

# SECTION 523 APPLICATION GUIDE

FLORIDA NON-PROFIT HOUSING, INC.



AUGUST 2015

# **INTRODUCTION**

# INTRODUCTION

## **New Grantees**

By this stage of developing your self-help housing program, you should already have an approved Section 523 Preapplication.

The preapplication has proved that need in the community exists and that your organization has the capacity for operating a self-help housing program. Everything that was done in the preapplication now has to be taken to the next level. By the time the Section 523 Application is approved, you should be one month away from beginning construction on the homes. This means that you must have the families ready to close their loans and staff prepared to begin the program.

The rough time frame needed to complete an application is six months, although some may take longer. A lot of this depends on how much work was put into the preapplication.

This handbook covers not only the items needed for the application, but helpful tips on how to get them accomplished, as well as some things that should be done while the grant is getting approved.

## **Existing Grantees**

We know you are busy working on your current grant, but to continue the program you must complete a new grant application. Identifying and controlling land along with recruiting families are the most time consuming parts of completing the application. The rough time frame needed to complete an application is six months, although some may take considerably longer. New grant applications should be submitted to Rural Development approximately six months prior to the end of your current grant. This means that work on the new application should begin approximately one year before you plan to start the grant.

## **Rural Development**

Rural Development has four office levels: the National Office, State Office, Area Office, and Local Office. It is the State Office that will approve or disapprove your Section 523 Grant Application (if there is money available). If the grant request exceeds \$300,000 prior written consent from the National Office will be required.

Your organization will, most likely be working directly with the Area and Local Offices. The Area office is your primary contact with regards to the 523 Grant. They are responsible for ensuring that the grant is effectively managed and run according to regulations. The Local Office is responsible for making Section 502 Rural Housing Loans. Your organization will be working with them on behalf of the participating families.

Rural Development also expects you to operate within their regulations and carry-out the responsibilities of the Grant Agreement. Some of these responsibilities are recruiting very-low income families and families from substandard housing, building the number of houses proposed, building the houses in a timely manner, keeping program cost within the required limit, making sure that the families meet the 65% mutual labor requirements and setting up an acceptable accounting system.

It can't be overemphasized how important your working relationship is with Rural Development. This relationship is critical to the success of your program.

## Application Checklist

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	Description of Document	Form or Instruction Number	Tab Position	Date Received/ Comments
1	<b>Application for Federal Assistance (For Non-Construction Programs) (Form SF424)</b> Including Intergovernmental Review Response <i>Executive Order 12372-enclose the response from appropriate agency.</i> Link: <a href="http://www.rd.usda.gov/files/UTP_SF424_2016.pdf">http://www.rd.usda.gov/files/UTP_SF424_2016.pdf</a>	SF - 424 1944.410(e)	1	
2	<b>Waiting List of Participants</b> Give the names, addresses, household size, and total annual income of interested families.	1944.410(e)(1)	1	
3	<b>Proof that the participants in the first group have qualified for assistance</b> Include letter/certificate of eligibility.	1944.410(e)(2)	1	
4	<b>Lot options for first group</b> Include evidence that lots have been optioned for first group. Link: <a href="http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD440-34.PDF">http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD440-34.PDF</a>	1944.410(e)(3)	1	
5	<b>Evidence of lot availability for remaining group(s)</b>	1944.410(e)(3)	1	
6	<b>House plans, specifications and detailed cost estimates</b> Provide house plans, cost estimates, blueprints and specifications for houses you propose to build.	1944.410(e)(4)	2	
7	<b>Staffing needs and hiring schedule</b> List the proposed staff positions needed, also give: (1) specific qualifications, skills and experience needed to staff the program, (job descriptions) (2) staff hiring schedule, and (3) availability of prospective employees (resumes).	1944.410(e)(5)	3	
8	<b>Authorized representative of applicant</b> Give the name, address and official position of the person authorized to work with RD. Can be the same representative(s) named in your resolution.	1944.410(e)(6)	3	
9	<b>Budget Information - Non-Construction Programs</b> Include a 2-year budget worksheet and a budget narrative. Link: <a href="http://www.rd.usda.gov/files/sf424a.pdf">http://www.rd.usda.gov/files/sf424a.pdf</a>	SF - 424A & 1944.410(e)(7)	3	
10	<b>Indirect or direct cost policy and proposed indirect cost rate</b> Include your Indirect Cost Agreement or approved Cost Allocation Plan.	1944.410(e)(8)	3	

<b>11</b>	<b>Monthly activities schedule</b> Insert your Housing Development Plan and Implementation Schedule	1944.410(e)(10)	4	
<b>12</b>	<b>Personnel practices and procedures</b> Include your agency's Personnel Policies and procedures and samples of forms to be used.	1944.410(e)(9)	4	
<b>13</b>	<b>Authorizing Resolution</b> Provide a copy of the resolution adopted by (The Board of Directors or other Governing Body if public body) and authorizing the appropriate official(s) to execute Exhibit A, "Self-Help Technical Assistance Grant Agreement" and Form RD 400-4, "Assurance Agreement".	1944.411(d)	5	
<b>14</b>	<b>Assurance Agreement</b> Link: <a href="http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD400-4.PDF">http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD400-4.PDF</a>	FormRD400-4 1944.411(d)	5	
<b>15</b>	<b>Fidelity Bond Coverage</b> Provide evidence of adequate coverage to protect the maximum amount of money a grantee will have on hand at any one time. The policy will cover all employees that have access to funds.	1944.411(e)	5	
<b>16</b>	<b>Evidence of interest bearing checking account and a statement of interest repayment</b> By grant closing, you must establish an interest bearing checking account on which two or more bonded employees will sign checks. Include a signed statement that any interest earned in excess of \$250 annually will be submitted to Rural Development quarterly.	1944.411(g)	5	
<b>17</b>	<b>Group Agreement including Exhibit B-2 of 1944-I</b> Provide a copy of the agreement incorporating Exhibit B-2 of 4 CFR Part 1944, Subpart I, clearly showing what labor tasks are required by the participating families. The agreement must be signed by an agency representative and each participating family	1944.411(h)	6	
<b>18</b>	<b>Request for Obligation of Funds</b> Link: <a href="http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1940-1.PDF">http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1940-1.PDF</a>	Form RD 1940-1 1944.412	7	
<b>19</b>	<b>Self-Help Technical Assistance Grant Agreement</b> Leave date and amount blank. Link: <a href="http://fnph.org/images/1944-I_Exhibit_A_Self-Help_TA_Grant_Agreement.doc">http://fnph.org/images/1944-I Exhibit A Self-Help TA Grant Agreement.doc</a>	Exhibit A of 1944-I 1944.412	7	

20	<b>Certification Regarding Drug-Free Workplace</b> Authorized representative should sign. Link: <a href="http://www.fnph.org/images/Form_AD-1049_REV_5_90_.pdf">http://www.fnph.org/images/Form_AD-1049_REV_5_90_.pdf</a> OR for a fillable form, go to <a href="https://www.pdfFiller.com/en/project/36273682.htm?form_id=100010780">https://www.pdfFiller.com/en/project/36273682.htm?form_id=100010780</a>	FormAD-1049 RD Ins.1940-M and1940.606(b) (1)	7	
21	<b>Certification Regarding Debarment, Suspension, and other Responsibility Matters</b> Authorized representative should sign. Link: <a href="http://www.ocio.usda.gov/sites/default/files/docs/2012/AD1047-F-01-92.PDF">http://www.ocio.usda.gov/sites/default/files/docs/2012/AD1047-F-01-92.PDF</a>	Form AD-1047 RD Instruction 1940-M and 1940.606(b)(1)	7	
22	<b>Certification Regarding Lobbying</b> Authorized representative should sign. Link: <a href="http://www.rd.usda.gov/files/PR_1940Q-A1.pdf">http://www.rd.usda.gov/files/PR_1940Q-A1.pdf</a>	Exhibit A-1 of RD Instruction 1940-Q and 1940.810	7	
23	<b>Statement of Compliance with 7 CFR Part 3015 &amp; 3019, if a nonprofit organization or, Part 3015 &amp; 3016, if a State or Local Government.</b> Authorized representative should sign.	1944.411(c)	7	
24	<b>Assurances - Non Construction Programs</b> Authorized representative should sign. Link: <a href="http://www.acf.hhs.gov/sites/default/files/assets/sf424b.pdf">http://www.acf.hhs.gov/sites/default/files/assets/sf424b.pdf</a>	Form SF 424B 1944.411(f)	7	
25	<b>Rural Development Manager's Recommendation</b>	1944.410(b)	RD	
26	<b>T&amp;MA Contractor's Review and Recommendation</b>	Required under National Office	RD	
27	<b>National Office Review (if over \$300,000 or if amount of new grant plus unexpended funds from previous grant total \$400,000)</b>	1944.415(a)	RD	
In addition to the above information, existing grantees submitting an application for a new grant should also provide the following information as part of a complete application. Since this information was already provided in the pre-application of a new grantee, they will not be required to duplicate this information.				
28	<b>Narrative Statement</b> (h) Amount of request (I) Areas served (j) Number of houses proposed (k) Housing conditions of low-income families (l) Need for self-help housing (m) Evidence of community support	1944.410(a)(4)	8	
29	<b>Current Financial Statements for Applicant and any sponsor</b> No more than 12 months old, date & signed. Must be certified by a Board Officer. Usually the treasurer.	1944.410(a)(3)	8	

<b>30</b>	<b>Outreach Plan for very low-income families</b> Outline a plan of how the organization proposes to reach very low-income families.	1944.410(a)(5)	8	
<b>31</b>	<b>HUD Fair Housing Marketing Plan</b> See attached Exhibit. Link: <a href="http://www.rd.usda.gov/files/IL_935-2a-HUD.pdf">http://www.rd.usda.gov/files/IL_935-2a-HUD.pdf</a>	HUD Form 935.2B 1944.410(a)(10)	8	
<b>32</b>	<b>Determination of TA Grant Amount</b> Include a letter from your Rural Development Local Office giving the current (less than 12 months old) equivalent value of a comparable contractor-built 502 home. Include total square feet and total living area. The letter should include the actual or projected cost of an acceptable site and site development. Show the formula your organization used to calculate the TA cost.	1944.407	8	
<b>33</b>	<b>Intergovernmental Review Submittal</b>	1944.409	8	
<b>34</b>	<b>Civil Rights Impact Analysis Certification</b>	Form RD 2006-38, 2006-P	RD	
<b>35</b>	<b>OGC Review (if necessary)</b>	1944.410(b)(2)	RD	

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. Within thirty (30) days of receipt of the application, the designated official will review the application for completeness, accuracy and conformance to program policy and regulations. The designated official should then make their recommendation and forward along with a copy of the grantee's package to the Technical and Management Assistance (T&MA) Contractor for review. The T&MA contractor will make their recommendations and return the package to the State Office within 15 calendar days. The State Office 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) subject to submission of any additional items not included with the application.



## SELF-HELP HOUSING TA GRANT FINAL APPLICATION REVIEW CHECKLIST

1. **Standard Form 424, “ Application for Federal Assistance” 1944.410 (e)**

\_\_\_\_\_ Complete                      \_\_\_\_\_ Incomplete

2. **Waiting List of Participants**

\_\_\_\_\_ Complete                      \_\_\_\_\_ Incomplete

3. **List of Families 1944.410(e)(1)**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Include Names, Addresses and Telephone Numbers

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Include Number in Household

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Include Total Annual Household Income

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Show that Families are Interested in the Self-Help Method

4. **Proof of eligibility for the participants in the first group.**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Include Proof that First Group of Families has Qualified for Loans 1944.410(e)(2)

5. **Lot Options for first group 1944.410(e)(3)**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Include Evidence that Lots are Optioned by/for First Group of Families

6. **Evidence of lot availability for remaining group(s)**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Include Evidence that Lots are Available for Remaining Groups

7. **House Plans, Specifications and Detailed Cost Estimates 1944.410(e)(4)**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Include Detailed Cost Estimates for Houses to be Built

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Include House Plans

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not                      Include Specifications

8. **Staffing Needs and Hiring Schedule 1944.410(e)(5)**

- |                          |      |                          |          |   |
|--------------------------|------|--------------------------|----------|---|
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Qualifications and Experience (Job description)     |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Hiring Schedule                                     |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Availability of Prospective Employees               |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Resume(s) of Existing Staff                         |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Personnel Procedures and Practices (1944.410(e)(9)) |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Personnel Forms (1944.412)                          |

9. **Authorized Representative 1944.410(e)(6)**

- |                          |                  |                          |                   |
|--------------------------|------------------|--------------------------|-------------------|
| <input type="checkbox"/> | Name and address | <input type="checkbox"/> | Official position |
|--------------------------|------------------|--------------------------|-------------------|

10. **Budget Information - Non Construction Programs SF 424A 1944.410(e)(7)**

- |                          |      |                          |          |                               |
|--------------------------|------|--------------------------|----------|-------------------------------|
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Budget on Form SF424A |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Budget Breakdown      |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Budget Narrative      |

11. **Indirect or Direct Cost Allocation Plan 1944.410(e)(8)**

- |                          |      |                          |          |   |
|--------------------------|------|--------------------------|----------|---|
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Does cost allocation plan apply to this agency                  |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Direct Cost Allocation Policy / Plan                    |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include Indirect Cost Agreement and Proposed Indirect Cost Rate |

12. **Monthly Activities Schedule**

- |                          |      |                          |          |                                       |
|--------------------------|------|--------------------------|----------|---------------------------------------|
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include your Housing Development Plan |
| <input type="checkbox"/> | Does | <input type="checkbox"/> | Does Not | Include your Implementation Schedule  |

13. **Personnel Practices and Procedures 1944.410(e)(9)**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include copy of your Personnel Procedures and Practices.

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include samples of any personnel forms to be used.

14. **Authorizing Resolution 1944.411(d)**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include copy of the resolution adopted by the Board of Directors or other Governing Body

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Includes authorizing the appropriate official(s) to execute Exhibit A, "Self-Help Technical Assistance Grant

15. **Assurance Agreement Form FmHA400-4 (1944.411(d))**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include Form RD 400-4

16. **Fidelity Bond Coverage 1944.411©**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include "Position Fidelity Schedule Bond Declarations", FmHA Form 440-244 1944.411(e)

17. **Evidence of Interest Bearing Checking Account 1944.411(g)**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include Documentation of Interest-Bearing, Two Signature Checking Account 1944.411©

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include a Statement on Repayment of Interest 1944.411(g)

18. **Group Agreement including Exhibit B-2 of 1944-I.**

\_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include a copy of the agreement which incorporates Exhibit B-2 of 4 CFR Part 1944, Subpart I, clearly showing what labor tasks are required by the participating families.

19. **Request for Obligation of Funds 1944.412**  
 \_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include “Request for Obligation of Funds”, FmHA Form 1940-I.
20. **Self-Help Technical Assistance Grant Agreement 1944.412**  
 \_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include the Self-Help Technical Assistance Grant Agreement, Exhibit A of 1944-I, 1944.412.
21. **Certification Regarding Drug-Free Workplace - RD Instruction 1940-M, § 1940.601(b)(2)**  
 \_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include Drug free Workplace, Form AD 1049.
22. **Certification Regarding Debarment, Suspension, and other Responsibility Matters - RD Instruction 1940-M, § 1940-606**  
 \_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include Debarment, Form AD 1047 or 1048.
23. **Certification Regarding Lobbying - RD Instruction 1940-Q, § 1940.811(a)**  
 \_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include Certification on Exhibit A-1 of 1940-Q.
24. **Statement of Compliance with 4 CFR Part 3019, if a non profit organization or, Part 3016 if a State or Local Government 1944.411©**  
 \_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include a Statement of Compliance with 7 CFR 3015(for local governments) or 7 CFR 3019(for non-profits), signed and dated 1944.411©
25. **Assurances - Non Construction Programs**  
 \_\_\_\_\_ Does      \_\_\_\_\_ Does Not      Include Form SF424B
29. **Narrative Statement**
- |                |                    |                          |
|----------------|--------------------|--------------------------|
| _____ Included | _____ Not Included | Amount of Request        |
| _____ Included | _____ Not Included | Areas to Be Served       |
| _____ Included | _____ Not Included | Number of House Proposed |

<input type="checkbox"/> Included	<input type="checkbox"/> Not Included	Housing Conditions of Low-Income Families
<input type="checkbox"/> Included	<input type="checkbox"/> Not Included	Need for Self-Help Housing
<input type="checkbox"/> Included	<input type="checkbox"/> Not Included	Evidence of Community Support

30. **Current Financial Statement**

Complete       Incomplete

31. **Outreach Plan for Very-Low Income**

Complete       Incomplete

32. **HUD Fair Housing Marketing Plan**

Does       Does Not      Include HUD Form 935.2

Does       Does Not      Include staff instructions - Item 6b

33. **Determination of TA Grant Amount 1944.407**

Does       Does Not      Include the Equivalent Value of a Modest Home Provided by RD, which includes the actual or projected cost of an acceptable site and site development.

Does       Does Not      Indicate by which Method they are Calculating the TA Cost

34. **Intergovernmental Review Submittal**

Complete       Incomplete

# **Section 1**

## **Item 1**

**Application for Federal Assistance -  
(Standard Form 424)**

## **Item 2**

**Waiting List of Participants**

## **Item 3**

**Proof that participants in the first group have  
qualified for assistance.**

## **Item 4**

**Lot options for first group**

## **Item 5**

**Evidence of lot availability for remaining  
groups**

## **APPLICATION FOR FEDERAL ASSISTANCE - SF-424**

The information in this section can be referenced in 1944-I, §1944.410(a).

In this section you will find a blank Form SF 424 - Application for Federal Assistance followed by the instructions for its completion. Also included is a completed Form SF 424 to be used as a guide.

## WAITING LIST OF PARTICIPANTS

Information on families that have been personally contacted and are interested in participating in the self-help housing program is required in the final application. Their names, as well as addresses, telephone numbers (if available), number of persons in their household, and the total annual income are required. It is also helpful if you have a date when contacted so that Rural Development personnel will be able to see that.

### SAMPLE:

**WAITING LIST OF FAMILIES  
CONTACTED AND INTERESTED IN PARTICIPATING IN  
THE SELF-HELP HOUSING PROGRAM**

	Name	Address	Telephone Number	Number of Persons in Household	Total Household Annual Income
1	Mary and Alfred Jones	123 America Street, Anywhere, FL 33852	863-385-1234	4	\$15,000
2	Joseph P. Alberts	4123 Unitas Avenue, Apt 444 Anywhere, FL 33852	863-214-4321	6	\$18,000
3	Alberta Victoria Smith	6732 Florida Avenue Anywhere, FL 33852	863-386-3241	3	\$10,000



## **PROOF OF ELIGIBILITY FOR FIRST GROUP**

Include proof that the first group of families has been qualified or determined “eligible” by the local Rural Development office. Such proof would include a copy of the Letter of Eligibility from Rural Development.

### New Grantees

- 1) Meet with the local RD office to receive training on application packaging.
- 2) Get an application checklist from the RD office
- 3) Read applicant eligibility requirements in HB 3550.

A copy of a blank Certificate of Eligibility is attached.

## **LOT OPTIONS FOR THE FIRST GROUP**

For the final application it is required that you have control and availability of land.

You must have evidence of control of lots for first group. This evidence would be either a purchase agreement (or a copy of the deed if owned) or option agreements for all of the land that is needed for the first group of families.

Controlling land in a timely manner is a critical, ongoing activity for your self-help program. It's critical because so many other activities depend upon it - the primary one being construction. The situation you don't want to experience is one in which you've got Rural Development approved families anxious to get started, a full-time staff, and scheduled subcontractors - but no land.

The process of controlling land is often complicated by the need for interim financing. Interim financing is often a must in areas where land is dear. In such areas, many grantees must financially secure land well ahead of the time when 502 loan moneys become available. You can take control of land either by purchasing it or by entering into an option agreement. Caution!! 523 Grant funds cannot be used either to option or purchase land.

**UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT**

**OPTION TO PURCHASE REAL PROPERTY**

1. In consideration of the sum of \$ \_\_\_\_\_ Earnest Money in hand paid, the undersigned (hereinafter called the "Seller"), who covenants to be the owner thereof, hereby, for the Seller and the Seller's heirs, executors, administrators, successors and assigns, offers and agrees to sell and convey to

\_\_\_\_\_  
(Buyer's Name, Address, Telephone Number)

(hereinafter called the "Buyer"), and hereby grants to the said Buyer the exclusive and irrevocable option and right to purchase, under the conditions hereinafter provided, the following-described property, located in

\_\_\_\_\_ County, State of \_\_\_\_\_ : Physical Address \_\_\_\_\_

(See attachment for full legal description)

The title to said property is to be conveyed free and clear of all encumbrances except for the following reservations, exceptions and leases, and no others: (See attachment for a full statement of all reservations and exceptions.)

2. The option is given to enable the Buyer to obtain a loan made by the United States of America, acting through the Rural Housing Service, hereinafter called the "Government," for the purchase of said property. It is agreed that the Buyer's efforts to obtain a loan constitute a part of the consideration for this option and any downpayment will be refunded if the loan cannot be processed by the Government or insured because of defects in the title or other land now owned by, or being purchased by, the buyer.

3. The total purchase price for said property is \$ \_\_\_\_\_; said amount  includes  excludes the dollar amount mentioned in paragraph 1.

4. The Seller agrees to pay all normal selling expenses for the above-mentioned county.  Except for the following as agreed upon by both parties. (Attach list of closing costs to be paid by each party.)

5. Upon Buyer's exercise of the option, the Seller further agrees to convey said property to the Buyer by general warranty deed (except where the law provides otherwise for conveyances by trustees, officers of courts, etc.) in the form, manner and at the time required by the Government conveying to the Buyer a valid, unencumbered, indefeasible fee-simple title to said property meeting all requirements of the Government.

6.  Taxes and other general and special assessments of whatsoever nature for the year in which the closing of the transaction takes place shall be prorated as of the date of the closing of the transaction and paid by the seller. If the closing of the transaction shall occur before the tax rate is fixed, the apportionment of taxes shall be on the basis of the tax rate for the next preceding year applied to the latest assessed valuation.  Any different tax agreement is attached.

7. This option may be exercised by the Buyer, at any time while the offer herein shall remain in force, by mailing, telegraphing or delivering in person a written notice of acceptance of the offer herein to the Seller(s). The offer herein shall remain irrevocable for a period of \_\_\_\_\_ months from the date hereof and shall remain in force thereafter until one (1) year from the date hereof unless earlier terminated by the Seller. The Seller may terminate this offer at any time after the \_\_\_\_\_ months irrevocable period provided herein by giving to the Buyer ten (10) days written notice of intention to terminate at the address of the Buyer. Acceptance of this option by the Buyer within ten (10) days after the Buyer receives such notice shall constitute a valid acceptance of the option. Possession of described property will be at Loan Closing. Closing will be scheduled to occur within 30 days of Buyer's exercise of this option unless the parties otherwise mutually agree in writing.

8. Loss or damage to the property by fire or from an act of God shall be at the risk of the Seller until the deed to the Buyer has been recorded, and in the event that such loss or damage occurs, the Buyer may, without liability, refuse to accept conveyance of title, or may elect to accept conveyance of title, in which case there shall be an equitable adjustment of the purchase price.

9.  The Seller agrees to furnish, at Seller's expense (unless other agreements were made in the attachment to paragraph 4), to the Buyer a certificate from a reliable firm certifying that the following described building(s) covered by this option (a) is now free of infestation by wood destroying pests and organisms, and (b) either is now free of unrepaired damage from wood destroying pests and organisms or has suffered unrepaired damage from such cause which is specifically described in the certificate during the option period.

*According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.*

10.  The Seller agrees to furnish, at the Seller's expense, (unless other agreements were made in the attachment to paragraph 4) to the Buyer evidence from the Health Department or an approved reliable and competent source that the waste disposal system for the dwelling is functioning properly, and the water supply for domestic use meets State Health Department requirements.

11.  Other (see attached)

**LEAD-BASED PAINT INSPECTION/RISK ASSESSMENT**

Buyer has received the form "Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards."

Buyer has been informed that the property was constructed after Jan 1, 1978, and should not contain lead-based paint or lead-based \_\_\_\_\_ paint hazard; or

Buyer has been informed that the property was constructed before 1978, and may contain lead-based paint.

Buyer has received a copy of the pamphlet, "Protect Your Family From Lead in Your Home."

Buyer has been advised of their rights regarding lead-based paint inspections and risk assessments, and

Buyer has waived opportunity to have an inspection and/or risk assessment to check for the presence of lead-based \_\_\_\_\_ paint or a lead-based paint hazard; or

Buyer would like a lead-based paint inspection and/or lead-based paint risk assessment. The contract will be contingent on the results of the lead-based paint inspection and/or lead-based paint risk assessment.

Contingency will terminate 10 days after this contract is accepted unless buyer or selling agent deliver written contract addendum listing deficiencies and corrections needed.

Seller shall indicate in writing within 10 days of delivery of an addendum whether they will correct the condition (s) or make a counter offer.

If the seller will not make corrections or makes a counter offer, the buyer shall have 3 days to respond or remove the contingency. The buyer may remove a contingency at any time without cause.

**IF THIS OFFER IS NOT ACCEPTED BY THE SELLER(S), THE EARNEST MONEY WILL BE RETURNED TO THE BUYER(S). THIS IS A LEGAL AND BINDING CONTRACT.**

We, the undersigned, have read the Informational Disclosure and Acknowledgment form and completed the blanks to the best of our knowledge.

\_\_\_\_\_  
(Seller's printed name and telephone number)

\_\_\_\_\_  
(Seller's printed name and telephone number)

\_\_\_\_\_  
(Seller's Signature)

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Seller's Signature)

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Buyer's Signature)

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Buyer's Signature)

\_\_\_\_\_  
Date

## **EVIDENCE OF LOT AVAILABILITY FOR REMAINING GROUP(S)**

Include evidence that there are lots available for the remaining families. This can be the same kind of documentation as required in the pre-application: Lists, maps, and prices are required. It is imperative you continue working to locate suitable building sites throughout the duration of the grant.

## PRELIMINARY LAND SURVEY

This section must include information referenced in 1944-I, §1944.410(a)(7).

- ◆ Talk to RD Local Office staff about site requirements, i.e., size, location, typical cost, etc.
- ◆ Maps and lists showing available, potential sites and its projected cost
  - demonstrate to RD that you control or have access to suitable building sites that are available for sale in the proposed area
  - land is a key ingredient to program success
  - site acquisition and development is a uniquely local process by nature
- ◆ Land survey resources
  - Handbook 3550
  - RD 1924-A
  - RD 1924-C
  - health department
  - RD Community Development Manager
  - county and/or local city planner, community development organizations, building officials, city engineer, soil conservation service soil book
  - county court house, tax office, or recorder of deeds
  - utility companies
- ◆ Land survey process
  - Define map boundaries and obtain tax map
  - Prepare site search map
  - identify land completely ineligible
  - plot locations with desirable features
  - plot locations with limited appeal
- ◆ Land analysis form
  - Investigate ownership status and tax status
  - Windshield survey
  - topography
  - flood plains
  - drainage problems/potential off-site drainage problems
    - erosion
    - access to public roads
    - vegetation
    - existing structures
    - unique features
    - proximity to services (schools, shopping, medical facilities, etc.)
    - other

## **LAND SURVEY CRITERIA**

What is acceptable to RD?

Rural Area - open country and communities up to a population of 10,000 cities between 10,000 and 25,000 population, outside metropolitan areas and have a lack of mortgage credit. Random development of sites in open county is not an acceptable alternative to orderly growth within established communities.

Lot Size - Scattered sites of 1 acre or less, house lots of 1/4 acre or less within a subdivision with water and sewer, house lots of 1 acre or less within a subdivision environment without central water and sewer facilities, site exceptions may be authorized by the Rural Development Manager.

Roads - Must be dedicated to and maintained by a public body must be paved or all weather

Water - central water system must be owned by a public body or by an association acceptable to RD and regulated by the public service commission, if no central system is available, the site must meet health department regulations for an individual well (minimum of 1/2 acre).

Sewer - central system same requirements as water, if no central system is available, the site must meet health department regulations for an individual septic.

Size - lot frontage of 70' or more preferable lot must be adequate size for health department and local zoning requirements.

## **DESIRABLE SITE FEATURES**

- flat or mildly sloped land
- Shape and size of site will lend itself to housing development
- correct zoning
- accessible to public facilities and services
- existing paved roads
- existing water and sewer lines
- soil suitable for on-site septic systems
- adequate groundwater supply for wells
- uses of adjacent sites compatible to the proposed project

## **UNDESIRABLE SITE FEATURES**

- site in flood plain
- steep terrain
- forested lands or prime farmlands
- site adjacent to or near airports, railroads, major highways, factories, landfills, etc.
- soil unsuitable for on-site septic systems
- current industrial land use
- existing easements through the site which would restrict, interfere, or be detrimental to the

proposed project

## LAND ANALYSIS

Legal description of the land:

Location of parcel (indicate dimensions on all streets)  
(Map)

Owner's name: \_\_\_\_\_

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

How is title held? \_\_\_\_\_

How large is parcel? \_\_\_\_\_

Asking price? \$ \_\_\_\_\_

### ZONING

Does the parcel need to be split from an adjoining parcel? ( ) yes ( ) no

Can the parcel be split? ( ) yes ( ) no

Who decides? \_\_\_\_\_

What fees will be required? \_\_\_\_\_

County: \$ \_\_\_\_\_

Engineering or surveying: \$ \_\_\_\_\_

How long will it take? \_\_\_\_\_

How is the property zoned? \_\_\_\_\_

What is the maximum density allowed on the parcel? \_\_\_\_\_

If the current zoning is not appropriate, can it be rezoned? ( ) yes ( ) no

What fees will be required to rezone? \_\_\_\_\_

Who will pay the fees? \_\_\_\_\_

Will the current owner apply for rezoning? ( ) yes ( ) no

### PROPERTY TAXES

Annual tax rate \$ \_\_\_\_\_ per \_\_\_\_\_

Assessed value of parcel \$ \_\_\_\_\_

Current taxes \$ \_\_\_\_\_ Are taxes current? ( ) yes ( ) no

Back taxes \$ \_\_\_\_\_ Tax liens other than property? \_\_\_\_\_



OTHER SERVICES

Will the county or city require that you provide any off-site improvements?

( ) yes ( ) no

Will you have to widen any streets?

( ) yes ( ) no

If yes, which streets? \_\_\_\_\_

Number of square feet \_\_\_\_\_ at \$ \_\_\_\_\_ per square foot.

Will you have to install curb?

( ) yes ( ) no

gutter

( ) yes ( ) no

sidewalk

( ) yes ( ) no

on the periphery of the development?

( ) yes ( ) no

Curb \_\_\_\_\_ linear feet at \_\_\_\_\_ per foot

gutter \_\_\_\_\_ linear feet at \_\_\_\_\_ per foot

sidewalk \_\_\_\_\_ linear feet at \_\_\_\_\_ per foot

Total cost of off-site improvement \$ \_\_\_\_\_

The fees may include irrigation districts, abatement districts, etc. These fees may have to be paid even though your project will not use the services of the district. You will probably pay them on the taxes.

Will you be required to fence the development?

( ) yes ( ) no

What kind of fence? \_\_\_\_\_ at \$ \_\_\_\_\_ per linear foot.

Cost of fencing required around the project \$ \_\_\_\_\_

DRAINAGE

Does the property exist within a flood plain?

( ) yes ( ) no

Does the property have adequate drainage?

( ) yes ( ) no

What drainage requirements will be imposed?

( ) fill to raise the elevation

( ) pipeline to put water into storm sewer

( ) drainage pump(s)

SERVICES

How far, in linear feet, is it to:

sewer lines \_\_\_\_\_

water lines \_\_\_\_\_

natural gas \_\_\_\_\_

electricity \_\_\_\_\_

schools: elementary \_\_\_\_\_

secondary \_\_\_\_\_

parks and recreation \_\_\_\_\_

shopping \_\_\_\_\_

churches \_\_\_\_\_

other \_\_\_\_\_

If services need to be brought to the property line, indicate which services: \_\_\_\_\_

What size transmission line? \_\_\_\_\_

Approximate cost per linear foot: \$ \_\_\_\_\_

Number of total linear feet? \_\_\_\_\_

Total cost from service to line: \$ \_\_\_\_\_

Check with the following to determine if they will approve the development and if they have a fee for service:

Schools	( )	yes	( )	no	\$ _____	
Fire districts	( )	yes	( )	no	\$ _____	
Parks	( )	yes	( )	no	\$ _____	
Police	( )	yes	( )	no	\$ _____	
Sewer	( )	yes	( )	no	Tap fee \$ _____	Monthly \$ _____
Water	( )	yes	( )	no	Tap fee \$ _____	Monthly \$ _____
Lighting	( )	yes	( )	no	\$ _____	
Other	( )	yes	( )	no	\$ _____	
Maintenance	\$ _____		per	_____		

### SUMMARY

Purchase price	\$ _____
Escrow fees	\$ _____
Sewer tap fees	\$ _____
Water tap fees	\$ _____
Fees for special districts	\$ _____
Fees for change in zoning	\$ _____
Cost to get services to parcel	\$ _____
Cost for adequate drainage	\$ _____
Any delinquent taxes for service fees	\$ _____
Street improvements (off-site)	\$ _____
Curb, gutter, sidewalk (peripheral)	\$ _____
Other costs	\$ _____
Total cost for land:	
(Excluding interior development)	\$ _____

## **Section 2**

# **House Plans, Specifications and Detailed Cost Estimates**

## **HOUSE PLANS**

House plans are required for every family you will have in the each group. A complete set of house plans consists of the plans and blueprints (including a foundation plan, floor plan, cross section, front and rear elevations, and right and left side elevations), specifications (which include a Description of Materials- Form (1924-2) that can be obtained from the county office); and detailed cost estimates. (Blank 1924-2 attached)

### **Codes and Standards**

Local and state building codes set the minimum for acceptable material and construction standards for structural integrity, plumbing, heating, electrical installation, windows and ventilation, and safety issues.

You do need to research building codes for each group due to the fact that each community has their own unique house design regulations, building codes do change, and the setback requirements can differ from site to site.

As well as conforming to state and local building codes, follow Rural Developments standards. These standards require the adherence to their thermal performance standards (1924-A, Exhibit D ) and the dwelling must be affordable to the family, not have a pool, and contain no income producing facilities.

### **Obtaining House Plans**

There are several ways to obtain house plans. One of the easiest is to go to your local building supplier and pick up some house plan books. Usually inside the book they list a place you can call to ask questions about certain plans or to order blueprints. Another tactic of obtaining house plans is to go to your local Rural Development office and talk to the Community Development Manager. Ask if he/she can give you names, address and phone numbers of architects that have drawn approve able blueprints in your area. Many of these architects are very familiar with Rural Development and their requirements.

## **Cost of obtaining plans and what plans to obtain**

Another item to take into consideration is the cost of obtaining the house plans. All options should be carefully checked out to determine which is the better deal. At the very minimum, blueprints should be made up of 5 pages: the first page being a foundation plan, then floor plan; cross section; front and rear elevations and left and right side elevations. Other pages may consist of electrical, plumbing and mechanical plans. The more information you have on your plans the easier it will be to get them approved.

## **Standardize Plans**

When obtaining house plans, self-help organizations should standardize the plans as much as possible. For example, the cabinet and kitchen arrangement in the houses can be standardized, as can the size and arrangement of the bathroom. The purpose of standardization is two fold: 1.) The cost estimate and use of materials in the houses will remain the same and 2.) The construction supervisor and participant families will become familiar with the plans during construction. It is not recommended that a sponsor offer families a large variety of plans to choose from. It is better to limit the plans offered to a reasonable number. For example, it is recommended that self-help grantees provide a limited selection of four basic plans in order to simplify the management required to operate a successful program. These four basic plans should be of varying living areas and varying number of bedrooms, depending on the sizes that the grantee finds most in demand based on a survey of the target area. Keep in mind that house plans should be prepared in advance of the formation of the first group of self-help families. After a family has chosen a particular house design, copies of the blueprints should be given to: Rural Development in the 502 application; the local building official when applying for a building permit; the construction supervisor (who will be in charge of the construction of the house): and the family file in the sponsor's office.

## **How many copies will you need?**

You will need four copies of the house plans. One copy will go to Rural Development in the applicant's 502 loan application; one will be needed in the local building office when applying for a building permit; the construction supervisor will need a copy with which to build; and one needs to be kept in the family's file in your office.

## **DEVELOPING SPECIFICATIONS**

After deciding on a particular set of house plans, the next item is to develop a specification sheet. Form 424-2, "Description of Materials" should be used when recording specifications.

If an architect is doing the blueprints always ask him if he will include a specification sheet, most architects will without asking them, but explain the importance of the specification to get Rural Development's approval. Usually there will be no additional cost for this service. If you are not clear with the specification sheet, schedule a meeting with your local office and have him/her explain the form to you. The material identification shall be in sufficient detail to fully describe the material, size, grade and when applicable, manufacturer's model or identification numbers. When necessary additional sheets must be attached as well as manufacturers specification sheets for equipment and/or specials materials, such as aluminum or vinyl siding or carpeting. Keep in mind the design must meet the following requirements in order to be eligible for Section 502 financing; 1) Rural Development's Thermal Performance Standards (see Instructions 1924-A, Exhibit D); 2) Rural Development's guidelines regarding affordability, no income producing facilities and no pool. These instructions will be very helpful when filling out the specifications to insure that each homeowner gets materials of the quality required by Rural Development and conform to any state or local building codes.

All specification sheets should be carefully inspected before being submitted to make sure that everything indicated in the house plans is reflected in the specifications. An individual family must also check each set to make sure they reflect any changes. When the Rural Development building inspector arrives on site he or she will refer to the plans and specs submitted in the loan application. If any questions arise concerning the construction of the house, the plans and specifications that were submitted to Rural Development will provide the final criteria. Therefore, a copy of the cost estimate, dwelling specifications and house plans for each family must be kept in the family file in the grantee's office for reference by the construction staff.

The "Guide for Inspection of Construction of Dwellings and Building" will serve as a guide to the completion of the dwelling specifications. Be careful, however, to discuss the dwelling specifications for any new project with the Rural Development Manager in your target area. The construction supervisor should be responsible for completing the dwelling specifications to be submitted in each loan application in accordance with local building practices and local codes.

Obtaining house plans and specifications is no different than anything else, the more information you have, the easier the final outcome will be. RD must approve plans and specs.

## **COST ESTIMATES**

One of your primary responsibilities is to accurately estimate the cost of each family's home before it is built. These cost estimates must be accurate, as they eventually become a family's 502 mortgage, so avoid making estimates that are unrealistically low. As a rule of thumb, your cost estimates can range from 2% to 3% over the actual cost of the house when it's built, but never under. If you underestimate the cost of construction you may force the family to seek a second, "subsequent", mortgage loan to pay the increased cost of building their house. If the costs are overestimated, the family might not get all of the deserved "sweat equity" in their house, by having a larger mortgage than is needed. For both of these reasons it is important that the cost of the homes is assessed accurately. If there is a significant period of time between the time of actual construction and the time the cost estimates were obtained, you update the figures so that they reflect current market prices. Generally, there are three types of costs: construction materials, subcontracted labor, and land and other variable costs.

### **Construction Materials**

To determine the quantity and quality of construction materials required by a house plan, a materials take-off is required. To do a take-off, the Construction Supervisor must sit down with the drawings of a single house plan and carefully record the materials that are called for in the drawings. At the end of a take-off session, you should have a full listing of all the materials (quantity and quality) required for a single house plan.

In order to get the best price on materials for the families, it is a good idea to get bids on the materials. Before doing this you must describe the project in detail, including the material to be used and quantity. Outline the time frame in which you anticipate needing certain materials; then set a date for the bidding deadline. After obtaining the material bids visit the center or lumberyard to meet with the salesman. Discuss the delivery format, return policy, service area and inquire about credit accounts for the families. After doing this you should be able to select the place you are going to get your materials. (Later on in the process, you may want to include your families in the selection process. They, more than anyone else, have a stake in keeping their prices low.)

Some lumberyards, Lowe's, Home Depot, etc. may also be able to give discounts for bulk purchases or guarantee a lumber price in advance. In addition helping with cost estimates.

## **Subcontractors**

You must next decide which of the construction activities will be subcontracted. Generally, these are the activities that cannot be performed by the families, such as licensed HVAC, electrical work and plumbing. Use Exhibit B-2 of 1944-I, the family construction tasks must equal at least 65% of construction activities.

To now determine what the subcontractors' charges will be you must request bids. (This does not have to be formal bidding process, but it does help if you have already established a procedure for choosing a subcontractor.) In the bid request describe the project, the materials and / or work to be done, outline the requirements and the anticipated time frames, make the plans and specs available to them and set a date for the bidding deadline. After obtaining bids, interview the potential subcontractors. Ask for client references, view their past jobs, question them to determine their integrity and timeliness. Also for client references, view their past jobs, question them to determine their integrity and timeliness. Also inquire about their insurance coverage.

After receiving all of the necessary information and making your own judgement it is a good idea to include the families during this stage. They will be the ones to sign contracts with the subcontractors so they need to feel some responsibility in making the decision. Your organization, however, should advise them on your thoughts. Explain to the families the benefits and drawbacks of each and let them decide, or at least agree with you.

Then prepare a construction contract (some samples are included) and attach the subcontractor bids if they were acceptable. The families and the subcontractors need to sign the construction contract.

## **Plan Certification**

The plans, specifications, calculations, and any modifications should be certified by the design professional on Form RD 1924-25, Plan Certification, to ensure that the appropriate codes and standards are met.

## **Land and Other Variable Costs**

In addition to construction materials and subcontracting, you must also decide what other costs will be covered by the 502 loan. Below, are listed several general construction costs.

1. Land
2. Fees and overhead: Fees can include such items as building permits, closing costs, accident insurance, surveys, and water and sewer connections. Overhead



items are those costs that are not specific to a single site, such as power poles, temporary power, portable toilets, and trash pickup.

3. Appliance and equipment: This includes such items as a range stove, kitchen fan and exhaust fan etc.
4. Site improvements: Includes grading, fences (where permitted) and driveways.
5. Landscaping includes topsoil, seeding and shrubs.
6. Contingency funds: In spite of your best planning, problems and unavoidable delays may occur during the program. You need to prepare for this by including some type of contingency item in the cost estimate.

### **Rural Development Parameters**

“Officers, employers or representatives of organization will not solicit or accept gratuities, favors or anything of monetary value from suppliers, contractors or others doing business with your organization.” - - 1944-I, Exhibit A, Paragraph (o)

“Board members or employees for your organization shall not directly or indirectly participate for financial gain in any transaction involving the organization or the participating families. Includes activities of selling real estate, building materials, supplies or services” - - 1955-I, Exhibit A, Paragraph (q)

“While contracts are generally awarded to the lowest bidder, alternative policies are common.”  
1924.6 (a)(10)&(11)

## **Guidelines for the Purchase of Building Supplies and/or Soliciting for Subcontractors on Behalf of the Participant Families**

Your organization may use its own procurement policies and procedures. However, these policies and procedures must meet the following minimum standards:

1. No employee, officer, or agent shall participate in the selection, award, or administration of a contract in which federal funds are used where employees or their families have a financial interest. The recipients' officers, employees and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or potential contractors.
2. All Procurement transaction shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.
3. Minimum procedural requirements
  - a. You must take actions to avoid purchasing unnecessary or duplicate items.
  - b. Your solicitations for goods and services shall be based upon a clear and accurate description of the specifications; that is, the technical requirements for the material, product, or service to be procured.
  - c. You should not use "cost plus a percentage of cost" method of contracting.
  - d. You should contract with contractors or suppliers who are responsible and have proven abilities.
  - e. You should include some form of price or cost analysis made in connection with every procurement action.
  - f. You should follow a system of contract administration to ensure contractor compliance.

Note: Contracts for over \$10,000 should include various provisions to cover violations, breaches, etc. Contracts for over \$2,000 should have "Anti-Kick Back Act" provisions.

# **Section 3**

## **Item 7**

### **Staffing Needs & Hiring Schedule**

## **Item 8**

### **Authorized Representative of Applicant**

## **Item 9**

### **Budget Information**

## **Item 10**

### **Indirect or Direct Cost Policy**

## **Staffing Needs and Hiring Schedule**

Having a good program, a sound budget, and a committed Board is only part of the equation. Your self-help organization also needs qualified and motivated staff. If you are building a new program, you need to address several personnel issues. These issues include determining staffing needs, developing job descriptions, developing personnel policies, and recruiting the staff.

You are required to describe your proposed hiring schedule, and availability of prospective employees. You are also required to include complete job descriptions and resumes of the persons selected to fill each position for the grant.

### **Hiring Schedule**

A hiring schedule is required to be included in the final application. This schedule should include all of the positions that you plan to pay out of the self-help housing grant funds. Indicate which of those positions have already been filled and the anticipated hiring dates of the remaining positions. Indicate whether these individuals will work full or part time.

### **Availability of Prospective Employees**

In order to prove to Rural Development that there are potential candidates whom you intend to hire, include the resume and a letter of commitment from the candidate. If your organization decides to wait until the grant is approved before interviewing and choosing applicants, include a description of how to find needed staff and a brief report on available personnel in your area.

#### **Traditional Self-Help Staff Positions**

A typical small self-help organization traditionally employs the following staff:

- Executive Director or Project Director: This person has the responsibility of running and managing the self-help housing program.
- Group Coordinator: This staff member recruits the families; screening them for the program, counseling and training them, helping them to fill out the required forms, etc.
- Secretary/Bookkeeper: This person has the important responsibility of record keeping for both the 523 Grant funds and the family 502 loan accounts, in addition to other duties.

- Construction Supervisor: This staff person is responsible for coordinating the construction of homes. He/she trains the self-help families in housing construction; helps obtain supply and contractor bids; orders, receives, and inventories building materials; and performs other duties.

In initial staffing you may want to use the traditional self-help positions. However, each organization has its own unique program goals and objectives. Tailor the tasks and skills of each position to your program. Make any last minute changes to job descriptions before advertising for the position.

## **DEVELOPING JOB DESCRIPTIONS**

When you face the task of developing job descriptions, focus on the goals and objectives of the program, then determine the tasks and activities required to achieve those goals. Determine the length of time needed to complete each task, and the skills required by each task. Then develop a list of staff positions and the tasks to be completed by each position. At that point it is easier to make the decision on whether that position needs to be full time, etc. After conducting a salary survey (if one is needed) set salary ranges for each position. Then you can develop an organizational chart clarifying the decision making process.

The following is a list of Major Self-Help Tasks. This list can be used as a starting ground to help you decide who will be responsible for each task.

- Overall program oversight
- Supervision and coordination of personnel
- Management of day-to-day operations
- Locate land for the program
- Identify and secure funds for program operations
- Recruitment of families
- Assist with application and closing
- Coordinate and conduct preconstruction meetings
- Counsel families with budget or financial problems
- Recruitment presentations to the local community
- 502 loan accounting

- 523 grant accounting
- Approval and check authorization
- General office and clerical duties
- Preparation of quarterly, monthly and year end state and federal departments
- Maintain administrative records (leave, mileage, time, etc.)
- Obtaining or preparation of construction plans and spec.
- Obtaining and selecting bids
- Preparation of cost estimates
- Coordination of construction supplies and contractors
- Train, supervise, and coordinate the families through construction
- Conducting construction meetings
- Order building inspections
- Liaison with Rural Development Offices

Sample job descriptions follow.

## Sample Job Descriptions

### Executive Director

The Executive Director is directly responsible to the Board of Directors.

#### Duties and Responsibilities

- Implements and carries out the program as approved by the Board of Directors.
- Coordinates the staff activities to ensure that all personnel are used in an efficient manner and to establish work and hiring patterns to guarantee the best use of funds.
- Arranges or provides the training necessary for the staff's effective performance.
- Evaluates the work of the staff as outlined by job descriptions and program goals.
- Locates suitable building sites and develops property when and where required in conjunction with the participant and other self-help housing staff members.
- In conjunction with the participants, determines where and how to purchase quality construction materials at the most economical prices.
- In conjunction with the construction staff, determines which areas of construction to subcontract and ensures that the work that is subcontracted is done at the lowest prices.
- Develops a general set of house plans and cost estimates to allow for the construction of an economical and high-quality home that will comply with local building codes and Rural Development minimum property standards.
- Keeps abreast of new developments in cost and timesaving techniques in the construction of self-help housing.
- Is thoroughly knowledgeable about Rural Development's programs and policies and coordinates the staff's activities with Rural Development.
- Keeps abreast of developments in federal, state, and local housing development programs.
- Prepares progress reports for funding sources and/or Board of Directors to assist them in planning or program expansion.

*Executive Director - continued*

Qualifications

- Familiarity with all phases of construction of houses, from land acquisition through construction.
- Familiarity with the principles and techniques of group organization and development.
- Administrative ability and experience
- Ability to delegate authority and responsibility.
- Understanding of low-income people and their needs.
- Ability to share ideas and explore solutions to problems with other program participants, Board, staff, and members of the community.
- Ability to choose among alternative courses of action and assume responsibility for the operation of the program undertaken.
- Basic understanding of program or program financing.



## **Construction Supervisor**

The Construction Supervisor reports directly to and is supervised by the Executive Director.

### **Duties and Responsibilities**

- Trains and supervises groups of families in the construction of their homes using the mutual self-help construction method.
- Organizes work crews of families for maximum efficiency of manpower and materials.
- Teaches tool-safety, maintains safe working conditions, and obtains adequate tools for jobs to be performed.
- Prepares house plans, dwelling specifications, and cost estimates; secures subcontractors as required and monitors their work; orders and purchases construction materials.
- Maintains records as required.
- Keeps all aspects of construction in compliance with all applicable regulations, standards, and codes.
- Participates in all building inspections carried out by Rural Development and local building inspectors.

### **Qualifications**

- Professional building skill or equivalent carpentry training.
- Ability to teach building skills to unskilled workers.
- Ability to work with people of varying socioeconomic levels.
- Willingness to work irregular hours as required.
- Housing construction experience in the program area.

## **Group Coordinator**

The Group Coordinator reports directly to and is supervised by the Executive Director.

### Duties and Responsibilities

- Recruits participants for the Mutual Self-Help Housing Program.
- Helps families prepare 502 Rural Housing loan applications for submission to Rural Development, including loan closing procedures. Typical duties include verifying employment and income, and making preliminary determination of eligibility.
- Organizes associations of participant families for the purpose of home construction.
- Holds preconstruction meetings of participant families to provide them with the information about the self-help concept and program and their responsibilities as homeowners.
- Counsels families on barriers to eligibility for participation and suggests steps they can take to remedy their financial situation.
- Acts as the primary liaison between the self-help organization and Rural Development for matters pertaining to loan processing.
- Helps families during the construction phase to (1) encourage maximum family participation, (2) resolve individual family and group related problems, and (3) provide information on labor-saving and record keeping devices.
- Maintains records as required.

### Qualifications

- High school diploma or equivalent.
- Ability to plan and deliver training to the participant families
- Ability to organize the families into working groups and encourage group participation / interaction.
- Ability to express ideas clearly and concisely; good writing and verbal skills.
- Ability to work with minimum supervision.
- Ability to work with low-and moderate-income families.
- Willing to work flexible hours.

## **Secretary / Bookkeeper**

The Secretary / Bookkeeper reports directly to and is supervised by the Executive Director.

### Duties and Responsibilities

- Types correspondence, memoranda, forms, reports, and other materials as needed.
- Performs general receptionist duties such as answering the telephone and greeting visitors.
- Maintains adequate office supplies and property inventory (office and tool equipment).
- Maintains personnel records (e.g., time and attendance reports, annual leave, and sick leave records) and prepares staff payroll.
- Receives and pays accounts for (1) the self-help organization itself; and (2) participating self-help families. Duties include verifying invoices, classifying expenditures, preparing payment vouchers, posting checks to cash disbursements journal, and balancing bank statements.
- Prepares financial reports as needed for the self-help organization and Rural Development.

### Qualifications

- High school diploma or equivalent with satisfactory completion of business courses.
- At least one, and preferably two, years of related clerical / bookkeeping experience.
- A minimum typing ability of 50 words per minute; some shorthand is desirable.
- Ability to operate various kinds of office equipment (e.g., Xerox machine, calculator).

## **ADDITIONAL INFORMATION FOR JOB DESCRIPTIONS**

### **Executive Director**

Responsible for administering the entire self-help housing program, including planning, organizing, staffing, and controlling the day-to-day and long-term operations. Other responsibilities include budgeting, program development, public relations, fiscal management, and supervision of staff. Responsible for setting priorities, and attaining goal accomplishment as well as review and evaluation.

### **Group Coordinator**

Responsible for outreach and recruiting low-income families who are interested in the self-help method of constructing each other's homes and assisting them in obtaining housing loans from Rural Development. Process involves advertisement, community meetings, interviewing, verifying debt loads and credit, developing family budgets, determining possible eligibility and assisting families in preparing Rural Development applications. Responsible for conducting meetings of families to explain the program and subjects related to home ownership such as budgets, loan payments, taxes, insurance, maintenance, and upkeep of the property. Assists families in selecting house plans and building lots. Works closely with the group of families during construction to encourage active participation and help in solving related problems.

### **Construction Supervisor**

Responsible for training participating families through demonstration and explanation, in each step through rough and finish carpentry associated with home construction. Assists families in selecting or developing house plans and in the acquisition of suitable building sites. Prepares cost estimates for loan accounts by cost category. Prepares construction specifications, advertises for materials and subcontractors. Prepares contracts for each family. Organizes and supervises on-site construction work of participating families, assigns job tasks, insures quality of work and timely completion of homes. Schedules delivery of materials, contract work and family labor. Organizes and conducts family group meetings prior to and during construction to provide training to and to outline construction schedules. Assumes complete responsibility for operations at the construction sites. Monitors cost and the time necessary for completion of homes.

**Secretary / Bookkeeper**

Responsible for maintaining a complete double entry type accounting system. Participates in budgeting, fiscal planning, and cash flow management. Responsible for processing grant and family loan invoices for payment, preparing vouchers and fiscal reports, purchasing equipment and supplies, inventory maintenance, and payroll function. Provides financial supervision to individual families and administers the family construction loan funds during the construction phases. Types letters, memoranda, contracts, forms, minutes, and reports needed for the operation of a self-help program. Performs other miscellaneous duties such as filing and receptionist.

## **SALARY RANGES AND FRINGE BENEFITS**

Develop salary ranges and fringe benefits for each position – must be justified as being reasonable in your area (OMB Circular A-122, Attachment B, Paragraph 6 (2)).

Achieving equity is difficult at best; but a good salary survey is a necessary step in the right direction

### **Salary Survey**

#### **Purpose**

The purpose of a salary survey is to assure equitable wage levels, to support the budget you are requesting (the largest percentage of the program budget will go toward staff), and to provide reasonable ability for you to recruit staff.

In order to achieve a comparable reading of a salary survey, you must review the job description, not the individual or the title of a job. The person who is conducting this review should be competent and knowledgeable. In avoiding comparisons of titles, concentrate on duties and responsibilities that a job has. When comparing, recognize the important differences in the positions. For example a Director who supervises one grant with four employees probably has different skills and areas of expertise than does a Director of an organization that runs several grants and supervises 15 employees. The same could be said for a Bookkeeper of one set of double entry books being compared to a Bookkeeper with several sets of accounting records.

## **AUTHORIZED REPRESENTATIVE OF APPLICANT**

Give the name, address and official position of your representative(s) authorized to act for you and to work with Rural Development. The representative(s) can be the same representative(s) named in the Resolution.

Example:

The following is the authorized representative for Self-Help Housing, Inc. They are authorized to act for us and work with Rural Development.

Jane E. Smith, Executive Director  
Self-Help Housing, Inc.  
123 Main Street  
Anytown, Any State 12345  
Phone: 123-456-7890

## **Budget Information**

This section must include information referenced in 1944-I, §1944.410(a)(6).

In this section you will find a blank Form SF 424-A - Budget Information - Non-Construction Programs followed by the instructions for its completion. Also included is a completed Form SF 424A to be used as a guide. There is also additional pertinent information to preparing your self-help budget.

The following items need to be included:

1. Proposed two year budget breakdown
2. Budget narrative
3. SF424A



## SAMPLE TWO YEAR BUDGET

### Projected Two Year Budget Worksheet

	<u>12 Months</u>	<u>12 Month</u>	<u>24 Months</u>
<b><i>Salaries</i></b>			
Executive Director	\$29,900.00	\$31,395.00	\$61,295.00
Secretary/Bookkeeper	\$22,000.00	\$23,100.00	\$45,100.00
Construction Supervisor	\$26,000.00	\$27,300.00	\$53,300.00
Group Coordinator	<u>\$20,000.00</u>	<u>\$21,000.00</u>	<u>\$41,000.00</u>
<b><i>Total Salaries</i></b>	\$97,900.00	\$102,750.00	\$200,695.00
<b><i>Fringes</i></b>			
FICA & Medicare	\$7,489.00	\$7,860.00	\$15,349.00
Unemployment Comp.	\$1,400.00	\$1,400.00	\$2,800.00
Retirement	\$4,000.00	\$4,000.00	\$8,000.00
Workers Compensation	\$4,000.00	\$4,000.00	\$8,000.00
Health Insurance	<u>\$9,500.00</u>	<u>\$9,500.00</u>	<u>\$19,000.00</u>
<b><i>Total Fringes</i></b>	\$22,389.00	\$22,760.00	\$45,149.00
<b><i>Non-Personnel</i></b>			
Audit	\$3,000.00	\$3,000.00	\$6,000.00
Travel	\$5,000.00	\$5,000.00	\$10,000.00
Rent	\$4,200.00	\$4,200.00	\$8,400.00
Utilities	\$2,500.00	\$2,500.00	\$5,000.00
Insurance	\$1,000.00	\$1,000.00	\$2,000.00
Office Supplies	\$1,300.00	\$900.00	\$2,200.00
Equipment Purchase			
Construction	\$1,000.00	\$500.00	\$1,500.00
Office	\$1,000.00	\$755.00	\$1,755.00
Equipment Lease/Rent	\$2,000.00	\$2,000.00	\$4,000.00
Equipment Maintenance	\$1,501.00	\$1,500.00	\$3,001.00
Telephone and Postage	<u>\$5,500.00</u>	<u>\$4,800.00</u>	<u>\$10,300.00</u>
<b><i>Total Operations</i></b>	\$28,000.00	\$26,155.00	\$54,155.00
<b><i>Total Operating Expenses</i></b>	\$148,289.00	\$151,710.00	\$300,000.00

## **SAMPLE BUDGET NARRATIVE**

- SALARIES:** Salary levels are comparable or less than similar positions in the surrounding service area. Self-Help Housing, Inc. plans to hire staff as outlined in the projected two year budget. All staff positions will be full-time. The budget includes funds for an increase of 5% effective the second year of the grant.
- FRINGES:** FICA is based on a rate of 7.65% x total salaries  
Worker's Comp Insurance is based on 0.25% for clerical employees and at 10.08% for the construction employees.  
Unemployment Compensation is based on the present rate of 1.83% for salaries.  
Medical/health insurance for the four full time employees is expected to cost a total of \$9,500 per year. We feel the full time employees should be provided with health care benefits since they have very little long term job security and no retirement benefits except social security.
- TRAVEL:** Our travel mileage reimbursement of .36¢ per mile for local travel does not exceed the approved government rate. This includes traveling from the agency office to the construction site, to Rural Development, as well as other location as needed. The approximate number of miles used per month is not planned to exceed 500.  
The remainder of the line item will provide for our staff to attend some of the regional and area training conferences sponsored by our regional contractor, in addition to other relevant trainings. The amounts included are only estimates as no knowledge is available at this time regarding the number, length or location of conferences.
- RENT:** Rental estimate is based on rates advertised in local newspapers and from discussions with local realtors for the minimum amount of office space needed. A modest office will be sought.
- SUPPLIES:** This item will allow for the purchase of miscellaneous office supplies and equipment such as paper, pens, pencils, ledger sheets, staplers, calculators and used desks, chairs, filing cabinets, etc.

#### EQUIPMENT:

Equipment and tools - Will allow for the purchase of power saws, electric drills, saws, step ladders, wheel barrows, staple guns, tape measures, etc. to be used by the participating families.

Non-expendable equipment and tools - we have established a cost per item of \$100 or more for non expendable personal property. This item will allow for the purchase of two typewriters, one table saw, two extension ladders, scaffolding, one miter box saw and other items that may be needed.

#### EQUIPMENT MAINTENANCE:

This item will allow for repair of equipment, furniture and tools.

#### EQUIPMENT LEASE/RENT:

This item will allow for the lease of a copier for use in the office, as well as periodic rental of construction equipment, i.e., a generator, a heater.

#### TELEPHONE/POSTAGE:

This will allow for the installation of 4 telephone instruments on two lines and for necessary monthly and toll charges. Calls to many suppliers in this area, RD and the regional contractor are toll calls. This will also include the cost for internet access.

The postage will be used for mailing agency and families's checks, reports , etc.

#### INSURANCE:

This will allow for limited general liability insurance, which will include board liability and for coverage on construction and office equipment. Costs are based on discussions with local agents. A Surety bond is also included in this item.

AUDIT: As required, this will allow for a CPA's annual detailed audit of grant accounting records and family loan records. This cost is based on discussions with two local accountants and other grantees in the state.

## **DIRECT OR INDIRECT COST POLICY**

If your agency is a single purpose agency and the only program they are planning to operate is self-help, a direct or indirect cost policy is not required. If this is the case, simply include a statement indicating such.

In the event your organization is multi-funded and has already negotiated an indirect cost rate, you must submit this documentation with the 523 application. This is all the documentation required.

If your organization has never obtained an indirect cost rate, and you are in need of one, you must submit your indirect or direct cost policy with the 523 application. The negotiated indirect cost rate or some type of documentation from DOI indicating an indirect cost rate is not needed but must be submitted with the 523 application. Grant approval will be held up until this requirement is met.

For the 523 grant, you must submit a direct or indirect cost policy. In addition, you must document your indirect cost rate or the lack thereof. (An indirect cost rate is a mechanism used by the federal government to reimburse indirect costs to organizations receiving federal funding.)

Your Regional Contractor will be able to assist you in making this determination and provide guidance.

## **Section 4**

### **Item 11**

#### **Monthly Activities Schedule**

### **Item 12**

#### **Personnel Practices and Procedures**

## **MONTHLY ACTIVITY SCHEDULE**

You need to develop a monthly activity schedule that must be included in the final application. The schedule should include proposed dates for starting and completion of recruitment, loan processing and construction for each group of families. The activity schedule should cover the full grant period, from the date the self-help agreement will be signed until the end of the grant. There are two management tools you can use to help you schedule activities and evaluate your program: The Critical Path Method and the Implementation Schedule.

The Critical Path Method (CPM) is a useful management tool that can aid in scheduling activities and evaluating the self-help program. The CPM provides you with precise planning and scheduling by graphically showing each activity and its relationship to other activities. CPMs render an accurate picture of where the project stands, what remains to be done, and which jobs are critical to finishing on time. A sample CPM plan follows.

The Implementation Schedule is a chart that breaks down the self-help process into specific steps and schedules these steps. It is both a predictor of progress and a tool to track progression. The schedule is usually a matrix that includes the major self-help steps: recruitment, loan packaging, and construction. It provides dates for completion of each step. Actual progress is then charted against the schedule by filling in the date each step is achieved. A sample Implementation Schedule is enclosed. When should the monthly activity schedule be prepared?

A tentative monthly activity schedule is necessary from the time of preparation of the preapplication. It should then be finalized close to time of final application submittal.

What is the purpose of a schedule?

A plan that is not in writing does not really exist – everyone will have their own ideas of what is possible. By setting specific goals, identifying time targets and the person responsible, everyone will know what he or she is supposed to do and how their performance will be measured. A schedule's purpose is to aid in identifying potential problems and opportunities, improve decision-making process, and focus grant activities to results. This is especially important in the self-help program because it has many interdependent actions.

What should be included in the plan?

Schedule development of the self-help project, including long, intermediate, and short-term goals. Long term goals are the goals of the grant - the number of homes, time frame and money. Intermediate goals are for each group of families, recruitment, lot options, preparation of construction and loan dockets, preconstruction meetings and finally actual construction. Short-term goals are a matter of defining the action plan for each group of families. They should be specific, identify times, targets and person(s) responsible. Which staff person is responsible for recruitment of families, site acquisition, construction documents and loan packaging?

Planning the time dimension. It is more realistic to estimate time intervals as a range rather than a precise amount. The objective is to determine the shortest amount of time necessary to complete the project realistically. Fast responses require parallel action. Start with the work breakdown structures and determine what is required to complete each subunit. Next determine what sequence the subunits may be completed and which ones can be underway at the same time. From this analysis, the four most significant time elements can be determined.

Duration of each step

Earliest time each step may be started

Latest time each step may be started

Latest time each step may be completed

### Implementation Stage

In order to implement the plan, everybody must have a strong commitment to the self-help project. The activity schedule should be monitored on a regular basis through regularly scheduled staff planning meetings. These meetings will provide feed back, schedule comparison and chance to make adjustments.

**INSTRUCTION FOR COMPLETING AND UPDATING CPMS  
FOR PRE-CONSTRUCTION AND CONSTRUCTION PROCESS**

1. To the left of the time frame chart, list the critical activities to be accomplished. Such examples would be recruiting families, closing the 502 loans, preconstruction, and clearing lots through final Rural Development inspection for construction.
2. Next, or under, each activity, list the specific staff person(s) assigned to accomplish the task.
3. At the top of the time frame chart, list the months for each four-week block of time.
4. For each activity listed, draw a line on the time frame chart starting at the week the activity should begin extending to the week the activity should be completed.  
Note: Filling in the time lines for each activity should be done during a planning meeting with staff persons responsible for carrying out the tasks present to provide their input.
5. At each staff meeting (should ideally be held weekly), review the CPMs to assess actual progress compared to the planned time lines.
6. For each activity underway, draw a line (using a different color) on the time frame chart above or below the planned time line, to show the actual progress of each activity.
7. For those activities that began later than planned and /or took longer to accomplish, attach a separate comment sheet to the CPM to record the reason(s) for the delay(s) and what adjustment(s) the organization has made.

When prepared and updated properly, a CPM will provide a visual and clear picture of the organization's self-help housing progress and can serve as an excellent management tool for the project director and board of directors. It will alert you to problems and delays that may require reorganization or a request for grant modification from Rural Development. Copies of the Construction CPM can be distributed to participant families and subcontractors so that they are aware of the overall construction schedule and time frames for each activity. In addition to being prepared and updated for an entire group of homes, a Construction CPM can also be prepared for each individual house.



## **PERSONNEL POLICIES AND PROCEDURES**

A copy of your current personnel policy (or new policy if you are a new organization) is required to be included with your final application. These procedures must be in compliance with federal, state, and local laws that effect employees.

Personnel forms also need to be included in your application. This would include such items as time sheets, travel advance requests, mileage forms, and leave requests among others. Sample forms can be found in the Project Director and Financial Management Guides.

Some examples of items to address:

Exempt and Non-Exempt

HATCH Act

Drug Free Workplace

Davis/Bacon if appropriate

Definitions and understanding

DOL wage and hourly

# **Section 5**

## **Item 13**

### **Authorizing Resolution**

## **Item 14**

### **Assurance Agreement**

## **Item 15**

### **Fidelity Bond**

## **Item 16**

### **Evidence of Interest Bearing Checking Account and a Statement of Interest Payment**

## **AUTHORIZING RESOLUTION**

Provide a copy of the resolution adopted by the Board of Directors or other Governing Body, if a public body, and authorizing the appropriate official(s) to execute Exhibit A, the “Self-Help Technical Assistance Grant Agreement” and Form RD 400-4, “Assurance Agreement”, as well as other documents related to the operation of the grant.

## Sample Resolution

### Self-Help Housing, Inc.

#### BOARD OF DIRECTOR'S RESOLUTION

BE IT RESOLVED on this Day of \_\_\_\_\_ 20\_\_\_\_ the Board of Directors of  
(Agency's Name) hereby authorized the submission of a Mutual Self-  
Help application for \$300,000 to USDA/Rural Development. The Board further authorizes the  
submission of a Mutual Self-Help application to build houses over a two year period.

The Board further authorizes that (Title) and (Title) be the designated signatories for the execution  
of Exhibit A (Grant Agreement) of this subpart (1944-I §1944.411) and Form RD 400-4 "Assurance  
Agreement" and all related transactions and documents.

The Board further recognizes the (Title) to be the official contact person for the Mutual Self-  
Help Program. The above resolution was passed by a majority of those present and voting in accordance  
with the by-laws and articles of incorporation.

I certify that the above and foregoing constitutes a true and correct copy of a part of the minutes of  
the meeting of the Board of Directors held on the \_\_\_\_\_ Day of \_\_\_\_\_ 20\_\_.

In WITNESS WHEREOF, I have subscribed my name this \_\_\_\_\_ Day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Name & Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Secretary

\_\_\_\_\_  
Date

## **ASSURANCE AGREEMENT - (RD 400-4)**

Complete the Form 400-4 Assurance Agreement. A blank form is included. Insert the name of recipient in both designated locations and the complete address of the agency. Have the authorized signatory sign and date and include their title. This form must be attested. This is typically done by the Board Secretary.

## **FIDELITY BOND COVERAGE**

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.

## **EVIDENCE OF INTEREST BEARING CHECKING ACCOUNT**

As part of this application, you must establish an interest bearing check account on which two or more bonded employees will sign checks. Include a signed statement that any interest earned in excess of \$250 annually will be submitted to Rural Development quarterly.

## **Section 6**

### **Item 17**

## **Group Agreement Including**

## **Exhibit B-2 of 1944-I**



## **MEMBERSHIP AGREEMENT**

As part of this application for the first group, a copy of their Membership Agreement is required. This agreement needs to include, Exhibit B-2 of 1944-I. This document will also be required for all the groups. Membership Agreements are documents signed by each self-help participant agreeing to participate fully in the program and follow all of the policies and guidelines set out by your organization and Rural Development. You must develop a membership agreement for your own organization. Keep in mind that it may differ from group to group to reflect different circumstances.

Each member of the group must read the document or have the document read to him/her, thoroughly understand it and sign it. There is one agreement for each group. All members of the group will sign the agreement. This agreement must be included in each loan docket. The group members must see the membership agreement as binding; that is, the rules and policies set forth will be enforced.

The membership agreement might cover such items as; who qualifies as a member in the group, group officers and committees, voting rights, policies of the self-help organization, tasks the families are expected to perform, time commitment, i.e., How many hours are required each week? Do the hours stay the same for the entire project? Does this include only construction? Does this include only meetings?

The enforcement of the family agreement is key to the success of each group. For this reason, the self-help staff must make sure that small problems do not lead to large ones.

In enforcing the membership agreement, the self-help staff must not show any favoritism, regardless of the temptation or provocation. The staff must be above petty squabbles, favoritism, and inconsistent enforcement of the membership agreement.

A sample blank agreement and a completed agreement are included.

# BUILDING GROUP MEMBERSHIP AND LABOR AGREEMENT

## BUILDING GROUP

This agreement is entered into on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between the members of building group \_\_\_\_\_, commonly known as \_\_\_\_\_  
(group #) (Name of Building Group)

and hereinafter referred to as the "BUILDING GROUP MEMBERS" and \_\_\_\_\_

\_\_\_\_\_  
(Name of Self-Help Grant Recipient)

hereinafter referred to as "SELF-HELP GRANT RECIPIENT." The principal location of building group \_\_\_\_\_ is \_\_\_\_\_  
(group #) (Address, City/Town/County, State)

The SELF-HELP GRANT RECIPIENT is an eligible entity, which provides technical assistance and management services for building group members under the mutual Self-Help Housing Program.

The SELF-HELP GRANT RECIPIENT is not acting as a "contractor" on behalf of BUILDING GROUP MEMBERS, but as a Rural Development grant manager and technical advisor. BUILDING GROUP MEMBERS, as homeowners and builders, are acting as their own general contractor. The BUILDING GROUP MEMBERS agree to hold the SELF-HELP GRANT RECIPIENT harmless for any purchases, even though such purchases may have been made by the SELF-HELP GRANT RECIPIENT on behalf of the BUILDING GROUP MEMBERS.

The purpose of the Agreement is to foster the smooth accomplishment of the BUILDING GROUP MEMBERS' goal of construction of houses. The BUILDING GROUP MEMBERS understand and agree with each other and with the SELF-HELP GRANT RECIPIENT that this Agreement will control the progress of the project. Violation of any portion of this Agreement may result in implementation of Section VII of this Agreement. **Rural Development is not a party to this agreement.**

**I. COMMITMENT**

The SELF-HELP GRANT RECIPIENT agrees to provide technical assistance to the undersigned BUILDING GROUP MEMBERS as follows:

**A. Pre-Construction Services**

1. Locate and obtain control of suitable Rural Development building sites.
2. Recruit and determine preliminary eligibility of potential group members.
3. Prepare all loan application documents for submission to Rural Development and work with Rural Development on behalf of the applicants.
4. Assist the officers of the group in the fulfillment of their functions.
5. Arrange and present a series of informational meetings covering homeownership and related subjects. This series is normally referred to as the "Pre-Construction" meetings.

**B. Construction Services**

1. Provide house plans, which have been developed or acquired by SELF-HELP GRANT RECIPIENT and approved by Rural Development.
2. Direct, control, and implement construction on all of the members' houses.
3. Teach tasks to the members as necessary to build the houses according to the plans and specifications, within the allowed budgets.
4. To initiate contracts in the name of the members for materials and services to be purchased in accordance with the plans and specifications.
5. Provide bookkeeping services to maintain individual group member accounts, and to pay bills on behalf of group members from these accounts.
6. Lease power tools and special equipment as required on the job. (See Section VIII).
7. Present to the building group for approval, bids from outside contractors and suppliers to provide the materials and contracted work necessary to build the homes according to plans and specifications. The selection of a supplier or contractor should be made only on the basis of quality, experience, completeness of bid, price, and past performance. (See Section VIII).

## II. GROUP MEMBER COMMITMENT

The undersigned BUILDING GROUP MEMBERS agree to the following:

- A. To build their own homes in the SELF-HELP GRANT RECIPIENT'S construction program, using Rural Development and/or alternative financing.
- B. To use their labor to the extent required and to pay for all materials and contracted labor and services used in the construction of their home, according to the directions of the SELF-HELP GRANT RECIPIENT, including costs associated with lot development and costs shared with other participants.
- C. To purchase materials and contracted labor on a group basis whereby the building group utilized the same suppliers and contractors.
- D. To use their best efforts to meet construction goals and objectives established by the group and the SELF-HELP GRANT RECIPIENT in performance of this agreement.
- E. To work at all times in a safe manner, and to follow the Construction Supervisor's instructions in this regard.
- F. To work on any house in their group and at any job as required by the Construction Supervisor.
- G. To cooperate with other group members and the SELF-HELP GRANT RECIPIENT in the performance of the requirements as set forth in this agreement, and to conduct themselves at all times in a manner that will not disrupt or interrupt other group members in their performance of assigned tasks. It is agreed the Construction Supervisor has the authority to require removal from the job site of any individual whom the supervisor deems to be a disruptive influence to work requirements.
- H. To follow the plans, budgets, blueprints, specifications and instructions of the SELF-HELP GRANT RECIPIENT and Rural Development in construction of their houses. (Change orders will only be allowed in accordance with Section XI following.)
- I. To allow the SELF-HELP GRANT RECIPIENT to solicit bids and not to negotiate with or direct the work, or otherwise interfere with subcontractors and suppliers, unless authorized to do so by the Construction Supervisor.

- J. To provide the SELF-HELP GRANT RECIPIENT written schedules of the hours they are available to work and to work the hours as assigned by the Construction Supervisor.
- K. To review requests for payment as submitted by the SELF-HELP GRANT RECIPIENT and to sign checks for payment, acknowledging that if legitimate bills are not paid, property is subject to liens in accordance with state law. (See Section III, A.10. following.)
- L. Not to move into the house that will become theirs or move personal property into that house until all the homes in the group are finalized by Rural Development and/or other appropriate officials.
- M. To purchase (Builder's Risk) Homeowners Insurance as required by Rural Development, to be in force beginning with the date of loan closing. (See Section XIII following)
- N. To attend all scheduled meetings as directed by the SELF-HELP GRANT RECIPIENT. (See Section V.D.4. following.)
- O. To work as directed by the Construction Supervisor.
- P. To attend all pre-construction training meetings offered by the SELF-HELP GRANT RECIPIENT.
- Q. To close their loan account within (30) days of final inspection by Rural Development, unless otherwise extended by Rural Development.
- R. To meet all other requirements as set forth in this agreement.

### **III. CONSTRUCTION RESPONSIBILITIES**

#### **A. Labor Exchange Commitment**

The building group members agree to exchange work labor in a cooperative manner, and to work jointly on all members' houses.

1. Each household will be required to put in a minimum of \_\_\_\_\_ productive hours per week, or as many as necessary, as directed by the Construction Supervisor, to complete construction of the homes on schedule. Equal time will be allowed for labor performed by members regardless of the approved type of work involved. It is further agreed that only the work hours of person's \_\_\_\_\_ years and older may count towards the \_\_\_\_\_ hours. We require that any delinquent hours be made up the week following their

accrual unless prior arrangements have been made with the Construction Supervisor.

**Accumulation of hours** – Families who accumulate more than the \_\_\_\_\_ hours required per week, may accumulate limited hours in a "family reserve." The accumulated hours may not exceed \_\_\_\_\_ hours per week above and beyond the \_\_\_\_\_ required hours. Families are only allowed to draw hours from the "family reserve" if they first clear it with the Construction Supervisor. The decision will be made on the basis of the nature of the request and the progress of the project. Additionally, families may donate any excess hours to other participating families with the approval of the construction supervisor.

2. Labor hours that count towards the minimum \_\_\_\_\_ hours per week requirement per household is labor that contributes to the construction of houses in the group. Labor hours do not include lunch breaks, coffee breaks, travel time, childcare for your own family, time away from the job site not on construction business, or time spent involved in non-productive conversation with others. One hour of credit per household will be allowed for each of the following: selection of finish flooring and counter tops, lighting fixtures, and landscaping. Work from non-group members must be scheduled by the Construction Supervisor prior to performance of the work. Any vacation or time off from construction must be pre-approved by the group and the Construction Supervisor. No previously earned labor hours in excess of the \_\_\_\_\_ hours per week requirement can be used towards the current \_\_\_\_\_ hours per week requirement, without prior approval of the BUILDING GROUP MEMBERS and the SELF-HELP GRANT RECIPIENT.

3. Volunteer hours – Volunteers who perform work at the site, will work as scheduled by the Construction Supervisor. Volunteers will work on all houses in the group.
4. Labor that must be performed by building group members is listed as "Homeowner Labor" on the following chart, amounting to at least 65% of the total work tasks. Group members must perform a majority of the work for each task listed, in order to receive the percentage credit shown.

**CONSTRUCTION LABOR DIVISION – SELF-HELP HOUSING**

	<b>Subcontract</b>	<b>Homeowner</b>
	Labor	Labor
Excavation		
Footings, Foundations, Columns		
Floor Slab or Framing		
Subflooring		
Wall Framing, Sheathing		
Roof & Ceiling Framing, Sheathing		
Roofing		
Siding, Exterior Trim, Porches		
Windows and Exterior Doors		
Plumbing Rough-In		
Sewage Disposal		
Heating Rough-In		
Electrical Rough-In		
Insulation		
Dry Wall		
Basement or Porch Floor, Steps		
Heating Finish		
Flooring		
Interior Carpentry, Trim, Doors		
Cabinets and Countertops		
Interior Painting		
Exterior Painting		
Plumbing Finish		
Electrical Finish		
Finish Hardware		
Gutters and Downspouts		
Grading, Paving, Landscaping		
Totals		

\*Contact Regional Contractor for additional information

5. If a household becomes \_\_\_\_\_ hours behind during any three-week period or for the total minimum number of hours required at that period of construction, without approval of the Construction Supervisor, no additional materials will be ordered for their house. At this time, the member is required to meet with the Construction Manager and the Group Coordinator for approval of a written plan submitted by the member to bring labor hours current. When labor hours are brought current, the SELF-HELP GRANT RECIPIENT will again be authorized to purchase materials for their house.

If a household becomes \_\_\_\_\_ hours behind the total minimum number of labor hours, all work and associated activities on their house will stop. At this time the member is required to meet with the SELF-HELP GRANT RECIPIENT'S Housing Program Director and the Group Coordinator, with a written plan to bring labor hours current. Work may again start on their house when the household is no more than \_\_\_\_\_ hours delinquent, although no additional material is to be ordered for their house. When labor hours are brought current, the SELF-HELP GRANT RECIPIENT will be authorized again to purchase material.

If a household becomes \_\_\_\_\_ hours behind the required number of labor hours, expulsion from the group may occur, in accordance with Section VII of this agreement.

6. The Construction Supervisor will decide what work is to be completed by the members each day. The members agree to perform the work assignments made by the supervisor. Any member who performs work not assigned by the supervisor may not receive credit for labor hours, at the discretion of the Construction Supervisor. The Construction Supervisor may ask a member who refuses to perform an assigned task to leave the job site. Continued refusal may result in implementation of Section VII of this agreement. A member may not work alone unless the task can safely be done alone and he/she has the consent of the Construction Supervisor.



Any work by a member devoted exclusively toward that member's own house will not be credited toward the weekly work requirement, unless such work has been assigned or approved by the Construction Supervisor. (Mutual self-help of an organized work team is stressed, not individual home building.)

7. If the household becomes verifiably disabled after construction starts, the group agrees to continue to help the participant construct its house, subject to the following provisions:
  - a. Disability claims must be verified in writing by a licensed M.D., stating specifically those construction tasks the claimant cannot perform. Tasks not prohibited in writing by the M.D. will be expected to be performed by the claimant, as assigned by the Construction Supervisor. Such tasks may not have been required prior to the claimed disability, and time worked on these tasks may or may not be included as contributing in their entirety to the required minimum hours to be worked each week by each member household subject to the discretion of the Construction Supervisor.
  - b. The household claiming to be incapacitated must provide the Construction Supervisor a written plan stating the name and the hours to be worked by those individuals who contribute the required make-up hours, to assure the household maintains its required work responsibility. All individuals thus named must sign an agreement to work the specified hours. The plan must be approved by a majority vote of the group members. The substitute labor must also be approved by the SELF-HELP GRANT RECIPIENT and the Rural Development State Director.
8. Action to be taken by the group following death of a head-of-household or spouse is to be determined by majority agreement at a meeting of the group, and is to include plans for completion of the group member's house. The plan is subject to approval by the SELF-HELP GRANT RECIPIENT prior to enactment.

9. Each household will complete a "Weekly Work Availability" form in which each household will plan their weekly minimum hour work schedule at the construction site. Completed schedules will be given to the Construction Supervisor one week or more in advance and all schedules will be posted at the construction site. The Construction Supervisor shall specify which of the available hours are required to meet the construction goals for the week. The intent is to have a well-organized flow of work utilizing the best-varied abilities of the group members in order to assure proper job, contractor and material supplier scheduling. Group members will record their work hours and tasks daily at the job site, under the supervision of the Construction Supervisor and timekeeper, who will maintain records of such hours and jobs. Any conflict over work schedules or hours worked will be resolved by the Construction Supervisor.
10. Each member agrees individually, and all members agree collectively as a group, to abide by the purchase order system for ordering materials. The only persons authorized to order materials shall be designated by the SELF-HELP GRANT RECIPIENT.
11. If a household becomes \_\_\_\_\_ days delinquent in approving construction invoices, all work on the house will stop. No additional materials will be ordered until outstanding invoices are paid and the SELF-HELP GRANT RECIPIENT has assurance that delinquencies will not reoccur.
12. Each member agrees individually, and all members agree collectively as a group, to work on each other's houses together as a work team, as assigned by the Construction Supervisor. Group members may perform extra work in addition to that required by the Construction Supervisor, and will receive credit for this work, so long as it is for the benefit of the entire group, and is assigned by the Construction Supervisor.
13. If for any reason, families are not able to perform the required \_\_\_\_\_ hours of work, because of snow, storm, tornado, flood, or any other "acts of God,"

penalties listed in Section III, part A, number 4 will not be automatically enforced. Rather the participants will work with the Construction Supervisor to find a solution that is mutually acceptable.

#### **IV. ELECTION OF OFFICERS**

In order to function as a group, the following procedures will be followed:

- A. Officers shall be elected by the group for the life of the project and their duties shall include the following:
  - 1. Group Facilitator – Shall chair all group meetings, and act as the main representative of the group.
  - 2. Assistant Group Facilitator – Shall act for the Group Facilitator in his/her absence.
  - 3. Timekeeper – Shall keep a record of all group members' timesheets and shall be responsible for submitting timesheets to the SELF-HELP GRANT RECIPIENT'S office on a weekly basis.

An additional and very important responsibility would be that of "material checker," to accept and check all supplies delivered to the group. This may be an elected position, or the duty of each member present.

- B. Officers may be recalled or replaced by a majority vote of the households.

#### **V. GENERAL RULES OF THE GROUP**

- A. In consideration of safety issues, children under the age of 16 shall not be allowed on the construction site without prior approval of the Construction Supervisor for each individual occurrence.
- B. Each member agrees that no member of the group may hire or pay anyone to do their work for them.
- C. Hours shall be recorded by the timekeeper after approval of the Construction Supervisor. Any conflict over number of hours worked will be resolved by the Construction Supervisor and/or Group Coordinator.

- D. The building group shall have a group meeting at least once every \_\_\_\_\_, as called by the Construction Supervisor, the majority of the group members, or the Group Coordinator. At least one the SELF-HELP GRANT RECIPIENT'S staff member will attend each meeting, and this may be the Construction Supervisor. Time spent at the group meeting will count towards the required labor hours only if required by the SELF-HELP GRANT RECIPIENT. Group membership meetings may also be called by the Program Director. Notice of any meetings shall be given to one of each household at least \_\_\_\_\_ hours in advance.
1. One vote per house in construction is allowed and each household shall cast one vote. The head-of-household or co-applicant may cast the vote.
  2. A quorum consists of at least one vote per household at meetings in which half or more of the households are represented. When a quorum is present, the majority vote shall carry all motions, except as stated differently in the Agreement.
  3. Each household has the responsibility of having at least one voting member of the household attending each group meeting, and any member household that misses more than two meetings may be subject to disciplinary action by the group, up to and including termination of the households voting rights.
  4. The meeting location shall be assumed to be the job building site and all relevant conditions of this agreement shall apply at these meetings.
- E. No one will be allowed on the building site while under the influence of alcohol or illegal drugs, nor will the drinking of alcoholic beverages or the use of illegal drugs at the job site be tolerated. Any incident involving alcohol or illegal drugs on the job is cause for automatic expulsion of the participant by the Program Director and termination of this agreement.
- F. Each member agrees that they will be responsible for all materials, supplies, and other items purchased for their house regardless of the location of such materials, supplies or other items. Any theft, loss, breakage or damage is the responsibility of the member and replacement or repair will be made out of their loan funds.

- G. The group members and families shall pay for all materials and contracted work purchased for benefit of their homes, including extra materials or overruns. The Construction Supervisor will allocate all materials, equipment, purchases, and contracted work between the households and this allocation shall be binding on each household.

## **VI. GRIEVANCE PROCEDURE**

- A. Any claim, dispute or question raised by any group member or BUILDING GROUP MEMBERS shall be first brought to the attention of the Group Facilitator, discussed in a group meeting and settled then.
- B. If no resolution can be accomplished through the group meeting, the following grievance procedure shall be followed.

- 1. Before Construction

- The grievance should be brought to the attention of the Group Coordinator assigned to the group. If no resolution can be made, the Program Director must receive the grievance in writing. If a resolution is again not reached, then the written grievance shall be referred to the SELF-HELP GRANT RECIPIENT'S Executive Director. If a resolution is again not reached, then the written grievance shall be referred to the SELF-HELP GRANT RECIPIENT'S Board of Directors for final resolution.

- 2. During Construction

- The grievance should be brought to the attention of the Construction Supervisor. If a resolution does not follow then the grievance shall be referred to the SELF-HELP GRANT RECIPIENT'S Program Director. If a resolution is not reached again, then the written grievance shall be referred to the SELF-HELP GRANT RECIPIENT'S Executive Director. If a resolution is again not reached, then the written grievance shall be referred to the SELF-HELP GRANT RECIPIENT'S Board of Directors for the final resolution.

- C. If a claim is brought prior to completion of construction and occupancy of the residence by the group member(s), the foregoing shall be conditions precedent to

arbitration. In any event, any claim, dispute, or question arising between the SELF-HELP GRANT RECIPIENT and the parties shall be subject to arbitration at the choice of any party. In the event either party elects arbitration, it shall serve a notice on the other party or parties, stating their grievance and desire to arbitrate, and the parties shall proceed in accordance with state law. A decision of the arbitrator shall be a condition precedent to the right of any other legal action. The cost of the arbitrator shall be born equally by all parties to the dispute.

- D. The SELF-HELP GRANT RECIPIENT has agreed to provide technical assistance to the group members in construction of their housing. The SELF-HELP GRANT RECIPIENT does not charge group members for this service, and in return the group members agree that the SELF-HELP GRANT RECIPIENT shall have no liability for acts and omissions done in good faith. The SELF-HELP GRANT RECIPIENT shall have no liability of consequential or delay damages resulting from any act, omission, breach of contract, or negligence.

## **VII. TERMINATION PROCEDURE**

Violations of the terms of this agreement will result in all expenditures for materials/labor being immediately halted until a satisfactory resolution is reached. If a satisfactory resolution cannot be reached or the same problem continues, expulsion from the group will be determined by the Grantee. Expulsion results in the loss of any rights under the terms of this agreement and the loss of building privileges under the SELF-HELP GRANT RECIPIENT'S self-help program. After expulsion, the member's rights concerning their house will be determined by Rural Development. In the event a group member, family or group members fail to meet the requirements of this agreement, the remedies afforded the BUILDING GROUP MEMBERS and Rural Development in this agreement are cumulative, and in addition to any other remedies afforded by law or otherwise.

**VIII. CONTRACTS AND OBLIGATIONS**

The group members and spouses are jointly and severally bound by the contracts they enter into, and agree to the terms thereof. The group members may not elect to exclude themselves from such contracts, but are irrevocably committed to them.

**IX. SUPERVISION OF ACCOUNTS AND PAYMENT OBLIGATIONS**

The undersigned families and group members agree to place their Rural Development loan proceeds and other funds into a designated bank account which is managed by the \_\_\_\_\_ (SELF-HELP GRANT RECIPIENT) . \_\_\_\_\_ (Borrower Name) is authorized to approve of all labor, materials, contracts, sub-contracts, liens, expenses, taxes, and other costs incurred for building their house. Only \_\_\_\_\_ (SELF-HELP GRANT RECIPIENT) may request draws on the group member's Rural Development loan account and prepare checks for payment of all costs and charges attributable to construction of the participant's home. These payments are to be authorized by the designated participants and Rural Development with supporting documentation provided by \_\_\_\_\_ (SELF-HELP GRANT RECIPIENT) . The group members and families agree to execute and deliver to \_\_\_\_\_ (SELF-HELP GRANT RECIPIENT) any other document necessary to implement this agreement.

**X. LEVY OF DUES**

The group may agree by a majority vote to levy dues upon its members. Further, the group has sole custody and responsibility for any money, which it may earn or collect from its members for purposes of the group. These funds may be disbursed in any manner as determined by a majority vote of the group. The SELF-HELP GRANT RECIPIENT will not be accountable in any way for these funds.

**XI. SUCCESSORS AND ASSIGNEES, JOINT AND SEVERAL LIABILITIES**

The parties bind themselves, their spouses, heirs, successors, assignees, partners, and representatives to this agreement. The undersigned group members agree that this agreement is jointly and severally binding upon them, and that any liabilities and obligation, rights and duties created hereunder shall be joint and several to each signatory. The undersigned families and group members agree to build according to blueprints and specifications provided by SELF-HELP GRANT RECIPIENT and approved by Rural Development. No change will be made in these plans without prior approval of Rural Development. Change order approval by participant or group members requesting the same hereby holds harmless its agents, employees and officers for any liability resulting there from.

**XII. INSURANCE**

Each group member or participant agrees to purchase Builders Risk Insurance as required by Rural Development and other lending institutions to be in force from the date of loan closing. This policy shall include sufficient individual liability coverage in an amount not less than \_\_\_\_\_. However, the SELF-HELP GRANT RECIPIENT may require a higher amount if it determines that this is necessary. The SELF-HELP GRANT RECIPIENT shall be given proof (binder) of insurance.

**XIII. ACCEPTANCE OF HOUSING/RELEASE**

At the time of completion of the participant or group member's home, the head-of-household must inspect the home and at that time make any claim against SELF-HELP GRANT RECIPIENT or waive the right to do so by signing the Release and Hold Harmless Agreement attached to this agreement. (Addendum #3) SELF-HELP GRANT RECIPIENT will not approve the closing of an account prior to receiving the release. A participant or group member may not occupy their home prior to inspection and accepting the home, and delivering the executed Release and Hold Harmless Agreement to SELF- HELP GRANT RECIPIENT. It is agreed that any claims against SELF-HELP GRANT RECIPIENT will be made at this time, or will be forever barred.



#### **XIV. TERMINATION OF AGREEMENT**

This agreement shall be terminated with regard to each member and SELF-HELP GRANT RECIPIENT by the following conditions:

- A. After all families' houses have been completed, received final inspection and approval by Rural Development, all bills and credits have been settled, and the supervised bank accounts are closed.
- B. By signing below, I agree to all conditions of this Membership and Labor Agreement. I also declare that no statements, representatives, or any express or implied warranties of any nature whatsoever have been made to me by the SELF-HELP GRANT RECIPIENT. I further acknowledge that the SELF-HELP GRANT RECIPIENT agrees only to provide technical assistance and construction supervision set forth in this agreement, and shall have no liability for any damage, error or construction defect. In the event that damage or defect must be remedied, the group members agree to repair the same using their own "self-help" and/or subcontractor labor, and to pay for materials and/or labor as required. I also acknowledge receipt of a copy of said Agreement for my personal files.

**GROUP MEMBERS**

Date \_\_\_\_\_ Borrower \_\_\_\_\_

Date \_\_\_\_\_ Co-Borrower \_\_\_\_\_

By signing below, \_\_\_\_\_ agrees to all conditions of this  
(SELF-HELP GRANT RECIPIENT)

Building Group Membership and Labor Agreement. \_\_\_\_\_ also  
(SELF-HELP GRANT RECIPIENT)

declares that no statements, representations or any express or implied warranties of any nature  
whatsoever have been made to this building group.

Date \_\_\_\_\_  
Construction Supervisor

Date \_\_\_\_\_  
Program Director

**RELEASE AND HOLD HARMLESS AGREEMENT**

I have inspected or had an opportunity to inspect my house and property, legally described as

Lot \_\_\_\_\_, \_\_\_\_\_  
(Address, City/Town/County, State)

I hereby release \_\_\_\_\_, its agents and  
(SELF-HELP GRANT RECIPIENT)

employees, of any claim or liability with respect to the construction of said residence, whether known, or arising in the future.

I agree to indemnify and hold \_\_\_\_\_  
(SELF-HELP GRANT RECIPIENT)

and its agents and employees harmless for any claim made against them by a third party with respect to construction of said residence.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

By: \_\_\_\_\_

By: \_\_\_\_\_

The above information was explained to us and I/we understand and accept these conditions.

\_\_\_\_\_  
NAME

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# **Section 7**

**Item 18**  
**Request for Obligation of Funds**

**Item 19**  
**Self-Help Technical Assistance Grant Agreement**

**Item 20**  
**Certification Regarding Drug-Free Workplace**

**Item 21**  
**Certification Regarding Debarment, Suspension and other  
Responsibility Matters**

**Item 22**  
**Certification Regarding Lobbying**

**Item 23**  
**Statement of Compliance with 7 CFR Part 3015 & 3019, if a Non-Profit  
Organization or, 3015 & 3016 if a State or Local Government**

**Item 24**  
**Assurances - Non-Construction Programs**

## **REQUEST FOR OBLIGATION OF FUNDS - 1940-01**

Complete the sections titled Borrower Name, State Name and County Name. Then have the authorized signatory sign and date the signature block.

## **SELF-HELP TECHNICAL ASSISTANCE GRANT AGREEMENT**

To prepare Exhibit A, fill in the following blanks:

- the name of the “Grantee”;
- the authorizing state statute;
- the specific area to be served.
- number of years

Do not include the amount of the grant or the dates of the grant. Have your authorized representative sign it and enter his/her title. This form is very important, read it. It is crucial that you know and understand the terms of this agreement - - you are going to have to live by it for the entire Grant period.

A copy of the Grant Agreement follows.

## **CERTIFICATION REGARDING DRUG-FREE WORKPLACE**

Included in this section is a Certification Regarding Drug-Free Workplace, as well as, the instructions for completion. Make sure the form (AD 1049) is signed and dated by the authorized signatory.



## **CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS**

Included in this section is a Certification Regarding Debarment, Suspension, and other Responsibility Matters, as well as, the instructions for completion. Make sure the form (AD1047 or 1048) is signed and dated by the authorized signatory.

## **CERTIFICATION REGARDING LOBBYING**

Included in this section is a Certification Regarding Lobbying, as well as, the instructions for completion. Make sure the form is signed and dated by the authorized signatory.

## **STATEMENT OF COMPLIANCE WITH 7 CFR PART 3019 OR 3016**

Include a statement indicating your agency will comply with the appropriate regulation. Non-profit agencies fall under Part 3019 and State or Local Governments fall under Part 3016.

## **ASSURANCES - NON-CONSTRUCTION PROGRAMS**

In this section you will find a blank Standard Form 424B. Please sign and date the form after carefully reading it.

# **Section 8**

## **Item 28**

### **Narrative Statement**

## **Item 29**

### **Current Financial Statement for Applicant and any Sponsor**

## **Item 30**

### **Outreach Plan for Very Low Income Families**

## **Item 31**

### **HUD Fair Housing Marketing Plan**

## **Item 32**

### **Determination of TA Grant Amount**

## **Item 33**

### **Intergovernmental Review Submittal**

# NARRATIVE STATEMENT

This section must include information addressing the following. The information can be referenced in 1944-I, §1944.410(a)(4).

(a) Amount of Request

- This amount should reflect the amount of 523 Funds your agency is proposing to request

(b) Area to be served

- Is the proposed area eligible according to RD specifications?
- What is the area like?
  - Maps
  - Population
  - Housing statistics
  - Observe the potential location
    - growth in the area
    - high occurrence of substandard housing
    - is the general composition of the families in the area geared toward the need for affordable home ownership
    - demonstrated knowledge and familiarity with area and the people

(c) Number of houses proposed

(d) Housing Conditions of low-income families

- Indicate the housing conditions in the area your agency plans to build; examples: overcrowding, substandard housing, lack of affordable housing, etc.

(e) Need for the program

- Why do families need self-help housing?
  - The need is based on the following:
    - housing conditions
    - reasons why families need self-help housing
    - cost of new housing
    - vacancy rate
    - income level of target population
    - property conditions
    - family size and ownership patterns

- cost of rental units
- public housing and housing assistance in area

(f) Evidence of Community Support

- Include letters of support from members of the community. Several examples of potential sources are listed below.
  - local businesses
    - banks
  - churches
  - community service agencies
    - health department
    - sheriff's department
  - representatives of the county your agency plans to build in
    - county commissioners/supervisors
    - legislatures representing your proposed service area
    - school board officials
  - representatives of the community your agency plans to build in
    - mayor
    - police department
    - Why is community support necessary?
      - money
      - political support
      - creates positive self-help image
    - Steps to obtain community support
      - brochure or fact sheet
      - formal and informal talks with community leaders
      - know benefits and drawbacks of self-help housing
      - develop relationship with media
      - be prepared for meetings
    - Prepare a presentation
      - what is self-help?
      - present program as unique service
      - ask for referrals of potential homeowners

- make certain that correct impression is given
- information about home ownership counseling
- stress that families build homes

(g) Evidence of low income families willing to contribute labor

Include a list of families willing to contribute their labor to the construction of their home as well as other members of the program. The list should include:

- name
  - address
  - household size
  - annual income
- 
- It is also recommended to include twice the number of families on the list than the number of homes your agency plans to build.



## **Current Financial Statement**

This section must include information addressing the following. The information can be referenced in 1944-I, §1944.410(a)(3).

Specific nature of assets and liabilities

- (a) Prepared by accountant
- (b) No more than 12 months old
- © Must be dated and signed

NOTE: The same financial information will be required of the Sponsoring agency.

**GRANTEE NAME**

**TRIAL BALANCE FOR MONTH ENDING**

**ASSETS:**

Regular Checking Account Balance	\$ _____
Payroll Account Balance	\$ _____
Petty Cash	\$ _____
Outstanding Accounts Receivable	\$ _____
Prepaid Insurance	\$ _____
RD Cash Receivable	\$ _____
Fixtures and Equipment	\$ _____
TOTAL ASSETS	\$ _____

**LIABILITIES:**

Outstanding Accounts Payable	\$ _____
FICA Payable	\$ _____
Withholding Tax Payable	\$ _____
State Unemployment Tax Payable	\$ _____
Medical Insurance Payable	\$ _____
Accrued Annual Leave	\$ _____
Accrued Salaries	\$ _____
TOTAL LIABILITIES	\$ _____

**FUND BALANCE:**

RD Federal Grant Un-applied	\$ _____
Fixtures and Equipment	\$ _____
TOTAL FUND BALANCE	\$ _____

ASSETS LESS LIABILITIES AND FUND BALANCE \$ \_\_\_\_\_

**EXPENSES:**

Salaries	\$ _____
Fringe Benefits	\$ _____
Travel	\$ _____
Space Costs	\$ _____
Office Equipment Rental	\$ _____
Office Supplies	\$ _____
Telephone	\$ _____
Insurance	\$ _____
Audit Fees	\$ _____
Consultant and Training	\$ _____
Tool Rental	\$ _____
Construction Equipment	\$ _____
TOTAL EXPENSES	\$ _____

Date \_\_\_\_\_

Board Officer's Signature \_\_\_\_\_

## Outreach Plan for Very-Low Income

This section must include information referenced in 1944-I, §1944.410(a)(5).

- (a) Complete an outreach plan on your proposed strategy for reaching and recruiting low and very low income families
  - RD requires that a minimum of 40% of the applicants be very-low income
- (b) Develop a recruitment plan
  - Step one
    1. know your target market
    2. work, church, home, clubs
    3. what radio stations?
    4. what papers?
    5. what stores and laundry facilities:
    6. do they mail bills or pay directly?
    7. employees
  - Soliciting information
    1. ask at initial public meetings
      2. ask social service agencies
      3. talk to ministers
  - Step two
    1. investigate
    2. contact these organizations, employers, churches, etc.
    3. tell them about the self-help housing program
    4. find out what cost-free methods for getting information into the target areas are available and what other methods will cost
  - Step three
    - A. analyzing the information
  - Step four
    - A. develop plan
    - B. making decisions
    - C. where to advertise
    - D. how often
    - E. length of time to advertise
    - F. when to advertise
- © Implementation - money will affect these decisions
  - A. staffing
  - B. time
  - C. seasonal implications
  - D. free may not always be best
- (d) After the plan is finished, ask, “am I getting my message to the most potential families and am I getting it to them in the most economical way?
- (e) Recruitment methods
  - No one method is superior to another
  - Find the method best suited to getting your message to families you want to recruit

- newspapers
- radio
- tv
- flyers, posters, handouts
- direct mailings
- community meetings
- trade shows, human service fairs, mall exhibits
- organizations, colleges, trade schools, head start, and Migrant education centers
- churches
- local governments
- local employers

(f) Develop a message to include the following:

- Benefits of self-help housing
  - product
  - price
- Benefits for participants
  - happiness
  - pride
  - providing good homes
  - self-improvement
  - security
  - sense of accomplishment
  - affordability
- Creating interest
  - attention
  - advantages
  - prove
  - persuade
  - ask for action

## **SAMPLE CONTACT LETTER**

**Self-Help Housing, Inc.**  
**123 Main Street**  
**Anytown, Any State 12345**  
**Telephone: (123) 456-7890**

Dear RD mortgage applicants;

Since you are on the waiting list for the mortgage, you may be interested in the advantages of the self help housing program after reading the enclosed flyer.

Some advantages are:

The value of your labor can be as much as \$15,000 to \$20,000!

Your new home will save you money everyday in heat and energy efficiency!

You have priority status over others on the waiting list!

You'll have fun, gain confidence as a homeowner!

You'll learn a lot about building!

So, come to an informal information meeting to talk about how the self help housing program works.

Learn about self help housing. The next information meeting will be March 1<sup>st</sup> at 7:00 pm at the Self-Help Housing, Inc.; 123 Main Street; Anytown, Any State 12345.

Please call ahead to let us know if you plan to attend.

Sincerely,

Jane E. Smith  
Executive Director

*Equal Housing Opportunity*

## **AFFIRMATIVE FAIR HOUSING MARKETING PLAN**

This section must include information referenced in 1944-I, §1944.410(a)(10).

In this section you will find a blank HUD Form 935.2 - Affirmative Fair Housing Marketing Plan followed by the instructions for its completion. Also included is a completed Form 935.2 to be used as a guide.

Affirmative Fair Housing Marketing Plan (HUD Form 935.2 Section 6b)

Training Statement - Sample Item 6b

All staff will participate in special training sessions, workshops, conference conducted by US-HUD, Rural Development, and other agencies as the training becomes available.

## **Training to be Provided to Staff**

We will take the initiative in providing our staff with ongoing training in Federal, State, and local fair housing laws and regulations by providing them the opportunity to participate in training sessions, workshops, and conferences conducted by HUD, USDA-Rural Development, and other agencies as the training becomes available.

## DETERMINATION OF TA GRANT AMOUNT

### §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:

(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. NOTE: Equivalent value can be provided by the Local RD Office. You need to request a letter from RD to include the average total square footage, number of bedrooms and bathrooms, the site and cost of lands and the development costs. A sample letter is included.

Sample:

$$\begin{aligned} \text{TA Grant Amount} \div \text{Number of Houses Proposed} &= \text{TA Cost per House} \\ \$300,000 \div 15 &= \$ 20,000 \end{aligned}$$

$$\begin{aligned} \text{TA Cost per House} \div \text{Equivalent Value} &= \text{TA Percentage} \\ \$20,000 \div \$150,000 &= 13.33\% \end{aligned}$$

(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 \$1,000.00

Sample:

$$\begin{aligned} \text{Equivalent Value} - \text{Average Self-Help Mortgage} - \$1,000 &= \text{TA Cost per House.} \\ \$150,000 - \$125,000 - \$1,000 &= \$24,000 \end{aligned}$$

$$\begin{aligned} \text{TA Cost per House} \times \text{Number of Houses Proposed} &= \text{TA Grant Amount} \\ \$24,000 \times 15 &= \$360,000 \end{aligned}$$

© A TA per equivalent unit that does not exceed an amount established by the State Director. The State Director may authorize a greater TA cost than paragraphs (A) and (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. Please contact FNPH for assistance.





Florida/Virgin Islands  
1700 Highway 17 South  
Suite 3  
Bartow, FL 33830

Bartow Local Office  
Telephone: (863) 533-2051  
FAX: (863) 533-1884  
[www.rurdev.usda.gov/fl](http://www.rurdev.usda.gov/fl)

Committed to the future of rural communities.

DATE

Jane E. Smith, Executive Director  
Self-Help Housing, Inc.  
123 Main Street  
Anytown, Any State 12345

Dear Ms. Smith:

In response to your request for information concerning Rural Development 502 Direct Loans processed through the construction contract (construction perm) method, the following information is provided:

Average actual lot cost:	\$	20,000
Average site development cost:		5,000
Average construction cost:		<u>125,000</u>
Total Cost:	\$	150,000
Average Living Area		1,254 sq. ft.
Average Total Area		1,676 sq. ft.

These figures are derived from our most recent construction loans within the last 12 months. If you need further information, please do not hesitate to contact our office.

Sincerely,

Rural Development Manager

## **Intergovernmental Review Submittal**

This section must include information referenced in 1944-I, §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 J of Part 1940 (available in any RD 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 pre-application to the RD. The name of the point of contact is available from the RD State Office or your Regional Contractor.

## Intergovernmental Review (SPOC)

<http://www.whitehouse.gov/omb/grants/spoc.html>

Executive Order 12372, "Intergovernmental Review of Federal Programs," was issued with the desire to foster the intergovernmental partnership and strengthen federalism by relying on State and local processes for the coordination and review of proposed Federal financial assistance and direct Federal development. The Order allows each State to designate an entity to perform this function. For those States that have a web page for their designated entity, a direct link and contact information has been provided below:

<b>FLORIDA</b> Lauren P. Milligan Florida State Clearinghouse Florida Dept. of Environmental Protection 3900 Commonwealth Boulevard Mail Station 47 Tallahassee, Florida 32399-3000 Telephone: (850) 245-2161 Fax: (850) 245-2190 <a href="mailto:Lauren.Milligan@dep.state.fl.us">Lauren.Milligan@dep.state.fl.us</a>	<b>GEORGIA</b> Barbara Jackson Georgia State Clearinghouse 270 Washington Street, SW, 8 <sup>th</sup> Floor Atlanta, Georgia 30334 Telephone: (404) 656-3855 Fax: (404) 656-7916 <a href="mailto:gach@mail.opb.state.ga.us">gach@mail.opb.state.ga.us</a>
<b>PUERTO RICO</b> Jose Caballero / Mayra Silva Puerto Rico Planning Board Federal Proposals Review Office Minillas Government Center P.O. Box 41119 San Juan, Puerto Rico 00940-1119 Telephone: (787) 723-6190 Fax: (787) 722-6783	<b>SOUTH CAROLINA</b> Jean Ricard Office of State Budget 1201 Main Street, Suite 870 Columbia, South Carolina 29201 Telephone: (803) 734-1314 Fax: (803) 734-0645 <a href="mailto:Jricard@budget.sc.gov">Jricard@budget.sc.gov</a>
<b>VIRGIN ISLANDS</b> Ira Mills Director, Office of Management and Budget #41 Norre Gade Emancipation Garden Station, Second Floor Saint Thomas, Virgin Islands 00802 Telephone: (340) 774-0750 Fax: (340) 776-0069 <a href="mailto:irmills@usvi.org">irmills@usvi.org</a>	States not listed have chosen not to participate in the Intergovernmental review process, and therefore do not have a Single Point of Contact (SPOC). If you are located within a State that does not have a SPOC, you should contact your Local, Area, or State Rural Development Office for further instructions.

*(Update 1/18/11)*

**Alabama** – Answer # 19 (a) on the SF424

Applicant should submit their application for review to the Regional Planning Commission that covers the county that the project will be located in for review and concurrence. What should be submitted is a question for the planning commission as the requirement may differ from commission to commission. Please reference “The Regional Councils of Alabama” , of which there are twelve (12) regions for the contact information. The various councils are to provide their comments on federally financed projects in Alabama.

**Mississippi** – Answer # 19 (b) “not subject to review” on the SF424

**North Carolina** – Answer # 19 (a) “if site specific” on the SF424

Answer # 19 (b) “if non-site specific” on the SF424

Site specific (more than an individual SFH lot such as where it involves multiple lots in a subdivision) will need to use the scoping process. “Request for Environmental Scoping”

Attached is a copy of the scoping form (the old NC Clearinghouse CH-a) that RD in NC have adapted for use as a cover form to submit project information to the state agencies through the NC Clearinghouse. The “Request for Environmental Scoping” form should be accompanied with a good project description, location maps, site plans, and possibly photos, etc. Maps should be of sufficient scale to be legible with the project location indicated on the map.

Encourage applicants to work with Area Office Specialist to coordinate the information fathering process (scoping) prior to sending the scoping form, the name & contact information (including e-mail address) of the RD loan specialist who will be processing the grant application and preparing the RD Environmental Assessment.

The contact information for the State Clearinghouse is:

North Carolina Department of Administration  
State Clearinghouse  
1301 Mail Service Center  
Raleigh, North Carolina 27699 – 1301  
(919) 807-2425

Tennessee

Answer # 19 (a) and make available to the appropriate development district (there are 9) for review.