completed to-date towards the grant goal(s).
19. Enter the total number of homes/EU's started in a previous grant cycle but completing in the current, if any.
20. Enter the number of homes currently under rehab.
21. Enter the total number of families currently in the pre-rehab phase as described in Exhibit K-2.
22. Insert the average elapsed time needed per house from loan closing to final inspection by Rural Development to complete rehab of a house. If no self-help homes have been completed by this grantee, use other projects or your best estimate as a guide.
23. Enter the number of days it takes on average to approve or reject a borrower's docket once it's submitted to Rural Development and/or list alternate funding sources being used.
24. Enter number and percent of dockets submitted and rejected this quarter.
25. In the chart provided indicate if each item adversely affected grant performance in during the quarter in review my marking yes or no. A narrative may accompany the report to provide additional details on specific situations.

26. If not already submitted to Rural Development reports should be submitted with the supporting documentation listed.
27. Insert title of the Grantee or authorized representative.
28. Enter date of submittal.
29. Signature of Grantee or authorized representative.
30. Area Offices should insert comments concerning loan/grant packages, progress of rehab, success of the project and any problems that the organization may have.
31. Signature of Area Office Representative.
32. Insert date of Area Office Representative review.
33. A State Office representative should insert his/her comments.
34. Signature of State Office representative.
35. Insert date of State Office review.

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Equivalent Unit Tracking and Family Cost Savings

The process for completing rehab projects is different to that of mutual self-help new construction projects. For this reason, EU's for rehab will be tracked as follows:

Acquisition Rehab

o Property acquisition- identifying & assessing feasibility of potential homes	.2 EU
o Application- Closing/Inspections & Scope of Work/Pre-Construction Activities	.2 EU
o Rehab Construction/Subcontractor & Inspection Coordination	.4 EU
o End of Construction- Punch List/Construction Completed/Loan Conversion	.2 EU
	1.0 EU

Owner Rehab

o Application Closing- Inspections & Scope of Work/Pre-Construction Activities	.2 EU
o Rehab Construction/Subcontractor & Inspection Coordination	.4 EU
o End of Construction- Punch List/Construction Completed/Loan Conversion	.4 EU
	1.0 EU

Program participants should realize an adequate cost savings, as defined above, from family labor participation in order for a project to be undertaken by the grantee. As with the 'sweat equity' in the mutual self-help program which varies greatly from project to project, area to area, and from grantee to grantee, it is anticipated that the cost savings received in rehab projects will see similar variances. Cost savings is ideally realized through the amount of work the participant will be contributing but may be calculated utilizing an approved method such as those described below.

Methods for establishing the estimated cost savings for a participating family may also vary but must be well supported and may include one of the following methods:

1. **Contractor Cost Saving:** this method should be considered first and requires comparing a contractor bid or cost estimating software amount for work to be completed to the total cost under the Self-Help Method.

Example-Job Summary: Remove/replace 20 sq. shingles; reframe part of roof; remove replace 1600 sq. ft. of siding; remove/replace two doors; remove carpet in bathroom and replace with vinyl flooring.

Cost Estimator	\$16,500
<u>Self-Help Cost</u>	<u>-\$5,700</u>
Cost Savings =	\$10,800

2. **Appraised Value:** this method takes the cost to purchase and compares is to the as-improved appraised value to determine an equity model similar to that used in self-help new construction.

Example-Appraisal Value Comparison:

As-Improved Value	\$160,000
<u>Loan Amount</u>	<u>-\$150,000</u>
Cost Savings =	\$10,000

3. **Hourly Rate of Labor Contribution:** this method would include establishing a typical hourly rate for the job task and multiplying it by the hours contributed by the participant. The 'National Cost Estimator', 'HomeWyse.com', or other comparable software may be used to establish the task labor hours.

Example- Job Summary:

Remove/replace 20 sq. shingles - \$300 x 6 hrs =	\$1,800
Reframe part of roof - \$350 x 6 hrs =	\$2,200
Remove/replace 1600 sq ft of siding - \$500 x 10 hrs =	\$5,000
<u>Remove/replace carpet w/vinyl in bathroom- \$300 x 4 hrs =</u>	<u>\$1,200</u>
Cost Savings	\$10,200

ELECTRONIC FUNDS TRANSFER
AUTOMATED CLEARINGHOUSE SYSTEMS
(EFT/ACH) DRAW REQUEST

Date: _____

Borrower Name: _____

Borrower Case #: _____

Fund Code/Loan # _____

9 Digit Routing Number: _____

Account #: _____

Type of Account (checking or savings): _____

Name of Financial Institution: _____

Bank Contact and Telephone #: _____

Undisbursed Amount: \$ _____

Amount of Payment: \$ _____

Remaining undisbursed funds (after this request): \$ _____

Agency Use: Authorized by: _____ Date: _____

Entered by: _____ Date: _____

00o

{DATE}

{GRANTEE NAME}

Attn: Executive Director

{ADDRESS}

RE: Section 523 Technical Assistance Grant
High Risk Status Determination

Dear Executive Director:

In accordance with RD Instruction 1944-I, § 1944.417, Section 523 Technical Assistance (TA) grantees are responsible to report quarterly on their progress in all areas related to grant performance. Based on performance, the quarterly report and information from the Technical & Management Assistance (T&MA) Contractor, a determination is made by the agency whether the grant is progressing favorably. In the event the grantee does not appear to be performing acceptably, a determination of "high risk" is made which identifies the areas in need of improvement.

Agency officials has been monitoring your grant performance and has recommended that a determination of high-risk status be issued. This letter serves as notification that the grantee has been determined high risk for the following reasons:

1. Assisting the projected number of families.
 - The grant proposes completion of {#} homes.
 - As of the quarter ending {DATE}, {PERCENT} of the grant period has elapsed; however, {#} homes, representing {PERCENT} of the proposal are complete.
2. Serving very low-income families.
 - The program goal to serve very low-income families as a priority with at least 40 percent of the available funds.
 - As of the {DATE} quarterly report, the grantee is serving {PERCENT} very low-income families.
3. Equivalent unit (EU) Production.
 - With {PERCENT} of the grant period elapsed, only {#} EU's have been completed. This represents {PERCENT} of the proposed goal.
 - Without a significant increase in Equivalent Unit Production, neither the EU, nor the number of homes completed goal will be met.

4. Technical Assistance (TA) cost.

- The proposed TA cost for the grant is {\$}.
- As of the quarter ending {DATE}, the actual TA cost is {\$}.
- Unless the EU's increase to meet grant goals, it does not appear that the TA cost goal will be met.

5. Labor contributions by the family.

- The grantee does appear to be meeting this goal with the homes currently in construction.

Contact the following offices for assistance with corrective actions:

RD State Office	RD Area Office	T&MA Contractor
{ADDRESS}	{ADDRESS}	{ADDRESS}
{PHONE}	{PHONE}	{PHONE}

Corrective actions may include but are not limited to training for packagers and construction supervisors, assistance with developing and implementing marketing plans to assist very low-income households, revisions to the production schedule/grant period, etc. There are many opportunities for assistance in areas that may help you meet your goals within the grant period. We encourage you to work closely with your T&MA Contractor to identify corrective actions.

You are required to submit {INSERT FREQUENCY OF REPORTS TO BE REQUIRED} status reports to our office, and we will monitor and assess progress. Progress will be assessed as follows:

- a) If the situation has been corrected or reasonable progress has been made toward correcting the situation, the "high risk" status may be lifted.
- b) If the situation has not been corrected and it is unlikely to be corrected if given additional time, the grant may be terminated under Rural Development Instruction 1944-I, 1944.426(b) (1).

Our goal is to assist you remain a successful Section 523 grantee. To that end, we want to work with you to identify the areas where it does not appear that goals are being met and implement corrective actions now, so that your grant goals are reached, and future grants are not jeopardized.

If you have any questions, please contact {INSERT APPROPRIATE RD OFFICIAL AND PHONE NUMBER}

Sincerely,

{INSERT STATE DIRECTORS NAME}
State Director

cc: {NATIONAL OFFICE, SPECIAL PROGRAMS BRANCH}
{T&MA Contractor}
{OTHER RD OFFICE, AS APPROPRIATE}
{BOARD OF DIRECTORS}

oOo

{DATE}

{GRANTEE NAME}

Attn: Executive Director

{ADDRESS}

Subject: Section 523 Technical Assistance Grant
High Risk Status Determination

Dear Executive Director:

As you know, a technical assistance grantee "high risk" determination was effective {INSERT DATE}. Our agency and Technical and Management Assistance (T&MA) Contractor have been working with you closely to monitor your progress in meeting grant goals.

Based on a review of the progress you have made and recommendation of the {Insert as appropriate such as Program Director, Area Director, Self Help Coordinator} and T&MA Contractor, the high-risk grantee determination is removed effective today.

Thank you for your efforts to improve performance and address the issues of concern. We look forward to working with you in the future and providing additional opportunities for homeownership. If you have any questions, please contact {NAME} at {INSERT PHONE #}.

Sincerely,

{INSERT STATE DIRECTORS NAME}

State Director

cc: {NATIONAL OFFICE SPECIAL PROGRAMS BRANCH}
{T&MA Contractor}
{OTHER RD OFFICE, AS APPROPRIATE}
{BOARD OF DIRECTORS}

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{DATE}

{GRANTEE NAME AND ADDRESS}

Dear {NAME}:

This letter is to acknowledge {GRANTEE NAME} completion of 523 Technical Assistance (TA) Grant requirements in accordance with Rural Development Instruction 1944-I and 523 TA Agreement (letter of conditions) for the period of {GRANT START DATE} through {GRANT COMPLETION DATE}.

Performance under this grant agreement is evaluated as follows:

1. {GRANTEE NAME} {DID OR DID NOT} assist the projected number of families in obtaining adequate housing. There were {#} homes projected, and {GRANTEE NAME} completed {#} homes during this grant period.
2. {GRANTEE NAME} {DID OR DID NOT} meet the goal of assisting at least 40% very low-income families. At the end of the grant period, they served {%) very low-income families.
3. {GRANTEE NAME} {DID OR DID NOT} meet the family labor requirement of at least 65%.
4. {GRANTEE NAME} {DID OR DID NOT} meet the projected TA cost per EU of {\$}. Actual TA cost per EU at grant close out was only slightly over at {\$}.
5. {GRANTEE NAME} {DID OR DID NOT} meet all other objectives under the grant agreement.

{GRANTEE NAME} receives a rating of "{OUTSTANDING/ACCEPTABLE/NOT ACCEPTABLE}" since they met {#GOALS MEET} of the above listed goals.

We look forward to working with you on your new 523 grant award and thank you for your dedication to the self-help program. Please feel free to contact {OFFICE CONTACT NAME} at {#}, should you have any questions.

Sincerely,

{INSERT STATE DIRECTORS NAME}
State Director

Cc: {NATIONAL OFFICE SPECIAL PROGRAM DIVISION}
{T&MA Contractor}
{OTHER RD OR OFFICE, AS APPROPRIATE}

oOo

(09-29-23) PN 593

INDIRECT COST RATE NEGOTIATIONS

The cognizant agency for indirect cost negotiation for the United States Department of Agriculture (USDA) Rural Housing Service, but the servicing agency for processing indirect cost rate proposals and issuing and extending indirect cost rate agreements will be the United States Department of the Interior (DOI).

USDA-Rural Housing Service annually enters into an interagency agreement with the DOI, Interior Business Center. This agreement provides for DOI to negotiate, issue, and extend current indirect cost rate/cost allocation plans on behalf of USDA-Rural Housing Service for Section 523 Mutual Self-Help Grant Applicants. States should provide this policy to their grant applicants, so they may work directly with DOI for approval.

Grantees claiming reimbursement of indirect costs on the Section 523 Self-Help Technical Assistance Grants are required to have current negotiated indirect cost rate agreements with their federal cognizant agency which may not necessarily be DOI. For example, if Health and Human Services (HHS) is a Section 523 Grant applicant's cognizant agency because they provide the largest source of funding to the entity, then the applicant will need to provide a copy of HHS's rate approval with their grant application.

RESPONSIBILITIES:

Cost Allocation Plans and Indirect Cost Rates

Historically, USDA-RHS has allowed nonprofit organizations and governmental departments to use a Cost Allocation Plan (CAP) in lieu of an indirect cost rate. With the release of 2 CFR 200, it has been made evident that an indirect rate will be more appropriate for the majority of Section 532 Grantees. Under certain situations, governmental departments or agencies may request to use a CAP in lieu of an indirect cost rate agreement but this must be requested only in limited circumstances and be due to the nature of that entity's federal award. CAPs used by governmental agencies will be reviewed by DOI on a case-by-case basis to determine if indirect cost rates can be issued instead.

In the rare situation where a Non-Federal entity can appropriately allocate and charge 100% of their costs directly to their 523 grant and indirect costs are not claimed, approval from DOI is not necessary; however, DOI may review proposals of these types on a case-by-case basis to determine if indirect cost rates can be issued.

RHS Staff should review specifically line item 'j. Indirect Charges' found in Section B (6) on Standard Form 424-A, 'Budget Information- Non-Construction Programs' to determine if the applicant is proposing to charge indirect costs to the grant. If the applicant does not show any charge to the grant for indirect costs, the proposed budget should be reviewed to determine if an indirect cost rate should be utilized. Regional Technical and Management Assistance (T&MA) providers should be consulted with to assist the agency in making the determination as to when an applicant's cost allocation plan should be submitted to DOI.

Indirect Cost Rate Negotiation:

For organizations that have previously negotiated indirect cost rate agreements, it is the responsibility of each grantee to submit a new indirect cost proposal to their Federal cognizant agency for indirect cost within 6 months after the close of each fiscal year. Any non-federal entity that has a federally negotiated indirect cost rate may apply for a one-time extension of a current negotiated indirect cost rate for a period of up to four years. The extension is subject to the review and approval of the federal cognizant agency for indirect costs.

Organizations that have not previously established an indirect cost rate with a Federal agency must submit an initial indirect cost rate proposal immediately after the organization is advised that a Federal award will be made and in no event later than three months after the effective date of the Federal award, unless they elect to charge the de minimis rate of 10% modified total direct cost (MTDC). Any non-federal entity, even if they have previously received a negotiated indirect cost rate, except for those described in 2 CFR 200 Appendix VII paragraph (d) (1) (B), may elect to charge a de minimis rate of 10% modified total direct cost (MTDC) which may be used indefinitely.

Resources and Contacts:

Grantees should be informed that they may request assistance from the Department of Interior (DOI) in preparing their indirect cost proposals. For detailed information and guidance on preparation of Indirect Cost Proposals grantees may visit the DOI web site at <https://www.doi.gov/ibc/services/finance/indirect-cost-services>. Grantees requesting funding during the period of this agreement should be advised to prepare and submit proposals to DOI at least 90 days prior to the desired grant closing date; or provide a copy of its approved indirect cost rate agreement to Rural Development with their grant application.

Under the terms of the Interagency Agreement, Rural Development State Directors, or their designee, will notify the DOI Interior Business Center regarding grantees that do not have a federally approved indirect cost rate agreement, or in certain cases, a federally approved cost allocation plan. The contact information for the DOI, Interior Business Center is:

Doris Jensen, Branch Chief
Email: [doris w jensen@ibc.doi.gov](mailto:doris.w.jensen@ibc.doi.gov)
Phone: 916-930-3829

US Department of the Interior
Interior Business Center
Indirect Cost and Contract
Audit Division
450 Capitol Mall, Suite 430
Sacramento, CA 95816
ICS Mailbox: ics@ibc.doi.gov

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APPENDIX 13

SELF-HELP HOUSING

I. OVERVIEW OF SELF-HELP HOUSING. The Self-Help Program is authorized under SEC. 523. [42 U.S.C. 1490c] of the Housing Act of 1949, as amended and is further defined at 7 CFR 1944, Subpart I as well as RD Instruction 1944-I. The purpose of this program is to facilitate the efforts of both public and private nonprofit organizations providing oversight to low and very low-income families who, with the benefit of technical assistance, participate in Self-Help housing programs. Section 523 grant recipients (hereafter referred to as Grantee) use funds primarily for administrative costs to seek out the land for construction, package loan applications for participants, acquire quotes for building materials, aid in the solicitation and selection of subcontracted labor, and direct program participants in tasks to complete 65% of the labor contributed to constructing the dwelling or for rehabilitation projects, plan labor tasks that will contribute to the owner realizing cost savings.

The Section 502 Direct Home Loan Program is typically utilized by participants choosing to build their homes in the Self-Help Program. In some areas, the Section 502 Program is used to acquire and rehabilitate existing homes. For owner occupied rehabilitation, the Section 504 Program is encouraged. Processing steps for a 502 or 504 Self-Help loan follow the requirements of Handbook-1-3550 and RD Instruction 1924-A unless otherwise addressed in this Appendix.

II. APPLICATION PROCESSING PRIORITY. Chapter 3 of this Handbook discusses application processing priorities. Self-Help applications receive a priority four. They are priority four given the benefit of this partnership to all involved and given that delays in loan processing adversely affect a Grantee's production goals for their grant. When Grantees are unable to meet their production goals for a grant, the cost of that program rises. Field Staff should consider these factors when processing category four applications.

III. SELF-HELP LOAN APPLICATION PACKAGING. Part of the requirements for Grantees is packaging 502 Direct loan applications to Rural Development for Self-Help Program participants. Self-Help packaging is separate from the certified packaging process, but Grantee's must follow the process found in Attachment 3-A of this handbook, including the use of the required applicant disclosure letter, Application/Property Submittal Cover Letters, eForms for application submittal, etc. As described in Attachment 3-A of this handbook, all packagers act as a "liaison" between the applicant and the Agency, and it is important that the Field Staff keeps the Grantee informed throughout loan application processing.

IV. ENVIRONMENTAL REVIEWS. Self-Help new construction typically affects parcels of land with 4 or more proposed lots which constitutes a ‘significant impact’ and will require a higher level of Environmental Review (ER) than the purchase of an existing home. Determining the level of ER required will likely need to occur even before loan application packages are submitted. The ER process should begin when a Grantee is purchasing land for the Self-Help Program. If the Grantee has another source of Federal funding such as the Self-Help Opportunity Program (SHOP) funded by the U.S. Department of Housing and Urban Development (HUD), Rural Development should coordinate with the other Federal Agencies to jointly process the ER. Guidance for ERs is found in RD Instruction 1970 series “Environmental” and Chapter 1, Paragraph 1.14 A. of this handbook.

V. APPRAISALS. Appraisal ordered by Grantees will be accepted provided that:

- a. Rural Development is notified of the intent to order and the cost of the appraisal prior to any contractual commitment. Once notified Rural Development will:
 - i. Within three business days of receiving this notification, issue the applicant a third-party appraisal Loan Estimate (LE) and accompanying tailored Handbook Letter 5.
 - ii. RD will list the cost of the appraisal as provided by the third party, which may exceed the Agency’s prevailing appraisal fee in Paragraph 5.20 of this handbook.
- b. Orders the appraisal **only** after:
 - i. Receiving notification from Rural Development to proceed with the order.
 - ii. Explaining to the applicant that they are ordering the appraisal on the applicant’s behalf and that the applicant will have to cover the fee, out-of-pocket, if the loan does not close.
 - The Grantee may choose to collect the appraisal fee from the applicant prior to ordering. The appraisal fee, even though paid to the Grantee, is an allowable excess cost and is eligible to be reimbursed to the borrower from their loan proceeds at loan closing. A paid receipt must be forwarded to the Field Office to ensure proper credit and disclosure on the settlement statement.
- c. The Grantee will provide a copy of the paid invoice for the appraisal along with a copy of the appraisal that:
 - i. Meets the Uniform Standards of Professional Appraisal Practice and Agency appraisal standards, as described in Chapter 5, Paragraph 5.14 of this Handbook, and 7 CFR 3550, § 3550.62 Appraisals.
 - ii. Lists Rural Development as an “intended user.”
- d. The appraisal is reviewed for acceptability by Rural Development.
 - i. Rural Development must complete Form RD 1922-15, “Administrative Appraisal Review for Single Family Housing.”
 - ii. At a minimum, the first five appraisals obtained by a Grantee will receive a pre-closing technical review.

- iii. All appraisals submitted by Grantees, which are subject to a technical preclosing review, must be entered into the Appraisal Hub on SharePoint to assist with the monitoring of performance and compliance.
- iv. RD staff appraisers should complete their review within three business days. At the discretion of the appraisal staff, additional revisions or reviews may be required.
- v. When additional revisions are needed, they will be addressed by RD staff appraisers, in coordination with the Field Staff, and the third party.
- e. Once the Administrative Appraisal Review (and any applicable technical pre-closing review) determines the appraisal is acceptable, the RD processing Field Office must ensure the applicant is promptly provided a copy.

Loan funds may be used to reimburse the payor of the appraisal fee at loan closing. The amount of reimbursement for the appraisal may exceed the Agency's standard appraisal fee (Chapter 5, Paragraph 5.20). The paid invoice for the appraisal and instructions for "paid outside of closing" reimbursement will be sent to the closing agent for proper disclosure and settlement.

VI. SELECTING A CONTRACTOR. RD Instruction 1924-A describes authorized construction methods which are the contract, borrower, Mutual Self-Help, and owner-builder. The Mutual Self-Help method is defined as the performance of work by mutual labor under the direction of a construction supervisor. The ways of doing the work, buying materials, and contracting for special services are like those used in the borrower method whereby the owner acts as their own general contractor. In the Mutual Self-Help method, a group agreement acts as the governing document between the builder and the Grantee. The group agreement is a vital document that outlines roles and responsibilities, labor contribution requirements, subcontracting arrangements, grievance procedures, and other items related to the group build. The Loan Approval Official must be familiar with this agreement which is part of the approved Self-Help application docket. All changes must be reviewed by the Agency prior to use.

Under the Mutual Self-Help method, the Grantee is NOT a contractor and should **NOT** be asked to sign a construction contract or builder warranty. RD Instruction 1944-I, § 1944.406 of this section, specifically prohibits the Grantee from hiring personnel for the purpose of performing the participants' construction work on the homes. Construction supervisors assisting families in building homes can perform work alongside the families so long as they do not perform an entire task solely and their work is not the determining factor of completing the task.

Grantees are vetted through the Section 523 approval process and are not checked as a contractor through Do Not Pay (DNP).

VII. CONSTRUCTION DOCUMENTS. The items listed below are submitted as part of the Section 523 application process but must be updated as needed and submitted by the Grantees as part of each Section 502 construction package as follows:

- **Plans and Specifications.** The building plans and specifications should be signed by the Grantee and the applicant on each page.
- **Form RD 1924-2, Description of Materials.** Required to be submitted for each application file.
- **Form RD 1924-25, Plan Certification.** The plans, specifications, calculations, and any modifications must be certified by the design professional on Form RD 1924-25, to ensure that the appropriate codes and standards are met.
- **Development Budget.** The development budget may include an amount for construction contingencies resulting from unusual and unforeseen circumstances beyond the contractor's or borrower's control (refer to Chapter 5, Paragraph 5.23 A of this Handbook, for the allowable amount and conditions). Form RD 1924-1 "Development Plan" is not required, provided the development budget contains the same information that would be recorded on the form.

The Grantee is responsible for subcontractor communication, and the Rural Development file does not need to contain pre-construction meeting documents as it would with new construction other than Self-Help.

VIII. SUBCONTRACTS. Grantees work with subcontractors and suppliers to procure the needed supplies and skilled labor required to complete the homes. The Grantee obtains bids and selects the best available contractors/suppliers. The borrowers' 502 loan funds are then used to make the purchases and pay invoices. To this end, contracts with subcontractors/vendors must be signed by the owner/builders but may be made individually with each owner/builder or as a group. Group contracts must clearly identify the charge to each participant, allow warranties to be issued directly to the owner, and must allow homeowners to work directly with the subcontractor for warranty work. In either case, the group agreement, signed by participants, should specify which process(es) the Grantee will be permitted to use. Subcontracts in Self-Help are unlike those in construction with a general contractor because funds are paid directly to the subcontractors. For this reason, it is reinforced that the following are required for subcontracted work under the Self-Help Program:

- **Department of Labor Notification.** Individual contracts that exceed \$10,000 do require notification to the U.S. Department of Labor as described in Chapter 5, Paragraph 5.23 D of this Handbook. Group contracts exceeding \$10,000 only require notification if the individual charge to any one home exceeds the threshold.
- **Do Not Pay.** Subcontracts \$25,000 or more require clearance through the DNP system. See Paragraph 4.11 A of this Handbook for guidance on the DNP portal.
- **Contractor's Final Release and Waiver of Lien.** Each subcontractor used during construction must sign Form RD 1924-9, "Contractor's Final Release and Waiver of Lien."
- **Release of Claimant.** Each subcontractor used during construction must sign Form RD 1924-10, "Release by Claimants. Grantees" will maintain a list of subcontractors for each build to ensure this form can be easily obtained prior to final payments being made.
- **Builder's Warranty.** Individual warranties offered on materials and subcontracted labor should be given by the Grantee to the owner with a copy to the Rural Development file. Grantees should not be asked to sign any warranty forms.

IX. ADMINISTERING CONSTRUCTION FUNDS. In the Self-Help Program, Grantees are prohibited from using Section 523 grant funds to pay for the construction of the homes. Again, the Grantee is not a contractor so Field Offices should advance draws to avoid any need to reimburse a Grantee's unrestricted funds that may have been used to pay for home construction while awaiting draws from the 502 accounts. To this end, draws against the 502 builders' accounts will be guided by work in place and work to be completed in the next 30 days. Self-Help draws are not subject to the release of funds based on 60 or 90 percent of the work in place which is required under the contract method for new construction with a contractor. Grantees may request up to 100 percent of work in place as well as an advance for large, planned purchases in the next 30 days. At closing, an initial draw to cover the land, plans/specs, permits, and other costs which will be incurred within the first 30 days of closing (such as opening the supervised or custodial account) maybe be issued.

Field Staff should be aware that group split items are permissible for required building costs shared by the group (e.g., shared outhouse, power bill, tool rental, nail buckets, etc.). Draw requests should be made no more than once a month and must include documentation of the expenditures due on a detailed coversheet. Copies of corresponding invoices, code inspection reports, and pictures of progress should be attached to the detailed coversheet, as applicable (note that invoices coming due in the next 30 days may be unavailable at the time of the request and can be submitted with the next monthly draw). The coversheet will be signed by both the Grantee and the participating family before it is submitted for processing. A Rural Development inspection is not required for each draw, but Rural Development staff should monitor construction progress as compared to funds drawn down to ensure their general alignment (e.g., if the house is 20% complete, draws should be approximately 20% of the construction costs). RD Instruction 1944-I, § 1944.425 of this section, provides requirements that must be met before a Grantee is authorized to manage 502 account funds in a custodial or supervised account.

X. SELF-HELP INSPECTIONS. Inspection requirements are the same for the Self-Help Program. An inspection report and pictures from a Grantee can be accepted as a third-party inspection; however, to avoid any conflict of interest, Grantee inspections should not be the only ones completed. Grantee inspection should be coupled with local county/city inspectors, RD inspections, or other approved third-party inspectors. Inspections that cause a charge to the 502 borrower account should be used as a last resort. Grantees should never be asked to pay for an inspection.

XI. POST CLOSING LEVERAGED LOANS/GRANTS. Self-Help is a partnership between Rural Development and the Grantee and consistent communication is key to success. If unforeseen circumstances arise and additional funding is needed during construction, the Grantee should contact the borrower and Rural Development immediately. In some cases, the Grantee may have access to affordable home loan/grant products which could be used to cover cost overruns; however, an additional loan/grant adversely impacts a Self-Help builder's sweat equity. Grantees who regularly place second liens on Self-Help participant's property is an indication that there is an issue with the Grantee's management/oversight of the project. State Offices should discuss these occurrences with the National Office for further guidance. Post-closing loans or grants should **NOT** be provided to the borrower without notification to Rural Development.

XII. PARTICIPANT WITHDRAWAL. In rare cases, a Self-Help owner/builder may be unable to complete the program. Grantees should communicate these issues to Rural Development. The group agreement should provide instructions for expelling a member from the group, or a borrower may quit; however, once a loan is closed, the program participant is in ownership of the property and must make decisions as such. In the event an owner/builder will not complete the home through the program, final decisions regarding how to move forward and complete the house must be made as follows:

1. **Transfer to Another Self-Help Borrower-** The borrower may wish to facilitate the sale of the partially built home to another very-low or low-income applicant on the Grantee's waiting list. Rural Development can extend new loan funds to an eligible borrower for such a transfer (when funds are limited a new rates and terms assumption can be processed). A purchase and sale agreement will need to be executed between the owner and the incoming Self-Help Program participant. Parties should consider the closing costs required for the new loan when establishing the sales price (e.g., the closing cost will be seller paid, the applicant will take out a supplemental loan, or some other arrangement).
2. **Contract Method-** Some borrowers may wish to find a contractor to complete their home. This will likely cause the need for the borrower to qualify for a subsequent loan to cover the higher cost of building with a contractor.

The owner should be notified of their option in writing, given a reasonable timeframe to respond and be advised that the loan must be converted to permanent and payments started if they do not respond.

XIII. CONSTRUCTION CLOSEOUT. Once construction or rehabilitation work is satisfactorily completed, Rural Development will coordinate with the Grantee to close out construction, including converting the loan to permanent with payments starting 30 days after. At least 60 days prior to conversion, Rural Development should work with the Grantee to obtain the necessary paperwork for conversion including updated income documents, taxes, insurance information, etc. As with construction under the contract method, loan conversion **MUST** happen on the first of the month after the final inspection, issuance of the certificate of occupancy, or the new/repaired dwelling becomes occupied.

- A. **Funds Remaining After Completion.** Any remaining loan funds which were deposited into the custodial/SBA account to pay final invoices for the home should be reconciled and closed quickly after conversion. It is anticipated that any final invoice would be paid within 60 days and unused loan funds will be returned to Rural Development as a curtailment of the loan balance.
- B. **Compensation for construction defects.** RD Guide Letter 1924-1, "Notification to Eligible Borrowers of Benefits Under RD Instruction 1924-F" should be provided to the borrower by the Field Office at conversion and will cover any materials/supplies as well as work completed by subcontractors.

XIV. SELF-HELP TAKE-OUT LOANS. Using the Section 502 Direct Home Loan Program as take-out-financing for self-help homes is highly discouraged. A Grantee's organizational risk is elevated when holding ownership of the property during construction. If a Grantee chooses to process take-out loans, Rural Development assumes no liability for lack of available funding, unqualified applicants, ineligible properties, etc. Rural Development will not predetermine eligibility or obligate loan funds outside the instruction of this handbook.

XV. OTHER LOAN FINANCING. There is no requirement for Self-Help Program participants to use Rural Development financing. Self-Help Program participants must be at or below Rural Developments low-income limit for the Grantee to charge the grant for the work completed and claim an equivalent unit under the grant. If an owner/builder is not receiving a Rural Development loan, they would not submit an application so Field Offices should refer to RD Instruction 1944-I for information on what documents the Grantee should submit which will be kept in the Section 523 file to ensure they meet program requirements.