

TO: State Directors
Rural Development Managers, Community
Development Managers

ATTENTION: Rural Housing Program Directors

FROM: Arthur A. Garcia *(Signed by Arthur A. Garcia)*
Administrator
Rural Housing Service

SUBJECT: Self-Help Technical Assistance Grants Administration

PURPOSE/INTENDED OUTCOME:

This AN provides guidance regarding the processing of self-help technical assistance grants. The intended outcome is to improve the consistency of processing pre-applications and applications for mutual Self-Help grants.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Pre-Application Processing Checklist. Attachment 1 provides a general checklist for use by the State, Area and Local Offices. New grantees to the self-help program are encouraged to submit pre-applications following this checklist. It will assist in processing grants and assuring all requirements under RD Instruction 1944-I are met.

Application Processing Through Grant Closing Checklist. Attachment 2 provides a general checklist for use by the State, Area and Local Offices. Applicants and existing Grantees applying for another grant are encouraged to submit their application following this checklist. This checklist will assist in the processing of self-help applications and assure all requirements under RD Instruction 1944-I are met.

Expiration Date: September 30, 2003

Filing Instruction
Preceding RD Instruction 1944-I

If processing checklists are already in place, they should be reviewed to make sure they are in compliance with the regulations and include the items in Attachments 1 and 2. The checklist should be filed in front of the application. Applications should be submitted in a binder with a table of contents and each item required on the checklist tabbed.

The checklists include some items that may not apply to all applicants' situations. For instance, some applicants will not have a sponsor. Other differences may include the requirements for private nonprofit agencies versus public bodies. If a line item is not applicable, it should be marked "N/A". Specific procedure references are given for your convenience. Please note that the Technical and Management Assistance Contractor for your State must conduct a review of each pre-application and application prior to the Agency's eligibility determination on the grant application package.

Uniform Letter of Conditions. Attachment 3, "Letter of Conditions" is a guide letter for use by the State for applicants who have submitted pre-applications and/or a pre-development grant request. Incomplete pre-application packages will be returned to the applicant noting incomplete or insufficient documentation until all requirements of RD Instruction 1944, I, paragraph 1944.410(a) have been met. Applicants determined eligible based on their submittal of the required information under RD Instruction 1944-I, section 1944.410(a) will receive Form AD-622, "Notice of Pre-application Review Action," and the "Letter of Conditions" from the designated Rural Development authorized official. The Letter of Conditions should be used as is, but may include additional requirements determined by the State to be needed to demonstrate compliance with RD Instruction 1944-I requirements. For instance, if an applicant lacks the experience and capability to complete the proposed 80 houses over the next two years, a recommendation to build 40 houses may be appropriate. The applicant is requested to submit their final application in accordance with the requirements of RD Instruction 1944-I, section 1944.410(e). If the applicant is determined not eligible by the State, the designated Rural Development authorized official will complete Form AD-622 denying the pre-application request. Appropriate review, mediation and appeal rights will be given by attaching HB-1-3550 Attachment 1-B to Form AD-622.

Attachment 4, "Letter of Conditions-Application Review," is for use by the State for applicants who have submitted their application package in accordance with the requirements of RD Instruction 1944-I, section 1944.410(e). This letter of conditions will include information needed before Rural Development will approve the grant request. Incomplete application packages will be returned to the applicant noting incomplete or insufficient documentation until all requirements of RD Instruction 1944-I, section 1944.410(e) have been met. If the applicant is unable or unwilling to meet the requirements, the designated Rural Development authorized official will inform the applicant of the Agency's decision to terminate further processing of the application package. Appropriate review, mediation and appeal rights will be given by attaching

HB-1-3550, Attachment 1-B to the letter informing the applicant of application processing termination.

Adherence to the requirements contained in this AN should be complied with upon receipt. State Offices needing further guidance on this AN should contact Carolyn Bell or Daryl Cooper at the National Office, Single Family Housing Direct Loan Division, 202-720-1474.

PRE-APPLICATION PROCESSING CHECKLIST

| Description of Document | Form/ Instruction No. | Tab Position | Date Received | Comments |
|--|------------------------------|-----------------|------------------|----------|
| (1) Application for Federal Assistance (For Non-Construction) | 1944.410(a) Form SF-424-1 | | | |
| (2) Previous Experience | 1944.410(a)(1) | | | |
| (3) Organizational Papers (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 (e) Names and addresses of Board of Directors, officers and members (plus principal business of any member that is an organization) | 1944.410(a)(2) | | | |
| (4) Current Financial Statements for Applicant and any Sponsor | 1944.410(a)(3) | | | |
| (5) 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 (f) Evidence of Community Support * (g) List of low-income person(s) waiting to build self-help housing * | 1944.410(a)(4) | | | |
| (6) Outreach Plan for very low-Income | 1944.410(a)(5) | | | |
| (7) Preliminary Land Survey | 1944.410(a)(7) | | | |

| Description of Document | Form/ Instruction No. | Tab Position | Date Received | Comments |
|---|-----------------------------------|-----------------|------------------|----------|
| (8) HUD Fair Housing Marketing Plan | HUD Form 935.2 1944.410(a)(10) | | | |
| (9) Budget Information (Non-Construction Programs) | Form SF-424A 1944.410(a)(6) | | | |
| (10) Determination of TA Grant Amount | 1944.407 | | | |
| (11) Other Applicant Activities if multi-funded, either cost allocation plan or existing Indirect cost rate | 1944.410(a)(8) | | | |
| (12) Predevelopment assistance request | 1944.410(a)(9) | | | |
| (13) Intergovernmental Review Submittal | 1944.409 | | | |
| (14) Information about sponsor (if applicable) (a) Name and address (b) Experience and ability (c) Written agreement to assist | 1944.404(b)(2) 1944.410(a)(1) | | | |
| <p>The applicant submits the pre-application containing the above applicable items to the office designated to receive the pre-application in an original and at least one (1) copy. Upon receipt of the pre-application in the Rural Development Office designated to receive the pre-application, the office manager will immediately forward the copy of the pre-application to the Technical and Management Assistance (T&MA) Contractor for their review. The T&MA Contractor will complete their review within 15 calendar days and submit their review finding to the State Director with a copy to the office designated to receive the pre-application. Once the designated office submits the copy of the pre-application to the T&MA Contractor, the review process within Rural Development will continue in accordance with the following items.</p> | | | | |
| (15) Community Development Manager's Environmental Review | 1944.410(b)(1)(ii) | | | |

| Description of Documents | Form/ Instruction No. | Tab Position | Date | |
|---|--|-----------------|----------|----------|
| | | | Received | Comments |
| (16) Rural Development Manager's Recommendation | 1944.410(b) | | | |
| (17) T&MA Contractor's Review and Recommendation | Required Under National Office Contract with T&MA Contractor | | | |
| (18) OGC Review (if necessary) | 1944.410(b)(2) | | | |
| (19) National Office Review (if over \$300,000 or if amount of grant plus unexpended funds from previous grant exceeds \$400,000) | 1944.415(a) | | | |
| (20) Notice of Pre-application Review Action and Letter Of Conditions | Form AD-622 1944.410(c) | | | |
| (21) Request for Obligation of Funds (predevelopment assistance) | Form RD 1940-1 1944.413(a)(1) | | | |
| (22) Self-Help Technical Assistance Grant Predevelopment Agreement | 1944.410(d) Exhibit D | | | |
| (23) Civil Rights Impact Analysis Certification | Form RD 2006-38 RD Inst. 2006-P, § 2006.754(b) | | | |
| (24) Compliance Review (Pre-award) | Form RD 400-8 RD Inst. 1901-E, § 1901.204(a) and § 1901.204(c)(3) | | | |

Self-Help Technical Assistance Grants

APPLICATION PROCESSING THROUGH GRANT CLOSING CHECKLIST

| Description of Documents | Form/ Instruction No. | Tab Position | Date Received | Comments |
|--|--------------------------------|-----------------|------------------|----------|
| (1) Application for Federal Assistance Non-Construction Programs | Form SF-424-1 1944.410(e) | | | |
| (2) Waiting List of Participants * | 1944.410(e)(1) | | | |
| (3) Proof that the participants in the first group have qualified for assistance * | 1944.410(e)(2) | | | |
| (4) Lot options for first group * | 1944.410(e)(3) | | | |
| (5) Evidence of lot availability for remaining groups * | 1944.410(e)(3) | | | |
| (6) House plans, specifications and detailed cost estimates * | 1944.410(e)(4) | | | |
| (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 1944.410(e)(7) | | | |
| (10) Indirect or direct cost policy and proposed indirect cost rate * | 1944.410(e)(8) | | | |
| (11) Personnel practices and Procedures * | 1944.410(e)(9) | | | |
| (12) Monthly activities schedule * | 1944.410(e)(10) | | | |

- These items should be included with the applicable pre-application or application.

Applicants and existing Self-Help grantees applying for a new grant should submit their applications in an original and one copy containing the above applicable items to the Rural Development Office designated to receive the grant application as determined by the State. Upon receipt by Rural Development, the copy of the grantee’s package will be submitted to the Technical and Management Assistance (T&MA) Contractor for review and returned to the State Office within 15 calendar days. Rural Development’s review of the Grantee’s application package will continue in the internal Agency review process to make a determination whether the application meets all of the requirements of RD Instruction 1944-I. If the application package is complete, the State Director will forward the package to the National Office (if the grant request is equal to or over \$300,000 or if the amount of the grant plus the unexpended funds from a previous grant will exceed \$400,000). The State will issue a Letter of Conditions to the Grantee subject to: (1) review of the application package by the National Office, if applicable, and (2) the compliance with completion of the items listed below:

| Description of Documents | Form/ Instruction No. | Tab Position | Date | |
|---|--|-----------------|----------|----------|
| | | | Received | Comments |
| (1) Authorizing resolution | 1944.411(d) | | | |
| (2) Assurance Agreement | Form RD 400-4 1944.411(d) | | | |
| (3) Fidelity Bond Coverage | 1944.411(e) | | | |
| (4) Evidence of interest bearing checking account | 1944.411(g) | | | |
| (5) Group Agreement including Exhibit B-2 of 1944-I | 1944.411(h) | | | |
| (6) Request for Obligation of Funds | Form RD 1940-1 1944.412 | | | |
| (7) Self-Help Technical Assistance Grant Agreement | Exhibit A of 1944-I 1944.412 | | | |
| (8) Certification Regarding Drug-Free Workplace | Form AD-1049 RD Inst. 1940-M, § 1940.606(b)(2) | | | |
| (9) Certification Regarding Debarments, Suspension, and other Responsibility Matters | Form AD-1047 RD Inst. 1940-M, § 1940.606(b)(1) | | | |
| (10) Certification Regarding Lobbying | Exhibit A-2 RD Inst. 1940-Q, § 1940-810(a) | | | |
| (11) Statement of Compliance with 7 CFR Part 3015, if a nonprofit organization or, Part 3016, if a State or Local government. | 1944.411(c) | | | |
| (12) Assurances – Non Construction Programs | Form SF-424B 1944.411(f) | | | |

LETTER OF CONDITIONS

{GRANTEE NAME AND ADDRESS}

Date: _____

RE: Self-Help Technical Assistance Grant {AMOUNT}

Dear {CONTACT PERSON}:

A review has been completed of your pre-application package for a Section 523 Mutual Self-Help Grant. Based upon this review, your organization has been determined eligible to proceed with submitting your final grant application. To confirm this decision, attached is Form AD-622, "Notice of Pre-Application Review Action".

This letter establishes your basic eligibility for grant assistance. The amount of the proposed grant is based upon the proposed construction of {PROPOSED NUMBER OF HOUSES TO BE BUILT} houses.

Please develop your final application in accordance with all of the items listed in 7 C.F.R. § 1944.410(e). Once you have developed your application and submitted all of the items listed, Rural Development will review these items for completeness. Please provide the following:

1. Names, addresses, number in household, and total annual household income of person(s) who have been contacted by your organization 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 person(s) have qualified for financial assistance, (a Section 502 housing loan or other loan using income guidelines like those of the Department of Housing and Urban Development).
3. Evidence that lots are optioned by the prospective participating first self-help 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, if applicable.
7. Budget information including a detailed budget for the grant 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 7 C.F.R. parts 3015 and 3016.
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 participants in the self-help project.
11. [Add any additional requirements]

[Note: For applicant organizations also applying for a pre-development grant, insert the following language:

In addition to this action, your pre-development grant request in the amount of \$ _____ has been approved. The approval of your pre-development grant is subject to the following conditions:

1. These funds are to be used to develop your final application in accordance with 7 C.F.R. § 1944.410(d) and (e). The grant is limited to six months to complete the final application.
2. Prior to disbursement of any grant funds, Exhibit D to 7 C.F.R. part 1944, subpart I, "Self-Help Technical Assistance Grant Predevelopment Agreement", must be fully executed.
3. On a monthly basis, Form SF-270, "Request for Advance or Reimbursement", is to be submitted to Rural Development (Insert appropriate office and address). The request should indicate the amount of funds used during the previous month, amount of unspent funds, projected amount needed for the next 30 days and written justification if the request exceeds the projected need for the next 30 days. This request should be submitted approximately 15 days prior to the beginning of the month. The requests for funds are to be based on the Pre-development Budget submitted in the pre-application.

4. Maintain an interest bearing checking account on which two or more bonded employees will sign checks. Any interest earned in excess of \$250 annually must be submitted to Rural Development quarterly. The use of minority depository institutions is encouraged.
5. A Fidelity Bond coverage is required and must be maintained for the duration of the grant. Please submit a complete list of names and the title of each person to be covered by this Bond.]

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

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 C.F.R. § 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. Provide evidence of adequate fidelity bond coverage. Rural Development considers adequate coverage enough to protect the maximum amount of money, from any and all sources, a grantee will have on hand at any one time. The policy will cover all employees that have access to funds. Coverage may be provided either for all individual positions or persons, or through “blanket” coverage providing protection for all appropriate employees.
2. 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.
3. 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” and Form RD 400-4, “Assurance Agreement”.
4. Provide a completed SF-424B, “Assurances Non-Construction Programs,” agreeing to establish a recordkeeping system that a certified public accountant will certify as meeting the requirements of the Grant Agreement.

5. By grant closing, you must establish an interest bearing checking account on which two or more bonded employees will sign checks. Any interest earned in excess of \$250 annually must be submitted to Rural Development quarterly. (The use of minority depository institutions is encouraged.)
6. 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 C.F.R. part 1944, subpart I, clearly showing what labor tasks are required by the participating families.
7. 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 7 C.F.R. part 3017. Provide a copy of the statement given all employees in accordance with Appendix C of that part. All persons/entities doing business with you must sign AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transactions".
8. Certify on Exhibit A of 7 C.F.R. part 3018 (certification regarding lobbying) that you comply with the provisions therein.
9. 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.
10. {ADD ANY ADDITIONAL REQUIREMENTS}

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&M Contractor
Appropriate Rural Development Offices