

Part 1924 - CONSTRUCTION AND REPAIR

Subpart A - Planning and Performing Construction and Other Development

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- Exhibit A Forms needed for SFH new construction.
- Exhibit B Development Standards for Rural Development in Nebraska.
- Exhibit C SFH plan certification for Rural Development in Nebraska.
- Exhibit D Documentation to analyze exception to competitive bidding.
- Exhibit E Estimated Breakdown of Dwelling Costs for Partial Payments.
- Exhibit F SFH pre-construction conference.
- Exhibit G Authorized Dealer-Contractors for Rural Development.

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NE Instruction 1924-A

Part 1924 - CONSTRUCTION AND REPAIR

Subpart A - Planning and Performing Construction and Other Development

§ 1924.1 Purpose.

This instruction supplements but does not supersede Rural Development (RD) Instruction 1924-A, "Planning and Performing Construction and Other Development". This guidance is necessary to meet Rural Development requirements in Nebraska.

§ 1924.5 Planning development work.

The intent of Exhibit A of this instruction is to provide the forms applicable to adequately plan and proceed through the construction process for Single Family Housing New Construction. Offices should utilize this exhibit along with the appropriate portions of Attachment 3-G, HB-1-3550 to assure all agency regulatory requirements are met when construction is involved. Exhibit F of this instruction should be used to document the pre-construction conference when construction is proposed under the construction contract method.

§ 1924.5(d) Construction.

The Rural Development construction and energy standards for stick built and modular housing in the state of Nebraska are listed in Exhibit B.

§ 1924.5(f) Responsibilities for planning development.

Rural Development staff must insure that Form RD 1924-25 "Plan Certification" is used for both Single Family housing and Multi-Family housing to certify the minimum development standards as outlined in Exhibit B. This certification does not cover the site plan or soil bearing characteristics of the site. Certification for thermal compliance may be obtained through using the U.S. Department of Energy's REScheck application. This application can be found at <http://www.energycodes.gov/rescheck/index.stm>.

Individuals or organizations authorized to certify plans and specifications can be found in Exhibit C. Additionally, paragraph 8 of Exhibit C addresses the use of building permits as evidence for plan certification.

(2)(v) Rural Development staff should provide information to the applicant/borrower to assist them in obtaining State Health Department approval of individual water and sewer systems. Applicants/borrowers may contact the Nebraska Department of Health and Human Services at the following address to obtain the application for Evaluation of Individual Water Supply and Sewage Treatment System form:

Nebraska Department of Health and Human Services  
Public Health Division - Environmental Services  
P.O. Box 95007  
Lincoln, NE 68509-5007  
Phone: (402) 471-0387

For most counties, there is a \$100 application fee; however this may change over time. This fee may be higher in Metropolitan Statistical Areas (MSA) and some MSA may also have additional requirements.

The following are useful websites which relate to this topic:

1. Nebraska's Local Health Departments  
<http://www.hhss.ne.gov/puh/oph/lhd.htm>
2. Proper Location and Construction of Wells  
<http://www.hhs.state.ne.us/enh/ProperWellConstruction.pdf>
3. Nebraska's Water Well Standards and Contractor's Licensing Program  
<http://www.hhs.state.ne.us/puh/enh/wwsindex.htm>
4. On-Site Wastewater Program (Septic Systems and Lagoons)  
<http://www.deq.state.ne.us/WasteWat.nsf/pages/Onsite>

§ 1924.6 Performing development work.

(a)(12) Payments for work done by the contract method.

When development work is completed by the contract method, requests for partial payments and final payment on construction contracts should be made in accordance with the requirements of Form RD 1924-6, "Construction Contract" and Paragraph 5.26.C, HB-1-3550. Form RD 1924-18, "Partial Pay Estimate" may be used by the Contractor to request partial payments. This form provides for the appropriate retainage to be maintained in accordance with the terms of the contract. To the extent possible, payments should be arranged for the convenience of the contractor, but at no shorter intervals than 30 days. The following points should be incorporated in the evaluation of partial payment requests.

- A. The amount paid must directly reflect the percentage of total work completed, i.e., 10%, 50%, etc. See Exhibit E of this instruction for a matrix to assist in determining the percent complete.
- B. When entering into a contract for a manufactured/modular home, the RD Form 1924-6 contract should be used, and if the option 3 for 90% payment is used, the language "and of the value of the materials suitably stored at the site" must be stricken from the contract. At the Preconstruction Conference for the home, the Agency needs to point out this change for all involved, to ensure everyone is aware of it.
- C. Partial payments must be approved in conjunction with inspections performed by Rural Development and the Borrower's inspecting architect, if an architect is used for the specific construction involved.
- D. The correct amount of retainage must be withheld from the payment to the Contractor.

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- E. The approval official should be familiar with the terms of the construction contract, e.g., does the contract require a partial-lien waiver, evidence of bills paid, etc. Payments must agree with the terms of the contract.
- F. Change orders identified in the payment requests must have the written approval of Rural Development.
- G. The partial-payment request must be first approved by the Borrower's inspecting architect, if an architect is used for the specific construction involved.

§1924.8 Development work for modular/panelized housing units.

- A. **Modular Housing.** Modular homes are divided into multiple modules or sections which are constructed in a remote facility and then delivered to their intended site of use. The modules are assembled into a single residential building using either a crane or trucks. Modular homes differ from manufactured homes largely in their absence of axles or a frame. They are typically transported to their site by means of flat-bed trucks. Modular homes are constructed to meet the International Residential Code as listed in Exhibit B of this instruction. Rural Development requirements can be found in Exhibit B, RD Inst 1924-A. The following items are required for Modular Buildings:
  - 1. All modular buildings must be approved by the Nebraska Public Service Commission (NPSC) and bear the Nebraska Modular Housing Unit seal. The modular housing unit seal is affixed to one of the home's windows.
  - 2. Nebraska is a Category III state with oversight by the Public Service Commission. This meets the requirement for plan certification of the unit. Plan certification for the footings and foundation must be provided by the place of manufacture.
  - 3. Rural Development must perform a footing and final inspection on modular buildings. Since Nebraska Public Service Commission monitors the module construction and the construction plant, a rough-in inspection is not required by Rural Development.
  - 4. Rural Development must inspect the proposed site for acceptability and ensure it meets the requirements found in Attachment 5-B, HB-1-3550.
- B. **Manufactured Housing.** Manufactured homes are usually constructed in two pieces and are hauled by two separate trucks. Each frame has five or more axles, depending on the size of the house. Once the house has reached its location, the axles and the tongue of the frame are then removed, and the house is set on a permanent concrete foundation by a large crane. A manufactured home is built to the Federal Manufactured Home Construction and Safety Standards (FMHCSS)(HUD Code). Rural Development requirements can be found in Exhibit J, RD Inst 1924-A and

HB-1-3550, Chapter 9, Section 3. The following items are required for Manufactured Buildings:

1. All manufactured buildings must be approved by the Nebraska Public Service Commission (NPSC) and bear the Federal Manufactured Home (FMHCSS) label. The manufactured home label is red and silver and is attached to the exterior rear end of each transportable section of the home. For example, a single-wide home will have one (1) label and double-wide homes will have two (2) labels.
  2. The FMHCSS label on the manufactured unit would meet the requirement for plan certification of the unit. Plan certification for the footings and foundation must be provided by the place of manufacture.
  3. Rural Development must perform footing and final inspection on manufactured housing. Since Nebraska Public Service Commission monitors the house construction and the construction plant, a rough-in inspection is not required by Rural Development.
  4. Rural Development must inspect the proposed site for acceptability and ensure it meets the requirements found in Attachment 5-B, HB-1-3550.
  5. Thermal standards for manufactured housing are identified in Exhibit B of this instruction.
  6. Foundations must be designed to accommodate varying local conditions. This will be accomplished as follows:
    - (a) The applicant shall be responsible for furnishing to Rural Development an acceptable foundation design including a permanent perimeter enclosure. This design may be performed by a registered professional structural engineer or designed by the home manufacturer.
    - (b) The design shall be based on information provided by the home manufacturer. This information must include the location, magnitude, and direction of all loads to be supported and/or resisted by the foundation, plus any other pertinent and necessary information.
    - (c) The design shall also be based on local soils load bearing information.
  7. No loans will be made on manufactured homes sold or serviced by an entity that is not an approved Rural Development dealer/contractor. Exhibit G of this instruction provides a list of Rural Development authorized dealer/contractors in Nebraska.
- C. Existing manufactured/Modular housing. The purchase of an existing manufactured unit and site is prohibited use of 502 loan funds, unless the property is already financed with a Section 502 loan or is an Agency REO property. However, existing modular homes may be eligible for 502 financing. Typically the appraiser should make a determination if the existing property is a manufactured or modular home (they should initially check the under carriage to see if there are steel I-beams which would represent a manufactured property), however, if they are unable to distinguish this and they are able to

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obtain a serial number, offices may contact the Nebraska Public Service Commission as indicated below to verify of the dwelling is a manufactured or modular home.

Mark Luttich, Director  
Housing and Recreational Vehicle Department  
Nebraska Public Service Commission  
1200 "N" St., 300 The Atrium, Lincoln, NE 68508  
P.O. Box 94927, Lincoln, NE 68509-4927  
Phone: 402.471.0518  
Fax: 402.471.7709  
E-mail: mark.luttich@psc.ne.gov  
Web Site: [www.psc.state.ne.us](http://www.psc.state.ne.us)

§ 1924.9 Inspection of development work.

(d) Acceptance by responsible public authority.

- A. Rural Rental Housing Projects: State codes and ordinances require the State Fire Marshal and State Electrical Inspector to inspect all rental housing projects. A final inspection report must be provided to Rural Development. The telephone number for the State Fire Marshal is 402-471-2027 and the telephone number for the State Electrical Board is 402-471-3550.
- B. Rural Development Single Family Housing Construction Inspections: Rural Development Instruction 1924.9 (A) and (B) outlines three required inspections that need to be made on SFH new construction. Agency staff is not always available to make the first and second inspections on a timely basis. Construction work may be inspected by the loan approval official, the loan originator, or a qualified third party. HB-1-3550, Chapter 5, Paragraph 5.26 identifies qualified third party inspectors and documentation to be maintained. The final inspection will always be completed by Rural Development staff.

§1924.13 Supplemental requirements for more complex construction.

The following information is provided to interpret and clarify selected Rural Development requirements, procedures and guidelines on architectural and construction contract documents in the Multiple Family Housing Programs.

(a) Architectural Services.

- A. Design Services. Rural Development Instruction 1924-A requires architectural services to include three distinct phases of design: schematic studies, design development, and construction documents. Despite this requirement, frequently, project design architects are NOT providing all of these services. Many projects are using "repeat designs" that do not need schematic studies, and sometimes, not even design development documents. Therefore we are relaxing the enforcement of three distinct design phases when "repeat designs" are used. But it remains very important that the architect's fee for the

basic services directly represent the services actually provided to the Owner/applicant/borrower.

- B. Design and Inspecting Architects. For some projects, the project architect has an identity of interest with the Owner and/or Contractor. Rural Development Instruction 1924-A requires an independent architect administer the construction contract.

(e)(1)(ii) Contract Documents.

- A. Architectural Agreement Forms. American Institute of Architects (AIA) forms are to be used. The AIA has published several forms for use as architectural agreements. The most common is B141-1997, "Standard Form of Agreement between Owner and Architect." However, the form does not comply with all USDA Rural Development policies and requirements and must be amended to be acceptable. RD Instruction 1924-A, Guide 4 Attachment 1 has been published to provide this amendment, and must be used in conjunction with AIA document B141-1997.
- B. Construction Contract Forms. The form to use for construction contracts should be whatever is customary for the proposed project, provided it protects the interest of the Owner and the Government with respect to compliance with all applicable laws and regulations. AIA Forms are generally used for Multi-Family Housing projects. The American Institute of Architects has published several forms for use as construction contracts. The most common is A101-1997, "Standard Form of Agreement between Owner and Contractor". This form is used in conjunction with A201-1997, "General Conditions of the Contract for Construction". The forms, as published, do not comply with all USDA Rural Development policies and requirements and must be amended to be acceptable. RD Instruction 1924-A, Guide 1 Attachment 6, has been published to provide these amendments, and must be used with A101-1997 and A201-1997.
- C. Other Contract Forms. Other contract forms may be considered with proposals, but they will need to be reviewed by the Office of General Counsel and receive concurrence from the Rural Development State Director. RD Form 1924-6 "Construction Contract" is identified in RD Instruction 1924-A as the contract form to use for Single Family Housing. RD Form 1924-6, as written, is no longer adequate in the Multiple Family Housing to protect the interest of the owner and the government.

(e)(1)(v) Cost Certification.

- A. Hard and Soft Costs of Construction. We define "hard" costs as the costs of construction required for the purchase and installation of materials and equipment needed for physical structures and related improvements, as listed on lines 1 through 38 on the Form RD 1924-13 "Cost Certification". Construction "soft" costs are those costs covering overhead, profit, and general requirements, lines 39-43 on the Form RD 1924-13. Project "soft" costs are architectural/engineering fees, interest/financing fees, tap fees, tax credit

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application fees, market study fees, etc., incurred for services external to the construction contract, lines 46-55 except 50, on Form RD 1924-13.

- B. Construction Equipment. Financing construction equipment for contractors and/or subcontractors with loan funds will not be permitted. When the contractor or subcontractor states that it is qualified and capable of building the project, we expect the entity should have the equipment needed for construction or at least be able to lease the needed equipment.
- C. Interest Savings. In keeping with cost containment measures being implemented by the Agency, any interest savings may be applied to the loan amount in order to reduce the project indebtedness, or used for additional project requirements. As an incentive to encourage timely construction, profit and general overhead will not be reduced to coincide with interest reduction and/or interest left over after construction involving non-identity of interest contracts.

(e)(1)(vii) Exception to competitive bidding.

Exhibit D "Documentation to Analyze Exception to Competitive Bidding" should be used to obtain the documentation needed when an exception to competitive bidding is being considered for Rural Rental Housing projects.

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Forms Needed for Single Family Housing New Construction

- ( ) RD 400-1 Equal Opportunity Agreement - Over \$10,000 (Borrower signs)
- ( ) RD 400-3 Notice to Contractors and Applicants - Over \$10,000 (RD signs) Attach Poster Publication Item #620 Equal Employment Opportunity (THE LAW)
- ( ) RD 400-6 Compliance Statement - Over \$10,000 (Contractor signs)
- ( ) RD 1924-2 Description of Materials (Contractor and Borrower signs)
- ( ) RD 1924-6 Construction Contract (Contractor and Borrower signs)
- ( ) RD 1924-7 Contract Change Order (If needed or applicable, Contractor and Borrower signs)
- ( ) RD 1924-9 Certificate of Contractor's Release (Contractor signs)
- ( ) RD 1924-10 Release by Claimants (Contractor obtains signatures of all persons who furnished labor, material, etc. in connection with the construction)
- ( ) RD 1924-11 Statement of Labor Performed (Borrower method)
- ( ) RD 1924-12 Inspection Report (Note: For final Inspection - Borrower must sign this form. The Contractor is to accompany Rural Development staff and Borrower on final inspection and sign per FMI)
- ( ) RD 1924-16 Record of Pre-Construction Conference (Exhibit B of this instruction, Single Family Preconstruction Conference, may be used in lieu of 1924-16)
- ( ) RD 1924-18 Partial Payment Estimate (May be used by a Contractor)
- ( ) RD 1924-19 Builder's Warranty (Complete upon final acceptance of work by Owner and Rural Development)
- ( ) RD 1924-21 Notice of Expiration of First Year Warranty (Sent to Borrower two (2) months before expiration of Builders Warranty by CSC)
- ( ) RD 1924-25 Plan Certification
- ( ) Guide Letter - Exhibit A, 1924-F Compensation for Construction Defects

- ( ) Drawings and Specifications (Signed and dated) (For Single Family Housing documentation the borrower and the appropriate Rural Development staff will sign all sheets of the drawings and at the bottom of the last sheet of the 1924-2 to indicate approval by borrower and acceptance for purposes of the loan by Rural Development)
- ( ) Building Permit - Optional
- ( ) "And Justice for All" Poster (Contractor to post sign given to them by Rural Development staff on all contracts over \$10,000, Form AD-475-C and Fair Housing Poster HUD 928-1.)
- ( ) 1901-E, Exhibit C - Rural Development Financed Contract (For contracts Over \$10,000, the Nebraska Department of Labor region is VII and the mailing address is:  
  
OFCCP Area Office  
111 South 18<sup>th</sup> Plaza, Suite 2231  
Hruska Federal Courthouse  
Omaha, NE 68102
- ( ) Termite Soil Treatment Certification
- ( ) Certificate of Occupancy (As required)
- ( ) CC257 Monthly Employment Utilization Report (This form is to be completed monthly by each prime contractor and subcontractor with contracts in excess of \$10,000 to report the total hours worked by minority employees. Rural Development staff is to document in the project file that this was given to the Contractor. Copies of the CC257 are not maintained in our file.)
- ( ) Builders Risk Insurance (7.12C. HB-1-3550)
- ( ) Site checklist by Rural Development (Attachment 5-B, HB-1-3550)
- ( ) Certification of Debarment (AD-1048) (On all contracts over \$25,000)  
(1940-M)

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Minimum Development Standards for Rural Development in Nebraska

1. Building, Electrical, Mechanical, and Plumbing Systems

2003 or greater International Residential Code for Single Family Housing and the 2003 or greater International Building Code for Multi-Family Housing.

2. Thermal Standard

- a. Stick built and Modular - 2006 International Energy Conservation Code, for stick built and modular, Single and Multi-Family housing. This includes new structures and new additions to existing structures. The code applies to all new buildings, or renovations of or additions to existing buildings. However, only those renovations that will cost more than 50 percent of the replacement cost of the building must comply with the Code.
- b. Manufactured - The Federal Manufactured Home Construction and Safety Standard (FMHCSS) is commonly called the "HUD Code." The FMHCSS thermal standards are acceptable to Rural Development for new manufactured homes financed by Rural Development. In Nebraska, we are to meet the HUD Zone 3 thermal requirements as outlined in Attachment 9-B to HB-1-3550. The thermal performance is shown on the HUD Data Plate which is generally located in the back of one of the end wall kitchen cabinets (See Attachment 9-A to HB-1-3550).

3. Termite Protection

2003 or greater International Residential Code for Single Family Housing and the 2003 or greater International Building Code for Multi-Family Housing.

Plan Certification for Rural Development in Nebraska

1. Licensed Architects

A person who engages in the practice of architecture and who has a current certificate of licensure issued by the Nebraska Board of Engineers and Architects.

2. Professional Engineers

A person who is licensed as a professional engineer by the Nebraska Board of Engineers and Architects.

3. Certified Code Authorities

Persons who have achieved a passing score on written examinations by the International Code Council (ICC). Contact the Rural Development Architect for a list of individuals in Nebraska who have passed these examinations and have been certified by the ICC.

4. Authorized Building Officials

A person who is in charge of a city building code enforcement agency, who has authority to review and approve building plans and specifications.

5. Register Professional Building Designers

Designers are certified by the American Institute of Building Design. We are not aware of anyone in Nebraska who meets these criteria.

6. Plan Services

These are firms that provide drawings and specifications that are certified by individuals or organizations listed in paragraphs (1) through (5) above.

7. Builders/Contractors

Those builders/contractors who provide 10-year warranty plans that meet the requirements of Attachment 1, Exhibit L to RD Instruction 1924-A. The builders must also complete and sign form 1924-25.

8. An additional method of plan certification authorized by RHS Administrator

A building permit issued by a community that has adopted the International Residential Code 2003 or later, can serve as evidence of certification for plans and specifications. A copy of the building permit shall be obtained and placed in the applicants file. Additionally, the community must have trained officials who review plans and specifications, as well as inspect construction for compliance. Rural Development staff shall verify the building code and confirm the community has officials who are trained and can make inspection. Rural Development staff shall document this information in the applicants file. Certification of thermal standards must be obtained through RD Form 1924-25, Plan Certification, or RESCheck to comply with Exhibit B, Thermal Requirements, for stick built or modular homes.

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Documentation to Analyze Exception to Competitive Bidding

1. Is the contract price competitive with other projects similar in construction and design being built in the area?  
  
Comparative Project: \$\_\_\_\_\_ Proposed Project: \$\_\_\_\_\_
2. Is the proposed contractor experienced in construction similar in size, scope, and complexity? ( ) Yes ( ) No
3. Is the contractor a reliable builder? ( ) Yes ( ) No
4. Does the proposed development work meet all requirements of RD Instruction 1924-A? ( ) Yes ( ) No
5. Has nonprofit or public body duly authorized resolution requesting Rural Development to permit awarding construction contract? ( ) Yes ( ) No
6. Is applicant permitted by State law, local law, and/or bylaws to negotiate construction contracts? ( ) Yes ( ) No
7. Are the requirements of the following paragraphs met:  
  
1924.13(e)(ii) ( ) Yes ( ) No  
1924.13(e)(iii) ( ) Yes ( ) No  
1924.13(e)(iv) ( ) Yes ( ) No  
1924.13(e)(v) ( ) Yes ( ) No

Check one of the following:

- ( ) I have reviewed the case documents and have determined that requirements have been met and costs are reasonable. Exception to competitive bidding may be granted.
- ( ) I have determined that the negotiated contract price is not competitive with similar projects in construction and design being built in the area.
- ( ) Unable to reach agreement with applicant concerning cost of construction. Have issued appeal rights to applicant.

\_\_\_\_\_  
Date

\_\_\_\_\_  
State Director

\*Must be signed by the State Director. The State Director may delegate this authority in writing to the Rural Housing Program Director, Multi-Family Housing Coordinator, or other State Office Loan Specialist.

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ESTIMATED BREAKDOWN OF DWELLING COSTS  
 FOR ESTIMATING PARTIAL PAYMENTS

|   | With<br>Slab on Grade<br>% | With<br>Crawl Space<br>% | With<br>Basement<br>% |
|---|----------------------------|--------------------------|-----------------------|
| 1. Excavation                             | 3                          | 5                        | 6                     |
| 2. Footings, foundations,<br>columns      | 8                          | 8                        | 11                    |
| 3. Floor slab or framing                  | 6                          | 4                        | 4                     |
| 4. Subflooring                            | 0                          | 1                        | 1                     |
| 5. Wall framing, sheathing                | 7                          | 7                        | 6                     |
| 6. Roof and ceiling framing,<br>sheathing | 6                          | 6                        | 5                     |
| 7. Roofing                                | 5                          | 5                        | 4                     |
| 8. Siding, exterior trim,<br>porches      | 7                          | 7                        | 6                     |
| 9. Windows and exterior<br>doors          | 9                          | 9                        | 8                     |
| 10. Plumbing - roughed in                 | 3                          | 2                        | 3                     |
| 11. Sewage disposal                       | 1                          | 1                        | 1                     |
| 12. Heating - roughed in                  | 1                          | 1                        | 1                     |
| 13. Electrical - roughed in               | 2                          | 2                        | 2                     |
| 14. Insulation                            | 2                          | 2                        | 2                     |
| 15. Dry wall or plaster                   | 8                          | 8                        | 7                     |
| 16. Basement or porch floor,<br>steps     | 1                          | 1                        | 6                     |
| 17. Heating - finished                    | 3                          | 3                        | 3                     |
| 18. Flooring                              | 6                          | 6                        | 5                     |
| 19. Interior carpentry, trim,<br>doors    | 6                          | 6                        | 5                     |
| 20. Cabinets and counter tops             | 1                          | 1                        | 1                     |
| 21. Interior painting                     | 4                          | 4                        | 3                     |
| 22. Exterior painting                     | 1                          | 1                        | 1                     |
| 23. Plumbing - complete<br>fixtures       | 4                          | 4                        | 3                     |
| 24. Electrical - complete<br>fixtures     | 1                          | 1                        | 1                     |
| 25. Finish hardware                       | 1                          | 1                        | 1                     |
| 26. Gutters and downspouts                | 1                          | 1                        | 1                     |
| 27. Grading, paving,<br>landscaping       | 3                          | 3                        | 3                     |
|   | 100%                       | 100%                     | 100%                  |

NOTE: Estimated Breakdown table can also be found in Exhibit A, RD Instruction 1924-A.

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Single Family Pre-construction Conference

Date: \_\_\_\_\_

Applicant/Owner: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Project Address: \_\_\_\_\_

Contractor: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Field Office: \_\_\_\_\_

Subject Discussed

- ( ) A. Development Plan.
  - 1. Purchase of the lot
  - 2. Construction contract
  - 3. Landscaping or work by contract
  - 4. Other fees

- ( ) B. Plans and specifications.
  - 1. Plans and Specifications (Form RD 1924-25) have been certified to comply with the Development Standards listed in Exhibit B of this instruction.
  - 2. Site plan has been reviewed for location of dwelling. Positive drainage is indicated.
  - 3. Review plans and specifications including all material, equipment and manufacturers. Include review of special materials.
  - 4. Review color selections, including: shingles, siding, exterior trim, exterior doors, carpet, vinyl flooring, cabinets/vanities, counters, interior doors and trim, interior door hardware, plumbing fixtures, kitchen appliances and sinks.
  - 5. Review utility and appliance connections and locations (gas, electric, water, sewer, telephone, cable TV, HVAC controls).

Heat \_\_\_\_\_ Range \_\_\_\_\_ Water Heater \_\_\_\_\_ Dryer \_\_\_\_\_

- ( ) C. Bid Schedule.
  - 1. Review bid schedule
  - 2. Review sub-contractors

( ) D. Construction Contract.

1. Remind the Applicant/Borrower that this contract is between him/her and the contractor. The Government is the lender and not a party to the contract.
2. Review starting and completion dates. Discuss completion of work, failure to complete work, liquidated damages, extension of contract and final payment.
3. Payments to contractors. Form RD 1924-18 may be used to process payment requests by the contractor. Unless a Performance and Payment Bond is furnished, partial payments will not exceed 60% of work in place. For projects involving manufactured or modular homes, payments will not be made for materials delivered to the site but not installed.
4. Contract changes. The Applicant/Borrower, Contractor, and the Rural Development Loan Approval Official must sign Form RD 1924-7 before a change may be completed.
5. Inspections. The Applicant/Borrower is responsible for making all inspections necessary to protect their own interest. The Rural Development staff will conduct footing, framing prior to drywall, and final inspections as per RD Instruction 1924-A, for the purpose of protecting the Government's security.
6. Lien waivers. Prior to making final payment on the contract, the Contractor will present the government with Form RD 1924-10, "Release by Claimants", executed by all persons furnishing materials or labor in connection with the contract. Form RD 1924-9 "Certificate of Contractors Release", will also be provided by the Contractor.
7. Builders warranty. Discuss either Form RD 1924-19 or Insured Ten-Year Warranty Plan. This will be issued to the Applicant/Borrower upon completion of all development work.
8. Equal employment opportunity. Applicant/Borrower signs Form RD 400-1. Rural Development Staff will notify the Department of Labor in accordance with RD Instruction 1901-E, Exhibit C. Contractor signs Form RD 400-6, agrees to post EEO posters and file monthly reports on Form CC-257.
9. Insurance. The Applicant/Borrower must provide evidence of insurance. A builder's risk policy issued to the Contractor is acceptable if it protects the Borrower and the Government. Acceptable insurance must be obtained to coincide with the expiration of the builder's risk provisions of the policy.
10. Miscellaneous. The Contractor is responsible for meeting the requirements of State and Local governments dealing with environmental, historical and archaeological issues.

Noted and Concurred with:

Applicant/Borrower

By \_\_\_\_\_  
Print Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

Contractor

By \_\_\_\_\_  
Print Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

Agency Concurrence

By \_\_\_\_\_  
Print Name \_\_\_\_\_  
Title \_\_\_\_\_  
Date \_\_\_\_\_

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AUTHORIZED DEALER-CONTRACTORS OF MANUFACTURED HOUSING

The following are authorized dealer-contractors for Rural Development's manufactured housing in the State of Nebraska.

Brannan's Homes, L.T.D.  
1520 East Overland  
Scottsbluff, NE 69361

Hinn's Homes  
2300 14<sup>th</sup> Avenue  
Scottsbluff, NE 69361

Mitch Krenk Homes, L.L.C.  
1822 4<sup>th</sup> Avenue  
Nebraska City, NE 68410

Stahla Mobile Homes  
4407 West Norfolk Avenue  
Norfolk, NE 68701

If a Dealer-Contractor is approved in another state by the Rural Development office in that state, the Dealer-Contractor may do work in Nebraska. To verify if the Dealer-Contractor is approved, contact the Rural Housing Division in the Nebraska State Office.

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