



United States Department of Agriculture
Rural Development
Montana State Office

July 31, 2008

MT AN No. 315
(1944-I)

TO: All Housing and Area Office Staff
All Montana Approved 523 Grantees

SUBJECT: Clarification of Ineligible Participants in the Mutual Self Help Program

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) provides clarification to Housing Program Staff and approved MT 523 Grantees. This clarification is provided to avoid violations of RD Instructions 1944-I, Exhibit A, Self-Help Technical Assistance Grant Agreement, sections (p) and (q).

COMPARISON WITH PREVIOUS AN:

This AN replaces MT AN 288 on the same topic. It is a continuation of policy clarification with minimal changes.

IMPLEMENTATION RESPONSIBILITIES:

It is the responsibility of approved 523 grantees to comply with all provisions of the Self Help Technical Assistance Grant Agreement. It is the responsibility of all Rural Development loan approval officials to know ineligible participant criteria.

Section (p) of RD Instruction 1944-I, Exhibit A states:

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."

EXPIRATION DATE:

July 31, 2009

FILING INSTRUCTIONS:

Following RD Instructions
1944-I

P.O. Box 850 • Bozeman, MT 59771
Voice (406) 585-2580 • Fax (406) 585-2565 • TDD (406) 585-2562

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Section (q) of RD Instruction 1944-I, Exhibit A states:

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 materials, supplies, and services.

Employees and family members of the grantee can not participate in, or receive financial gain from the Mutual Self Help Program. The following activities are prohibited:

- They can not obtain a 502 loan from Rural Development. If the administrative grant funds given to the grantee pay the salary of a participant in the program, this is a violation of the grant agreement.
- They can not be a party to the real estate transaction, i.e. sell the land to the buyers, be the escrow/title officer, be the appraiser, etc.
- They can not provide retail services for building materials and supplies. They can not be a subcontractor, i.e. provide concrete work.

Grantees are encouraged to disclose all potential conflict of interest situations concerning their employees or participating families. If a grantee desires to request a State Director waiver, please submit your requests through the Housing Program Director.

Questions concerning this AN should be directed to the Housing Program Director at 406-585-2551.

CLARK V. JOHNSON
State Director