



PROJECT DIRECTORS GUIDE

*RURAL DEVELOPMENT SECTION 523
MUTUAL SELF-HELP HOUSING PROGRAM*

A Guide for Grantees of the USDA Section 523 Self-Help Housing Program

Developed jointly by the Self-Help Housing Technical and Management Assistance (T & MA) Contractors:

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Little Dixie Community Action Agency, Inc. (LDCAA)

National Council of Agriculture Life and Labor Research Fund, Inc. (NCALL)

Rural Community Assistance Corporation (RCAC)

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Refer to the Introduction Chapter of this guide to identify the appropriate T & MA Contractor to contact for your area. After receipt of a consent and conditions letter you may copy and distribute the manual in accordance with such terms and conditions as set and approved by the T & MA Contractors.

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INTRODUCTION

The Self-Help Program

Self-Help Housing is just as it sounds: Participants working together to build their own homes. This cooperative effort is a direct application of the church and barn raising techniques of the Amish and Mennonites. The participants supply the necessary labor while qualifying for mortgage financing to purchase land, materials, and subcontract work on very technical items. A private nonprofit corporation, public body, or rural town can obtain a grant from Rural Development to hire skilled staff, rent office facilities, pay for mileage, and purchase tools. This staff then works with the participants by providing the assistance and training necessary to fulfill the goals of the self-help housing program. The specifics of the program are described below.

With the assistance of the skilled staff, an association of generally 4 to 10 households is formed. (Once the grant is completed, at least 40% of the total participants served must have been very low income, 50% or less of the county median income.) They select lots, house plans, and apply for individual mortgage loans. While participants await loan approval, the group studies the responsibilities of homeownership, construction techniques, tool usage, safety, homeowner's insurance, taxes, home maintenance, and money management. This time is known as the pre-construction stage.

Once the loans are approved, the group begins to build under the guidance of a skilled construction supervisor. The participants must complete a minimum of 65% of the construction labor tasks, until the group of homes is completed; usually the more technical work is subcontracted out. The construction stage lasts from 6 to 12 months, depending on the size of the group. Participants work during their spare time (evenings, weekends, and days off) so as not to interfere with the regular household employment. Rural Development loans feature interest rates ranging from 1% to the market rate, depending on the household's adjusted annual income. The repayment period is 33 or 38 years and no down payment is required.

Rural Development

Rural Development is an agency of the United States Department of Agriculture. It was originally a credit agency for lower income farmers who could not qualify for loans elsewhere. Since the 1960's rural non-farm households have been eligible for mortgage credit. Rural Development's function as a lender is significant because private credit institutions in rural areas are relatively few in number, smaller, and often impose more rigid terms, which can be a barrier to homeownership.

The Rural Development mission is to help rural Americans improve the quality of their lives. Rural Development helps rural communities meet their basic needs by:

- Building water and wastewater systems,
- Financing decent, affordable housing,
- Supporting electric power and rural businesses, including cooperatives, and
- Supporting community development with information and technical assistance.

Rural Development has been providing the mortgage funds for the self-help housing program since the late 1960's. They provide technical assistance grants to eligible entities to start and implement the program and they thoroughly review the preapplication and final application before a grant is awarded. When a grant is awarded, Rural Development is saying that there is a need for self-help housing in this area; this agency is suited to administer a self-help housing program; the proposed plan, budget and schedule are feasible; house plans meet local, state and Rural Development building codes; adequate building sites are available; the project ingredients are in place; and Rural Development is ready to provide the financial resources necessary to make the project work. There is no charge to participating groups. Grant funds provided to sponsors by Rural Development do not have to be repaid. It is an investment Rural Development is willing to make in order to see self-help housing work.

Rural Development will continue to monitor and provide oversight in the areas of construction and administration, through quarterly meetings, construction inspections, and participant accounts throughout the term of the program.

In many cases Rural Development provides another important ingredient to the self-help program, construction/permanent financing. They are independent of private or conventional lending institutions; the financing is directly between Rural Development and the borrower. While labor and

construction are group efforts, each applicant must qualify and obtain a loan directly from Rural Development.

Rural Development Offices

Rural Development usually operates from four levels: national, state, area and local. The National Rural Housing Service Administrator and Associate Administrator in the National Office and the State Directors are politically appointed – all others are federal civil service employees.

Rural Housing Service National Office

The Rural Housing Service National Office is responsible for developing policy and interacts with Congress for legislation, development and program funding. The National Office also obligates and monitors all Section 523 grants. They also hear appeals on actions unresolved at the state level. The program staff at the national level maintains reports and statistics on operating self-help organizations and projected needs for funding.

Rural Development State Office

The State Office has the approval authority over the smaller Section 523 grant applications. Section 502 loan funds are allocated on a state-by-state basis and the State Office allocates the 502 money based on a State formula. There are additional staff members who are key to the operation of a self-help program located in many State Offices:

- Rural Development State Director
- Rural Housing Program Director
- Rural Development State Architect
- Rural Development Appraiser
- Rural Development Housing Specialist

Rural Development Area Office

The Rural Development Manager is generally responsible for the Section 523 grant. It is his or her responsibility to ensure that the grant is operated effectively and in accordance to regulations. The Rural Development Manager will evaluate the Section 523 self-help agencies

on a quarterly basis and review grant applications for new and on-going programs. In addition, Rural Development Construction Analysts are usually available through this office.

Rural Development Local Office

Within this office, the Community Development Manager is typically responsible for making the Section 502 mortgages to participating applicants of each group. He or she will be responsible for monitoring the 502 loans and will also be the co-signer on the participant's checking accounts. Usually, this office does construction inspections.

The Rural Development Section 502 Rural Housing Loan

Many applicants that participate in the self-help housing program use Rural Development's Section 502 loan to finance their homes. Section 502 loans are only available to applicants living in rural areas. "Rural" is defined as towns with populations of 10,000 or fewer, and designated cities with populations between 10,000 and 20,000 in counties that are not associated with Standard Metropolitan Statistical Areas (SMSA) and where a serious lack of mortgage credit exist.

In order to qualify for a Section 502 loan, prospective self-help applicants must meet Rural Development income eligibility requirements as low-income or very low-income. They must be credit-worthy, have repayment ability for the loan requested, and be unable to secure credit from other sources. The low-income measure is 80% or less of the county median income, based on family size. Very low-income is defined as 50% or less of the county median income, based on family size. These income standards, established by HUD and adopted by Rural Development, are subject to local variation and periodic change. Current information on income standards and eligibility requirements for Section 502 loans is available at Rural Development local offices.

The repayment period for the Section 502 loan is either 33 or 38 years, and the interest rate is between 1% and the current market rate. The actual rate of interest the borrower pays depends on the borrower's income, as does the loan term. If a borrower is eligible to pay less interest than the market rate, the borrower then receives a subsidy called "payment assistance". The amount of payment assistance a borrower receives is determined by the loan amount, loan period, and the household income. The assistance makes up the difference between the full loan rate and the rate the participant pays.

Section 502 funds are advanced from the Rural Development finance office in St. Louis and disbursed by the local offices based on regulatory guidelines. TA grantees prepare the drawdowns and checks for each participant's account as needed to purchase materials for different phases of construction. Note that the participant's loan payments are deferred during construction.

When all the money is withdrawn from a participant's account, Rural Development's finance office sends payment books to the participant. The participant's first loan payment is due within thirty days of termination of deferred payments. Payments then go directly to Rural Development's Centralized Servicing Center (CSC) in St. Louis.

The 523 Mutual Self-Help Housing Technical Assistance Grant

In order to enable organizations to operate a mutual self-help housing program, Rural Development provides grant funds to operate and oversee mutual self-help housing programs. Each TA grant is usually for a period of up to two years, and is available to public and private nonprofit organizations and units of state or local government. The amount of grant funds an organization can receive is based upon how many houses they build in a grant period. An organization can receive up to 15% of the average cost of a new home financed under the 502 program in their area, for every home they are planning to build.

Activities that are allowable uses of Section 523 Technical Assistance grant funds include:

- Recruiting eligible households to participate in the self-help program;
- Hold training meetings with participants on the self-help process and homeownership topics such as mortgages, insurances, taxes, and maintenance;
- Assisting participants obtain and develop building sites; obtaining or creating Rural Development-approved house plans and helping participants select theirs;
- Helping participants bid and select building supplies and subcontractors; train participants in construction techniques and provide construction supervision;
- Supervise participant Section 502 loan accounting, including:
 - Totaling invoices and itemizing payments to suppliers and subcontractors;
 - Maintaining records of deposits and withdrawals;
 - Preparing checks (accompanied with invoices and statements).

Disallowed activities using Section 523 Technical Assistance grant funds are:

- The use of any TA funds to pay staff to provide labor on the houses;
- Purchasing any real estate or building materials for participants;
- Paying any debts, expenses or costs which should be the responsibility of the participants;
- Any lobbying activities as prohibited in OMB Circular A-122.

The T&MA Contractors

In 1979 the appropriations language was changed to authorize the use of Section 523 grant funds to contract for technical assistance to self-help grantees. There were initially six Technical and Management Assistance (T&MA) Contractors; currently there are four.

Rural Development contracts with these groups to assist operating and potential self-help housing grantees across the country. This assistance comes in the form of staff and board training, grant management, development of applications, 502 loan program and processing training, newsletters and conferences, among other services. These services are provided at no cost to the grantee.

The four contractors are:

- Florida Non-Profit Housing - covering Region I, the Southeast, including the states of AL, FL, GA, MS, NC, SC, TN, Puerto Rico and the Virgin Islands.
- Little Dixie Community Action Agency, Inc. – covering Region II, the South Central US, including the states of AR, KS, LA, MO, ND, NE, NM, OK, SD, TX, WY.
- NCALL Research, Inc. – covering Region III, the Northeast and Midwest, including the states of CT, DE, IA, IL, IN, KY, MA, MD, ME, MI, MN, NH, NJ, NY, OH, PA, RI, VA, VT, WI, WV.
- Rural Community Assistance Corporation (RCAC) – covering Region IV, the Western US, including the states of AK, AZ, CA, CO, HI, ID, MT, NV, OR, UT, WA.

ADDITIONAL TRAINING MATERIALS

The T&MA Contractors have produced a variety of other training materials for the purpose of assisting grantees and training grantee staff. The following is a list of the available manuals. Please contact your T&MA Contractor for a copy or for more information.

Boards of Directors Guide

Boards of Directors play a critical role in the success of any non-profit organization. With this in mind, this manual was designed for use by board members of any housing agency. This guide is intended primarily as a reference and not to dictate that, "this way is the only way". However, it is an informational resource that may be used as a training tool and can provide new insights and a clearer understanding of nonprofit organizations, board meetings and operations, agency planning, administration of agency personnel, teamwork, orientation for new board members, federal accounting requirements, and self-help agency activities.

Guide to Basic Bookkeeping for Not-for-Profit Organizations

Understanding the basic bookkeeping procedures is just as vital to developing a not-for-profit organization as it is for a for-profit organization. Therefore, mastering the concepts of double entry bookkeeping is of much importance. Most non-profits are probably using computerized accounting software for their bookkeeping needs; however, it is still important to understand the concepts of double-entry bookkeeping. This manual will present the basic material for a not-for-profit organization's needs. With improved bookkeeping skills each organization will gain a better command of available resources and help in planning a more profitable future.

Financial Management for Federally Funded Organizations

The purpose of this Financial Management Guide is to aid new and operating grantees with the development of financial management systems and policies that are compatible with the fiscal responsibilities set forth by the funding agency (Rural Development) and the Office of Management and Budget (OMB). While self-help housing programs that have been operating for many years may have sophisticated financial systems and policies, others are lacking written, established financial procedures that assure proper internal controls.

This Financial Management Guide offers grantees sample information, guides, and checklists for virtually all fiscal aspects of self-help housing including: Section 523 grant accounting, Section 502 participant loan accounting, establishing accounting systems, program and payroll expenditures, tax requirements, personnel records, federal accounting requirements, and audit preparation.

While this Guide has been developed specifically for self-help housing grantees, the principles and information provided are applicable to any nonprofit housing development corporation utilizing federal financing or administrative funding.

Guide to Accounting for Individual Participant 502 Loan Accounts

In addition to establishing and maintaining an accounting system for Section 523 grant funds, the Self-Help Housing grantee is responsible for keeping an accurate account of the disbursements of funds from the self-help participants' Section 502 loan accounts. Instruction 1944-I indicates that the technical assistance provided by the grantee to the participants should include "providing financial supervision to individual families with Section 502 loans, which will minimize the time and effort required by Rural Development in processing borrower expenditures for materials and contract services. In order to fulfill this accounting responsibility the grantees establish a record keeping system with clear procedures for handling the purchase of construction supplies, invoices from subcontractors and vendors, and accounting for expenditures from participant loan funds. This guide provides guidelines for self-help grantees to use in designing the procedures necessary for a minimum standard of control and a system of checks and balances to protect the participants and the grantee."

Group Coordinator Guide

The job duties and responsibilities of a Group Coordinator are crucial to the success of the self-help program. The Group Coordinator is the person that is responsible for locating interested participants, screening them and packaging their 502 loan application, preparing them for the construction phase and homeownership, and helping to track their progress during construction. If one of these duties is not fulfilled, the entire program is put in jeopardy.

Because the Group Coordinator often wears so many hats in a self-help agency, there are other manuals that the Group Coordinator is going to need to read in addition to this one. The 502 Loan Processing Guide is crucial to the success of qualifying and processing applicants, the Preconstruction Meetings Guide will help guide the Group Coordinator through these meetings, and the SHARES Manual will instruct the Group Coordinator on the task of entering information into the SHARES database.

This manual will help to guide the Group Coordinator in the areas of recruitment, communication, forming a group, group management, motivation, and money management.

502 Loan Processing Guide

(This guide is currently under development.)

While the labor and construction is a group effort, each participant must qualify and obtain a loan individually from Rural Development. In order to qualify, a household must fall within the income guidelines set by Rural Development, must have demonstrated repayment ability, must have a good credit rating, and should have a low debt load. Because the 502 self-help loan process can be complicated for the individual, the technical assistance staff will pre-screen participants for program eligibility and prepare the application packages for Rural Development.

The 502 Loan Processing Guide will help to train the Group Coordinator or appropriate staff person in packaging these loans. The loan terms, application forms, credit reports, and the additional documentation required are all covered.

Preconstruction Meetings Guide

(This guide is currently under development.)

Each self-help grantee is responsible for organizing participants into groups, which remain together from loan processing through construction. The organization of participants into groups reinforces the "mutual" aspect of the self-help program because participants within a group are expected to work on each other's house until all houses in the group are completed. In addition to organizing participants into groups, self-help programs are responsible for explaining the self-help concept and methodology to participants, and for educating participants about their responsibilities as self-help participants, 502 loan borrowers, and homeowners. This is achieved through a series of "pre-construction meetings."

Group meetings provide self-help grantees with the opportunity to "weed out" those participants who would not be reliable and productive participants during the critical construction phase. Group meetings also provide self-help grantees, Rural Development, and the self-help participants with an opportunity to develop bonds which can contribute to the timely construction of houses – of which all can be proud – and which can place participants on a sound footing for assuming their homeownership responsibilities.

The information and materials contained in this manual are presented as informational resources, ready to use formats, or samples to be modified to suit grantees' individual circumstances.

Construction Supervisor Guide

The Construction Supervisor Guide will discuss the roles and responsibilities of the construction supervisor as it relates to Self-Help Housing. This guide will cover several aspects of the construction supervisor's job; from construction specifications, house plans, schedules, bill paying procedures, to group motivation. Insight will be provided on how the self-help program operates and what is expected from the construction supervisor. This guide should not be the only source of training, but can be used as an introduction. Further exposure should be sought at conferences and networking with peers in the field.

SHARES Help Manual

SHARES stands for the Self-Help Automated Reporting and Evaluation System. It is an internet-ready application designed to manage, track, evaluate, and report on the status of the self-help program, as well as share this information with all parties that provide assistance to this program.

The SHARES Help Manual describes all aspects of the SHARES program, such as, Getting started, the available screens, entering information, and printing reports.

Project Director

It is the responsibility of the Project Director or Executive Director to administer a successful Mutual Self-Help Housing Program. This guide should be used as an important resource to assist with that goal. It can also be used as a training manual when new staff is hired.

This guide takes a general look at the Self-Help Program as well as providing specific information on required reports, program criteria, grant and financial management, personnel, and fair housing.

The Grantee and Rural Development Relationship

One of the most important aspects of a successful program is creating and maintaining a good relationship with Rural Development. Grantees must work in partnership with Rural Development if they are to achieve their goals. The best-managed self-help housing program may fail if it has poor communication with Rural Development.

Ingredients for a Successful Relationship

The following is a listing, probably not all-inclusive, of the ingredients necessary for a successful relationship. The ingredients hold true for many types of relationships, including friendships, romance, employer-employee, business, parent-child, and of course the grantee-Rural Development relationship.

- Respect
- Communication
- Appreciation
- Common Goals
- Courtesy
- Mutual Commitment
- Understood Expectations
- Trust

While there is no magic involved in developing this list, they are all easier listed than done. One of the worst offenders in the list is “Understood Expectations,” or maybe it should be misunderstood expectations. Too often, expectations are not clearly articulated and therefore not understood; or they are ignored totally and therefore not met. Some expectations can also be unrealistic and therefore lead to disappointment.

Communication is the key ingredient to a self-help program's success. If the lines of communication are kept open many misunderstandings can be avoided. In order to do this, hold meetings with Rural Development personnel on a regular basis to foster a good relationship. The objectives of such meetings are to improve communications with Rural Development, reinforce the advisory role of Rural Development staff in the self-help program, provide practical methods for resolving and preventing problems, and to improve Rural Development's staff capability in monitoring 523 grants.

Much of this will be accomplished during quarterly review meetings, which are discussed later in this guide. But in between these meetings, frequent discussions should be held deciding things such as when the dockets will be turned in, when checks will be signed, suggestions of land or additional clients, and to inform Rural Development of any participant, supplier, or subcontractor problems. Sharing this information will ensure that Rural Development is informed.

Weekly, informally talk with the local office staff to update them about the status of recruiting, review loan or credit applications, update loan processing or requests for additional information, answer construction questions and discuss problems. Monthly, a more formal meeting with the local office personnel could be held to discuss any Administrative Notices or new policies, review progress and discuss other pertinent subjects. Quarterly meetings should always be held with an attendee from the area or state level. A discussion of these meetings is in the chapter on “Program Reports and Meetings.”

Rural Development is the entity that has made this program possible, providing the participants with loans and the organization with a grant. The relationship with them should evolve to be team-like, with the goal of having a successful self-help housing project. If this happens, the program will run more smoothly for both the grantee and Rural Development, and more importantly for the participants being served.

Grant Basics

Definitions

The following definitions are important to the program and are taken directly from the self-help regulations, 1944.403.

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

(k) Participating family. Individuals and/or their families who agree to build homes by the mutual self-help method and rehabilitate homes by the self-help method. Participants are families with very low- or low-incomes who have the ability to furnish their share of the required labor input regardless of the handicap, age, race, color, national origin, religion, family status, or sex of the head of household. The participating family must be approved for a Section 502 RH loan or similar loan from other Federal, state, and private lenders that use income guidelines substantially similar to the Department of Housing and Urban Development before the start of construction, have sufficient time available to assist in building their own homes, and show a desire to work with other families. Each family in the group must contribute labor on each other's homes to accomplish the 65 percent of the total 100 percent of tasks listed in Exhibit B-2 of this subpart. A participating family may use a substitute to perform the labor with prior approval of the Grantee and the Rural Development State Director. A substitute is only permitted when the participating family is incapacitated.

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

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

Grant Approval

Within 30 days of the grantee meeting the conditions of 1944.411 and signing Exhibit D, the approving official will execute and distribute Rural Development's form 1940-1, "Request for Obligation of Funds".

After the finance office acknowledges that funds are obligated, an initial advance of funds is requested on form 440-57, "Acknowledgement of Obligated Funds Check Request." The amount of this request should cover the applicant's needs for the remainder of the month in which the grant is closed, plus the next month. Subsequent advances will cover only a one-month period.

Grant Closing (the start of the grant)

The grant is closed on the date the Grant Agreement, Exhibit A of 1944-I, is executed by the applicant and USDA Rural Development. Funds may not be advanced prior to the signing of the Agreement and no expenses can be charged before that date. The Rural Development Manager is the person that is authorized to execute the Agreement on behalf on the agency.

Grant Agreement

The Grant Agreement is a very important document. By signing it, the grantee is agreeing to carry out the program and abide by the rules of Rural Development. It is crucial that the grantee's management personnel be aware of the requirements and terms that are contained in this document. A copy of the Self-Help Technical Assistance Grant Agreement is located in the Appendix, Attachment 1. Please take the time to read and understand it.

Grant Closeout Procedures (the end of the project)

When a grant ends there is much to do in finalizing the project. The following is a description of all of the things that need to be done.

Construction

Closeout cannot be carried out until construction is completed. This occurs when local officials and Rural Development personnel have done the final inspections of the newly constructed homes. These inspections certify that each home is ready for occupancy as a dwelling. Typically a Certificate of Occupancy is provided by local inspection officials.

All extraneous materials, supplies, and equipment, notices, fencing, etc. must have been removed from every site, and landscaping and planting complete.

Equipment

All items purchased with 523 grant funds must be accounted for, and lease and inventory records closed out. This includes all items used both in the office and the construction sites if they were paid for with 523 grant money.

For items whose lease will continue past the date of completion of the 523 grant, grantee records must clearly show that billings to the grant end on a specified date, which is on or before, the date of completion of the grant. Items lost, broken, worn out, stolen, or destroyed must be so noted in the grantee's property inventory, with the date and initials of the informing person. Any equipment or supplies still usable at the end of the grant must be disposed of as instructed by Rural Development.

The agreement requires that the grantee submit an accounting of all property acquired with grant funds or otherwise received from Rural Development. This property accounting report should be submitted with a Financial Status Report within 90 days of the completion date of the grant.

Financial Report

Immediately after the date of completion of the grant, the grantee must refund to Rural Development any grant funds in their possession that are not reasonably expected to be needed for closeout.

Before the date of completion, an estimate should be made of the last operating and closeout costs. These estimates should be reviewed with the fiscal staff, T&MA Contractor, and Rural Development staff. The estimate will be updated more and more often as the end date approaches.

Within 90 days after the date of completion, submit a Financial Status Report (SF 269-A). The form must be submitted to Rural Development in an original and three copies, with a copy also going to the T&MA Contractor. All copies submitted must be signed by the grantee's authorized representative or by a Board member who can sign on behalf of the corporation. This form provides a complete accounting of grant funds as of the end of the grant period.

An audit, carried out by the grantee's auditor, must be submitted to Rural Development within 90 days of the end of the grantee's fiscal year, grant period, or termination date of the grant. The audit is to be performed in accordance with Generally Accepted Government Auditing Standards. The audit must also cover the participants' 502 loan accounts in addition to the 523 grant.

If, in the process of closing out, any discrepancies remain, they will be resolved by Rural Development's action. Rural Development will recover disallowed costs or promptly pay any allowable reimbursable costs not covered by previous payments.

Note: As in any other audit, audit findings need to be resolved.

Staff

How staff is closed out depends on whether their employment ends with the end of the 523 grant. Employees whose positions will end at the same time as the grant must receive notice and their termination processed in accordance with the organization's Personnel Policies. Billing the 523 grant for such persons ends with payment of their last pay period along with accrued leave, if any exists, and the final payment of state and federal taxes.

Employees whose positions will not end must not be billed to the 523 grant past the grant's date of completion, or their date of transfer to another assignment, whichever comes first. One exception: staff time needed for completion of closeout may be billed with prior approval from Rural Development.

Contracts/Consultants

In the course of operating a self-help housing program, the organization may have entered into a number of contractual agreements for supplies and equipment or for expert assistance – for example, a lawyer, accountant, and auditor. There may be agreements for leasing and maintaining office equipment or special tools for use of the participants.

All these agreements must be reviewed and closed out at least as far as the 523 grant is concerned. Make sure that all commitments for delivery or performance have been met, and be quite clear about any outstanding obligations.

Program Reports

Complete any outstanding performance reports and submit them to Rural Development and the T&MA Contractor – for example, quarterly reports or Board of Director's annual evaluation, and submit them with a final Financial Status Report.

502 Accounts

The participants' 502 loan accounts should have been closed out as their construction-related obligations are liquidated. Nevertheless, it is a good idea to make sure that all such accounts have been cleared, with any residual funds disposed of according to Rural Development procedures. Some of these accounts must be examined as part of the final audit.

Disposition of Records

Program records must be preserved even after the program itself is completed, and the records must be accessible to Rural Development.

Financial records, supporting documents, statistical records and all other records pertinent to an award shall be retained for a period of 3 years from the date of submission of the final expenditure report. The only exceptions are the following.

1. Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.
2. When records are transferred to or maintained by the federal awarding agency, the 3-year retention requirement is not applicable to the recipient.

Note: The clock starts to run on this requirement at the time of final disposition of the property, not the date of completion of the grant.

Program Criteria

There are many government regulations that control the self-help housing program, but some of the most important rules need to be self-imposed. In order to keep the program flourishing and successful there are certain ideals that must be maintained. The following criteria are the backbone of mutual self-help housing: participant labor tasks, TA Cost, production, service to the very low income, modest housing, and sweat equity. They are discussed more below.

Many of the following items are mentioned again on page 43 of this guide, because they are part of the final evaluation that Rural Development conducts to determine if a grant was completed successfully.

Participant Labor Tasks

The participants are required to perform 65% of the labor tasks necessary to build a home. The percentages for the self-help program are broken down according to the type of construction in Instruction 1944-I, Exhibit B-2. For approval of the final grant application, the grantee was required to develop a plan to achieve 65% of the labor tasks.

The percentage points cannot be split. In order to get credit for any task, the participants must perform a significant portion of the labor required for that task. For example, if the participants hang all of the drywall, it is possible to have a contractor do the finish work and still give the participants credit for that task.

The important point is that the participants must do at least 65% of the total work. They should be doing as much as possible. Skimping on this requirement not only cheats the participants out of savings, but also cheats the program. Stay true to the ideals of mutual self-help housing and have the participants do as many construction tasks as possible.

The use of volunteer labor also needs to be discussed. The definition of a participating family, according to 1944.403(k), is “individuals and/or their families who agree to build homes by the mutual self-help method and rehabilitate homes by the self-help method. Participants are families ... who have the ability to furnish their share of the required labor input regardless of the handicap, age, race, color, national origin, religion, family status, or sex of the head of household have sufficient time

available to assist in building their own homes, and show a desire to work with other families. Each household in the group must contribute labor on each other's homes to accomplish 65 percent of the total 100 percent of tasks listed in Exhibit B-2 of this subpart. A participating family may use a substitute to perform the labor with prior approval of the Grantee and the Rural Development State Director. A substitute is only permitted when the participating family is incapacitated.”

Other than this statement on substitute labor, there is no regulation that controls volunteer labor. However, good judgment should be shown by the grantee. An occasional group of volunteers may help speed up construction or bolster group morale, but should only be used sparingly. The self-help program is different from Habitat for Humanity and achieves additional goals, such as those of learning skills, building self-esteem and getting to know neighbors.

Grantees should formulate a plan on how, when, or if volunteers will be used. They should discuss all related issues such as if they are covered with insurance and how and if their hours will be distributed.

Technical Assistance (TA) Cost

When the application for your self-help grant was submitted your organization was making a proposal to Rural Development to build a certain number of homes for a certain amount of money. The method of calculating that sum used one of three methods allowed in the 1944-I regulation (1944.407). By signing the grant agreement, Rural Development and your organization agreed that this specific amount of money would be paid to your group and it is important to operate your program within that figure.

Budgeting is very important and is discussed in more detail later in this guide, but needs to be mentioned here as well. Throughout the operation of the self-help program, keep track of the TA cost. There will typically be more spending at the beginning of a grant, due to start-up costs, but this will give you an idea of how the spending compares to production. Plan and budget as much as possible to stay within the TA cost that was originally agreed upon.

Production

Another item that was agreed upon in the grant agreement was how many self-help homes were going to be produced. It is important to complete that number of homes in the specified grant period.

Producing less than the agreed upon number jeopardizes the program in two ways. The grant amount received is based on the number of homes built. If fewer homes are built than promised, Rural Development will reduce the grant amount according to the TA cost per unit. Production is also one of the criteria rated at the end of a grant. If an organization does not receive a satisfactory rating, their chances of competing for another grant are put at risk.

Service to the Very Low Income

Rural Development's Instruction 1944-I requires that at least 40% of the total number of households served by the program be very-low income, that is 50% or below median income. These applicants may be more difficult to qualify, so make it a priority and work at it. These households can have substantial housing needs and can be wonderfully served by this program.

Modest Housing

Dwellings financed by this program must provide modest, decent, safe and sanitary housing. Loans will not be approved that have the following prohibited features: in-ground swimming pools or structures designed for income producing facilities. Rural Development also limits the lot size to one that cannot be subdivided. In addition, the dwelling costs cannot exceed the maximum dollar limitation that is established by Rural Development. This limit is based on the cost of modest housing in the area. Two important things to remember:

- The cost of the property, including the combined cost paid by the agency loan, loans from other sources, or the applicant's own funds, and the value of a site already owned by the applicant, cannot exceed the Rural Development limit.
- The appraisal fee, tax servicing fee and the initial contribution to the escrow account are the exceptions when a loan can exceed the limit, if approved by the State Director.

- Area and individual exceptions are permitted to allow the cost of the dwelling financed to exceed the maximum dollar limitation when the existing mortgage limit is insufficient to provide for adequate housing. The State Director can approve increases of \$10,000 or less. The National Office must approve larger increases.

Aside from these considerations, what is modest? That question cannot be solved within the pages of this guide, but should be heavily considered by your organization for many reasons. The modest house provides for long-term affordability, is easier to build and maintain, less expensive to heat and cool, and allows the governmental program dollars to be stretched further.

Bigger is not always better, for the participants or for the program. Stick to the program ideals: providing modest, decent, safe and sanitary housing.

Equity

There are a lot of reasons that a participant may become involved with the self-help program and there are many benefits that they will receive from it. Self-esteem, knowing their neighbors, and acquiring skills are all wonderful benefits that they may not have expected. But the big one that they are expecting is to save money by providing their own labor. It is crucial that each organization does as much as they can to ensure that the participants see a significant equity savings at the end of the project.

There is more than one way to save money. Obviously, the participant labor provides a substantial portion of that savings. Another method is bulk purchasing. The size of your group can be utilized to negotiate savings with subcontractors and suppliers. Buying in bulk is a good way to save money. Also it is important to provide accurate cost estimates. If the numbers on the estimate are inflated, the money that is returned at the end does not add to the participant's equity savings.

Do what you can to make this program beneficial to the participant's bottom line.

Grant Management

Management Basics

There are five basic functions of management. These functions are planning, organizing, staffing, directing and controlling. All of these are crucial to successfully running a self-help housing program and are discussed in more detail below.

Planning

This is the initial managerial function, which consists of determining what should be done in the future. It involves setting goals, objectives, policies, procedures, and other plans needed to achieve the purposes of the organization. Planning is primarily intellectual in nature. It means thinking before acting, looking ahead and preparing for the future, laying out in advance the road to be followed, and thinking about what and how the job should be done.

Organizing

The organizing function primarily answers the question, “How will the work be divided and accomplished?” This means that the supervisor groups various activities and job duties into distinct sub-departments, sections, units, or teams. Organizing means designing the department’s structure, within which job duties are to be performed, and deciding how such duties are related to one another.

Staffing

This is the managerial task of selecting, orienting, and training employees. This function involves the problems of appraising the performance of employees, of promoting them, and of providing them with further opportunities for development. In addition, staffing includes devising an appropriate system and rate of pay.

Directing

This function of management includes guiding, teaching, and supervising subordinates. This includes developing the abilities of workers to their maximum potential by directing, teaching and coaching them effectively. Directing plays a major role in employee morale, job satisfaction, productivity and communication. It is through the directing function that the supervisor seeks to create a climate that is conducive to employee satisfaction and at the same time achieves the objectives of the department/organization. Supervisors will probably spend most of their time with this function.

Controlling

This managerial function involves those activities that are necessary to make certain that objectives are achieved as planned. Controlling means to determine whether or not plans are being met; to decide whether or not progress is being made toward objectives; and if necessary, to correct deviations and shortcomings. Here, one can see the importance of planning as the first function of any manager. It would not be possible for a supervisor to check whether or not work was proceeding properly if there were no plans against which to check. And if the plans or standards are superficial or poorly conceived, the controlling function is severely limited in scope. The controlling function means not only to make sure that objectives are achieved, but also to take corrective action in case of failure to achieve planned objectives. It also means revising plans if circumstances require it.

Grant Oversight

The management of a self-help program depends to a great extent on the ability of the grantee to continuously evaluate its progress in meeting program objectives. The grantee must keep track of its financial status and program operations to determine if actual time schedules and grant spending are in line with projected time and monetary goals.

It is important to recognize when actual spending and progress are out-of-synch with planned time and monetary projections, so that adjustments can be made. One or two months of overspending or slow construction progress can sink a self-help program. The more frequently assessments are made, the better prepared the grantee will be to determine if a formal grant modification is necessary.

Keeping track of the grant also means evaluating the progress in meeting objectives and key benchmarks. The key benchmarks are recruitment, land acquisition, construction progress (including EU's), and financial status of the grant.

In evaluating the financial status, compare the current TA cost to the amount that was proposed. This will show if you are overspending and may need to cut back in some areas or readjust for the remainder of the grant period. Some overspending early in the grant is expected because of the purchase of tools and other start-up costs. An internal monthly fiscal report should be created and reviewed on a regular basis. These reports should not only show the line item expenditures for the previous month, but should also show actual and budgeted cumulative expenditures. In reviewing these budgets, look for changes that may need to be made in specific line items.

In evaluating the program operations status, consider the progress of the current self-help groups, land acquisition, construction, and commensurate expenditures. It may be helpful to use internal reports to assist in tracking the program. Such reports may include a planned construction and recruitment schedule and then the actual progress to compare with it. It is also recommended that the Board of Directors be provided with financial reports and a summary of the program's progress on a regular basis.

Monthly Activities Schedule

Every self-help program should have a monthly activity schedule. A copy of this schedule was required in the final application for the grant and when updated properly will help keep the Program Director aware of the grant's progress. The schedule should include proposed dates for starting and completion of recruitment, loan processing and construction for each group of participants. The activity schedule should cover the full grant period, from the date the self-help agreement was signed until the end of the grant. There are two management tools that can be used to help schedule activities and evaluate the program: The Critical Path Method and the Implementation Schedule.

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 can also be found in the Appendix, Attachment 3.

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 can be found as Attachment 4 in the Appendix, with directions as Attachment 5.

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 participants, recruitment, lot options, preparation of construction and loan docket, preconstruction meetings and finally actual construction. Short-term goals are a matter of defining the action plan for each group of participants. They should be specific, identify times, targets and person(s) responsible, such as which staff person is responsible for recruitment of participants, 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

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 and planning meetings. These meetings will provide feed back, schedule comparison and chance to make adjustments.

Possible Problems

As with every program, there are definitely some pitfalls to try to avoid. The following paragraphs describe some of the most common problems that may be encountered by self-help housing organizations. As the Project Director, it is your job to try to prevent these scenarios from harming the program. They can all be overcome with planning and direction.

Many organizations are so excited to get started that they will close their grant before they are truly ready to begin. This results in them getting behind before they even begin. It is recommended to not close the grant until the construction can begin within 30 days. This 30-day timeframe will allow for the closing of the 502 loans, acquisition of building permits, the finalization of contracts, and the preparation of the land. If more time than this is allowed to elapse without construction progress, it is almost guaranteed that the project will fall behind in EU's and may even result in needing a time extension. If this happens, it is crucial to limit the spending of 523 dollars to compensate for the slow production.

Other common problems include finding participants and land. Do not wait until the last minute to locate the applicants for the next group. Recruitment is a continuous process. Many people have issues with credit that may need clearing up or they may have to find extra income to enable them to qualify. If they are approached at the last minute, they will not be available for the next group. The same can be said for land; it is better to keep searching for

available land. If one parcel is located and not secured, a back up location should be on hand. Before the next participants are ready to close their loans, the unsecured land may not still be available.

Many organizations desire to keep the self-help program operating continuously. However, this is not the way the grant program has been designed. It has been created as a two-year program that has a beginning and an end. In order to keep the program going, make sure to have the next grant application submitted to Rural Development at least three to six months in advance. This will enhance the chance of getting the new grant approved before the current one expires.

Staff Meetings

An effective program management tool is the weekly staff meeting. Given the production nature of the self-help housing program, the best way for the director to maintain firm control of the activities of staff members is by reviewing weekly program objectives and staff progress. New self-help organizations, in particular, must conscientiously keep abreast of program operations while they are learning to juggle the many components of a self-help housing program.

Time must be set-aside on a regular basis for the staff to meet and discuss all phases of the program and share any problems they may be encountering. The time of the staff meeting may vary, but the need for weekly meetings does not change.

The meeting should follow a consistent pattern to facilitate the review of work activities and assure that nothing is omitted from the discussion. Having regular staff meetings will help your project avoid many problems that other agencies face. These meetings will help keep the Project Director informed of what is going on with the program from all different angles. This will certainly not help avoid every problem, but if a problem does occur, it can be overcome because it could be foreseen. Plans can be made ahead of time to lessen the negative effects of problems encountered.

Weekly Staff Meeting

- a. All staff should come prepared to talk about their progress.
- b. Review the work from previous week and compare accomplishments to the planned objectives.
- c. The director should identify any problem areas.
- d. Discuss with the staff any adjustments that are needed to help with problems.
- e. The director should state the work objectives for the coming week and discuss with staff how they will be accomplished.
- f. At the first staff meeting of the month these additional items should be discussed.
 - 1) Establish work objectives for the month.
 - 2) Adjust production and/or expenses to achieve satisfactory per unit costs.

Construction Staff Meetings

There may not be a need for having a separate meeting for the construction staff if they are able to attend the regular staff meetings. If this is not possible or inconvenient, another meeting can be held with them that is more conducive to their schedule. It is still very important that the project director meets regularly to talk with the construction supervisor about what is going on with the suppliers, the subcontractors, and the job site. Even if the construction supervisor attends the regular staff meeting, it may not be necessary for the rest of the staff to remain for this part of the meeting. The following is a list of items that should be discussed on regular basis.

- Materials Needed
- Inspections Scheduled
- Delivery Problems
- Subcontractor Schedules and Problems
- Self-Help Participant Labor
- Special Tools Needed
- Construction Problems
- Review Invoices and Delivery Slips

- Check the Cost Control Journal of Each Participant
- Payment of Invoices

Keeping informed on these issues will help to avoid a wide range of problems, plan ahead, and monitor the performance of the construction personnel.

The weekly construction staff meeting can be designed as the time for the construction staff to give delivery slips collected the previous week to the secretary/bookkeeper. On the other hand, new self-help grantees may choose to have the construction supervisor give delivery slips to the secretary/bookkeeper each time he or she returns to the office. In either situation, the construction staff must review and approve all invoices received from suppliers so payments can be made on approved bills.

Grant Modification

Even the best-planned program may experience problems over the two years of operation that will necessitate management adjustments. Problems, events and acts of God, whether controllable or uncontrollable, must be assessed. Often we concentrate on casting blame and bloodletting, rather than promptly addressing the problem and solving it. Not all problems should result in a grant modification. The grantee and Rural Development must assess the seriousness of the situation and the impact on agreed upon grant deliverables.

If internal management, while keeping deliverables current, can address the situation, there is no need to wade through a grant amendment process. However, if the problem is causing a significant change in deliverables, such as the number of homes to be built, the grant period, or the current or ending TA cost, then action should be taken to revise expectations. Ignoring a significant problem does not cause it to go away, it only allows it to grow bigger. We all know that playing catch-up, given all the uncertainties and factors that are out of the control of the grantees, is almost impossible.

If necessary, the State Director may authorize the Rural Development Manager to execute an extension or revision of the grant agreement, "Instruction 1944-I, Exhibit C". The extension period can be for no more than one year from the final date of the existing agreement. The need for the extension has to be clearly justified and the grantee must still operate within the guidelines of 1944.407.

A mutually agreeable grant amendment with revised realistic grant deliverables will benefit all parties by getting program operations back on track with a plan that can work. It means that future performance will be based on a workable plan.

Failure to amend a grant, when the original goals are no longer achievable, will not be beneficial to either the grantee or Rural Development. There appears to be no way that a well-planned grant amendment can hurt. The only alternatives to the formal amendment process are to deny the situation altogether. That is not the recipe for long-term success.

It is important that we not minimize the analysis of what caused the problem. Clearly, a mutual solution must be reached to reduce the possibility of a reoccurrence of the problem. A problem that keeps showing up will not build trust in the management ability of the grantee. It is also necessary to assess whether Rural Development might be part of the problem. To make a self-help housing program function as intended by Congress, Rural Development must provide substantial support services to TA grantees and self-help housing participants. If these services are delayed, if loan and grant funds are not forthcoming, or if attitudes jeopardize grant efforts, then it is imperative to get to the root of these problems in candid discussions with the appropriate Rural Development personnel. Again, the attitude of developing a new, mutually acceptable plan is not to prosecute the guilty parties; the point is to pledge resources, support, and commitment towards fulfilling the revised grant deliverables. Likewise if a grantee staff member is the cause, this should also be addressed in a businesslike fashion.

Some clues that grantees and Rural Development should assess as to whether a grant modification is necessary are:

- Reports and observation show that construction progress is lagging far behind stated goals.
- Difficulty in recruiting eligible participants.
- Program criteria changes in mid-stream.
- Significant over or under-spending the TA grant budget.
- Inability to secure or develop land for future groups.
- Changes in the market being served.

The Modification Format

The first step to making a grant modification is the full commitment to do so by the grantee. The Board of Directors should be notified of the problem and play a real role in problem solving and planning, since they are responsible for the grant deliverables being met.

A second step may be to notify Rural Development that a modification is warranted and to let them know that the plan is being revised. At the time of this notification, a meeting can be established to share the revised plan and amendment request. Keep in mind the roles can be reversed; Rural Development can request that a modification be made if grant deliverables are not being met.

The third step is the in-depth analysis and planning that will lead to a revised, workable plan for the TA grant. A strategy to guide you through the process follows:

- Assess where the program is now and compare it with where it should be (financially and construction).
- Assess the magnitude of the problem.
- Develop a list of realistic alternatives or strategies.
- Select the best strategy.
- Implement recovery strategy.

The fourth step is the assembly of the amendment request package. The package need not be lengthy and complicated; rather, it should be a concise, professional package, detailing the whys, whats, and hows of the situation. This package should include the following information:

- Narrative description of the situation, assessment, alternatives and adjustment necessary
- Rural Development amendment form 1944-I, Exhibit C
- Revised construction schedule
- Expected results and impact

Avoiding Future Modifications

Avoiding future modifications can be accomplished by constant and regular assessments of the self-help housing project. It is important to know exactly where every phase of the self-help housing program is at a moment's notice.

Planning is necessary to set direction, develop goals and objectives, adjust to changes, take advantage of opportunities, and meet problems head-on. Maintaining good quality two-way communication with Rural Development is important. There ideally should be a like-mindedness with regards to self-help housing because the goals are the same for both organizations.

The preparation of budgets and the setting of goals and time frames should be done based on realism. Historical information on budgets and schedules is important. Honest, fully assessed predictions should be made. Padding the budget or time frame does not help anyone. Predicting unrealistic time frames or minimal budgets will not provide the resources to adequately complete the job. It is important to estimate as close as possible.

Some key factors to avoiding future modifications are:

- Project the budget as accurately as possible.
- Project time frames realistically.
- Start groups on time, as projected.
- Keep additional applicants ready in case of dropouts.
- Use the maximum length of the building season for construction.
- Keep the group sizes adequate to provide labor and to make efficient use of the construction supervisor.
- Limit grant spending during slow periods.
- Have strong and enforceable contracts to provide leverage to keep sub-contractors timely.

The Appendix, Attachment 2, is a copy of Exhibit C, the "Amendment to Self-Help Technical Assistance Grant Agreement."

Building Group Membership and Labor Agreement

Also for the first group, a copy of their Membership Agreement is required. This needs to include Exhibit B-2 of 1944-I. 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. A sample agreement can be found in the Appendix, Attachment 3. That membership agreement was developed in cooperation by the four T&MA Contractors. Rural Development strongly encourages grant recipients to use this model; however, this is not a requirement. Self-Help Grant Recipients choosing to use their own agreement must address all the topics presented in this model.

Each member of the group must read the document or have the document read to him/her, thoroughly understand it, and sign it. The group members must see the membership agreement as *binding*; that is, the rules and policies set forth will be enforced.

The membership agreement covers 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 participants are expected to perform; and time commitment. (How much time is required to participate each week? For the entire project? For construction? For meetings?)

The enforcement of the participant 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.

Land Development

Land is a key ingredient to the program and the search for acquiring it should be approached in an organized and systematic manner. Many programs have failed or not gotten off the ground because adequate approvable land could not be obtained.

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 **do not** want to experience is one in which you've got Rural Development approved participants 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 costly. 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.*

Site acquisition and the site development process are a unique process by nature and locality. Person to person contacts should be made in this initial land survey to lay the groundwork for the actual land search and acquisition.

Contact the local Rural Development personnel for ideas -- they might know where to look.

Land Survey Criteria

Before Rural Development would approve the use of a lot, it would have to meet certain requirements. The following is a list of Rural Development's criteria. (Rural Development only approves individual lots -- no subdivisions!)

Rural Area

The most important aspect to Rural Development is that the land is in a rural area. This is defined as being in open country and communities up to a population of 10,000, or cities between 10,000 and 20,000 populations outside MSAs that lack mortgage credit for low and moderate income households. Or it can be an area classified as rural prior to 1990 within an MSA with a population of less than 25,000. Random development of sites in open country is not an acceptable alternative to orderly growth within an established community.

Lot Size

The site must be of a size that cannot be subdivided into 2 or more adequate sites. A lot frontage of 70'-100' is preferable when public water and sewer exists and the lot must be of adequate size for health department and local zoning requirements.

Roads

The property must be contiguous to and have direct access from a street, road, or driveway and it must also meet the requirements of being dedicated to and maintained by a public body or a neighborhood association that has demonstrated its ability to maintain the street. This street must be paved or all weather.

Water

If there is a central water system it must be owned by a public body or by an association acceptable to Rural Development and regulated by the Public Service Commission. If there is no central system available, the site must meet health department regulations for an individual well (minimum of 1/2 acre).

Sewer

If there is a central sewer system it has the same requirements as water, it must be owned by a public body or association acceptable to Rural Development and be regulated by the Public Service Commission. If there is no central system available, the site must meet health department regulations for an individual septic. In that case it must pass a perk test and be 1/4 acre platted since 1972, or whatever the local jurisdiction requires.

Site Approval

The state director is responsible for delegating site review and approval authority to appropriate employees.

Land Survey Resources

Becoming familiar with or contacting these organizations is actually the first step in the land research process.

- **7 CFR Part 3550** -- Defines an adequate building site 3550.56
- **1924-A** -- Planning and performing construction and other development; 1924-A.5(f)(1)&(2) - requirements regarding land and development practices
- **1924-C** -- Site development
- **Rural Development Community Development Manager** -- Knows unsuitable land because of location in flood plains, high cost, soil type and other conditions that make it unsuitable for construction
- **Health Department** -- Local standards for on site waste disposal and drinking water systems; any recorded unsound environmental past use
- **County and/or Local City Planner, Community Development Building Officials, City Engineer** -- For local housing assistance plan, land use plan, building codes, zoning ordinances, subdivision ordinances, street standards
- **Soil Conservation Service Soils Book** -- To determine local soil characteristics and suitability for development in areas being considered
- **County Court House, Tax Office or Recorder of Deeds** -- To determine who owns the property, whether the title is clear, whether there are any deed restrictions, and patterns of adjacent land ownership
- **Utility Companies** (Water, Sewer, Electric, Gas, Telephone) -- To determine what services are available, to what areas; if new connections can be made, at what cost

Land Survey Process

Define the boundaries of the area to be searched and obtain a tax map of the area.

Preparing a Site Search Map

First, identify the land that is completely ineligible through a preliminary survey and block out these areas on the site map. This would include land that does not meet Rural Development's building site requirements, would require radical zoning changes (i.e., industrial to residential), or has soil unsuitable for building.

Second, identify then plot on the map locations with features that are desirable. Such desirable features are existing water and sewer (with capacity to accept new connections), existing paved roads, correct zoning, flat or mildly sloped land, proximity to services and public facilities (schools, shopping, hospitals etc.), soil suitable for on site septic system if necessary, adequate ground water supply, shape and size of site lends itself to housing development, and adjacent sites compatible to proposed project.

Third, plot drawbacks. This would be features that limit appeal or ability to develop such as flood plain, steep terrain, soil unsuitable for on site septic system, soil marginal for building - may require soil boring by engineer, environmental hazards, site adjacent to major highways, airports, railroads, factories, landfills etc., wetlands, forested lands, prime farm lands, current use requires zoning changes, and/or existing easements through site would restrict, interfere or be detrimental to the project.

Plotting advantages and disadvantages will indicate what, if any land is left that is suitable for purchase or development. It is not practical to eliminate all locations which have drawbacks. Develop a cut off point for each undesirable factor when the drawback exceeds its development potential. When the site search map is completed, you will know what land is left and at what location.

Grantees should talk to county governments or local Universities to see if mapping software is available to help facilitate the site search process.

Windshield Survey

A windshield survey is an actual physical inspection of the sites. Conducting a windshield survey once you have narrowed down your land search will help you rule out some sites due to unfavorable conditions. Walk each site and take notes, reviewing for:

- Topography - reflects the surface of the land, rolling, flat or rough. Affects the location of the house on the lot and water run off. Topography is expressed as a grade. A grade is the rate of increase or decrease in the elevation of a surface. Optimum grade is 2-8%. Less than 2% requires increasing the grade for run off. A grade of 8-15% is still feasible but grading costs would go up. A grade of 15% or more is not feasible.
- Flood Plains
- Drainage problems - soil must be porous enough to allow rainwater to seep through without ponding, but not so porous that it won't retain water for vegetation.
- Potential off site drainage problems
- Erosion
- Access (distance) to public roads
- Vegetation
- Existing structures
- Evidence of old roadbeds or driveways
- Unique features (natural or man-made) - presence or absence of rock, surface or subsurface water
- Other (based on local conditions)

Land Analysis Form

Begin completing a land analysis form for each acceptable piece of property with the information you have already collected. Investigate the ownership status of identified parcels or sites by checking into the tax records. Assume that every parcel is for sale if the price is right, rather than eliminating parcels that are not on the market.

Ownership - Try to answer the following questions:

- Do you have any way to encourage the owner to sell at a reasonable price?
- Is the owner a local resident or absentee owner?
- Is the property owned by one or several individuals?
- Is the property owned by a corporation or a partnership?
- Is the property owned by a public body?

Tax Status:

- Are the property taxes paid to date?
- What is the assessed valuation of the land?
- What is the fair market value?
- What is the assessment rate?

A complete land analysis form can be found in the Appendix, Attachment 6.

Selecting the site

After you complete the land analysis forms for the different sites that you are considering for the self-help program, you must decide which one(s) would be most suitable for use in the program. The following will help you consider what things are important for the program and the participants.

The first thing you must do in the selection of a site is to assess the suitability of the location. Is it located in an area that is zoned or conforms to local codes for its purpose? Are there community facilities close by? The site needs to be located within a rural community and convenient to its amenities. It must have access to a road maintained by a public body (town or county government). Is the site located adjacent to or near such nuisances or unsafe features

such as airports, railroads, super highways, high-tension lines, factories, or sanitary landfills? Are the uses of adjacent sites compatible to the proposed project? Make sure there are water, sewer and other necessary utilities available to the site. Then, ask yourself, would I want to live there?

The physical characteristics of the site must also be assessed. Take into consideration the size, shape, slope and drainage of the site, as well as the suitability of the soil. Make sure the topography is suited to economical home construction. Determine if the site is in a flood plain, wetland, prime farmland, barrier island, historical district, or subject to other environmental features that make it difficult if not impossible to develop.

The cost of the site is another important factor that must be considered. Be sure to add acquisition and development costs to get a true picture of what the total cost will be. Is it affordable to the participants?

Optioning Versus Purchasing

Option agreements

An option agreement is a contract in which the owner of a property agrees to sell the property at a specified price within a specified period of time at the option of the buyer. The buyer is not obligated to buy, but the seller is obligated to sell if the buyer chooses to exercise the option to buy. The buyer secures the option by paying a sum of money to the property owner. If the buyer doesn't exercise the option, he/she may forfeit this sum to the owner.

Option agreements should be between the seller and the self-help participant. They can be used when the land is available for immediate construction. Purchase funds for the land comes out of the participants' 502 mortgage loan. This is generally the best method for self-help. A sample option agreement, form 440-34 "Option to Purchase Real Property," can be found in the Appendix, Attachment 5. Attachment 6 also contains a form on option language.

Purchasing land

If your organization has the purchase money, you can purchase land for later resale to the individual participants. It can be beneficial to do this if you are purchasing a large number of lots from a single seller. Recouping the carrying charges when land is sold to the participants, is permitted as long as it is within reason. Interim financing is required if this is the route the organization is going to go. The 523 predevelopment grant funds are not permitted to be used for this purpose.

Interim financing

There is no single “pot of money” you can go to for land financing. You must be creative, resourceful, and knowledgeable when searching for interim financing. Some of the many different forms of interim financing are briefly explained below.

Seller financing is when the loan is taken from the seller and you pay she or he back directly. This can be very advantageous to some groups. Private lenders include the use of commercial banks and saving and loan associations. The banks may be able to provide loan funds using their AHP or CRA programs.

There are some government loan programs, such as the Rural Development 523 rural housing site loan, that can be used to purchase, develop and subdivide land for resale to self-help housing participants. State Directors may approve these site loans for up to \$200,000. Larger loans require prior approval of the National Office. The loans have a two-year term and a 3% interest rate. Rural Development also has Section 524 rural housing loan money. It bears the market rate of interest and the land can be resold to others than self-help participants. The sites can be sold to low and moderate income households eligible for HUD mortgages and VA guaranteed loans. A Rural Development site option loan establishes a revolving fund account to option sites for your self-help program. This should be considered only when other means for obtaining sites are not available and it cannot be used to pay the full purchase price. Only the minimum amount necessary to obtain an option should be used.

There may be other government funding sources in your area such as a community development block grant, state housing program and state housing trust funds.

Some nonprofit organizations have loan funds such as the Housing Assistance Council (HAC) loan and the Community Transportation Association of America (CTAA) (formerly Rural America). Other sources could be private and corporate foundations, insurance companies, and cities and counties.

Required Reports and Meetings

SHARES

SHARES stands for the Self-Help Automated Reporting and Evaluation System. It is an internet-ready application designed to manage, track, evaluate, and report on the status of the self-help program. It will also share this information with all parties that provide assistance to this program. SHARES has two distinct components. One is an informational section that includes links to other web sites that may be helpful to an organization during the time the grant is active. The second component is an automated database.

The database is the application that will be used regularly by the Project Director or Group Coordinator. This allows participant and grant information to be entered and reports to be generated and printed. Data will need to be entered on a regular basis since Rural Development personnel at all levels and the T & MA Contractor will be reviewing this data for monitoring, reporting, and statistical information purposes. On a monthly basis your T & MA Contractor will be using the information in the database to print a monthly report. The quarterly report, which is discussed in the next section of this guide, will also be completed through the SHARES system.

There is a considerable amount of information that will need to be entered into this system by the person designated by the Project Director, usually the Group Coordinator. The information will include detailed borrower and lot information, construction progress and grant status. Although this will take time, the reports that this system is able to generate are extremely beneficial, both to the organization, the T & MA Contractors, Rural Development, and the overall program.

There is an entire guide dedicated to training for the use of this system. Request one from your T & MA Contractor if the organization has not yet received one.

Monthly Reports

Monthly, a report using SHARES will be reviewed by the T&MA Contractor and all levels of Rural Development. This report will contain information on what the grantee has done during the preceding month and will be based on information that has been entered from the grantee's office. This report consists of information such as how much of the 523 grant money has been spent, status of recruitment, land development, construction progress and preconstruction meetings. This report needs to be completed by the 5th of every month. Prior to the existence of SHARES, the T&MA Contractors completed this report. Although we will not be completing the report, we will still be calling grantees on a regular basis to talk about their progress.

Quarterly Reports

As grantor of the Self-Help Technical Assistance grants, Rural Development is responsible for the fiscal and programmatic oversight of a TA grantee's activities. Rural Development is also responsible for the regularly monitoring and evaluation of a grantee's accomplishments, problems, and timetables.

The primary tool that Rural Development has to monitor a grantee is the quarterly report. Grantees should also use it as an assessment instrument. This report will now be completed by using SHARES. A sample of this report can be found in the Appendix, Attachment 7. The T&MA Contractors also recommend that grantees fill out a supplemental report in addition to the quarterly report. This form can be found in the Appendix, Attachment 8. This report includes financial information and other key statistics that are not included on the SHARES report.

To be useful, the information on the report must be accurate. The report must be submitted on time, complete, and error free. It is due to the Rural Development Area Office by the 15th of the month following the calendar quarter. (January 15th, April 15th, July 15th, and October 15th) A copy of the quarterly report will also be viewed by the contractor for an assessment of the grant's progress.

The quarterly report indicates the progress of a grantee according to a number of key benchmarks on and off the report that should be closely reviewed by the grantee and Rural Development. A review will be made to determine if the grantee is ahead or behind schedule in the areas of assisting the projected number of participants; serving very low income applicants;

completing equivalent units in line with time elapsed in the grant; and having participants meet the program requirements for labor contribution. The number of houses completed and the cumulative equivalent units are benchmarks that should be examined. Equivalent units represent the “theoretical number of units” completed in the program at that date. The construction of a house is broken down by Rural Development into specific items so that grantees can determine, in a consistent manner, the percentage of construction completed per house.

Additional information provided by the quarterly report should be closely reviewed. Planned accomplishments according to specific time frames should be compared to the reported accomplishments.

If Rural Development needs additional information from the grantee, it should be requested. The contractors encourage grantees to use the report to clarify accomplishments, problems, delays, and proposed solutions. A narrative can explain changes or benchmarks that need further clarification. Rural Development can request additional information or the grantee can submit supplemental data to provide Rural Development with all the information possible. For example, a list of the days that had bad weather, which delayed the completion of the roofing, could be provided.

Rural Development offices should feel free to provide a narrative as well as comment on the grantees’ performance and/or problems. Whatever Rural Development writes should be shared at the review meetings, so the grantee can have an opportunity to comment or provide an explanation.

A quarterly report relays signals and should be used by the grantees and Rural Development to assess the grantee. That way steps can be taken by both parties to avoid classifying a grantee as “high risk”, or if the situation indicates that a grant modification is needed in the near future, appropriate action could be taken.

Determining Equivalent Units (EU's)

EU's are going to suddenly be of great importance to the Project Director. The progress of the program is going to be judged mainly by how many of them have been accumulated. Although these numbers will be calculated through the SHARES program, it is important to understand what the points are tied to and how they are figured. The following information defines each phase and details how the points are calculated.

Definitions:

Phase I: Hold community meetings; conduct interviews; obtain house plans; prepare cost estimates; begin search for land; submit loan applications to Rural Development; Rural Development runs credit check; 502 applications either approved or rejected by Rural Development.

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

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

VALUE OF

<u>PHASE BREAKDOWN</u>	<u>EACH PHASE</u>	<u>CUMULATIVE</u>
Phase I	10%	10%
Phase II	10%	20%
Phase III	80%	21%-100%

FORMULA: # of Families x Values of Each Phase = Equivalent Units

Example: If there are 12 families in a group and all 12 have completed PHASE I & II, then the computation is as follows:

$$\begin{array}{rcl} \text{(Families)} & & \text{(Phase \%)} & = & \text{(EUs)} \\ (12) & \times & .20 & = & 2.40 \end{array}$$

Role of Review Meetings

As the quarterly report is an important tool for the assessment of a grantee's progress by Rural Development and the grantee, the review meeting is another tool that provides an opportunity to review progress and to solve problems. Review meetings increase effective communication, reduce potential problems, allow for crucial goal setting, and enable up-to-date monitoring of the self-help program.

Review meetings should include Community Development Managers, Rural Development Manager, State Rural Development staff, T&MA Contractor staff, and grantee personnel. The grantee's Board of Directors should also attend these meetings occasionally. The grantee and Rural Development must make the commitment to have these review meetings quarterly. If held quarterly, the grantee's progress can be properly monitored, enabling the grantee to avoid some unnecessary problems. This meeting is required if the grantee was previously identified as a "problem grantee" or will be identified as one.

Set an agenda and determine who will lead the meeting. At each review meeting, appoint someone to keep minutes, which documents decisions made, time frames agreed to, and strategies set. All Rural Development personnel and grantee staff should be prepared for the meeting. Preparation means reading the last quarterly reports, reviewing the files, reading the minutes of the last review meeting, and identifying key issues that should be discussed and the decisions that need to be made. All participants should review the level of grant expenditures, TA cost, spending patterns, self-help loan amounts, time in construction, construction quality, inspections, incomes of participants being served, house designs, audits, personnel changes, land availability, and the continuing interest and demand for self-help housing.

The grantee should be required to present an update of progress and problems. The housing activity plan and the grantee's spending pattern should also be reviewed. Any revisions to the housing development plans, construction schedules, and budget items, if they exceed 10% change in line items, should be discussed and agreed upon in writing. Assessment of the grantee by all levels of Rural Development should be shared and any conflicts between the two ironed out. The review meeting is an excellent opportunity for both parties to work on problem solving by reaching a mutual decision of how to solve a particular problem, be it recruitment, land, or whatever.

Sample Agenda

1. Minutes or notes read from previous meeting
2. Grantee progress report, grant-by-grant, group-by-group
3. Revision/update of grant schedule per group
4. Review TA cost, EU's, etc.
5. Resolution of problems
6. Additional items
7. View self-help homes
8. Set next meeting date.

The review meeting is also an appropriate format for the grantee to explain the need for a grant modification to Rural Development. To present the best case possible, the self-help TA grantee should do the following:

1. Know the situation: the problem or the change in the program, and the impact it has had or will have on the program.
2. Be specific and pinpoint the problem or change.
3. Present a clear plan of action for Rural Development to review.
4. Share the review process of alternatives that was undertaken.
5. Present the expected results of the plan to be implemented.
6. Be honest, clear, and concise, and do not rely on excuses or placing of blame.

Scheduled review meetings do not negate the possibility of additional meetings organized by the grantee or Rural Development to solve problems as they may arise.

T&MA Contractor's Review

The T&MA Contractors conduct an initial assessment of all grantees. This assessment will include (1) a review of each grantee's performance; (2) organizational and financial management training needs of each grantee; (3) each grantee's planned level of production by quarter and building group; and (4) each grantee's access to leveraged financing for technical assistance and mortgage loan funds.

Board of Director's Annual Self-Evaluation of the Program

Annually or more often, the board of directors is required to conduct a self-help program evaluation. It is also recommended that they review their personnel policy, any audits that may have been conducted and other reports to determine if they need to make adjustments in order to prevent fraud and abuse, and meet the goals in the current grant agreement.

A formal evaluation involves establishing a set of questions and identifying the measurements needed to answer them. Rural Development has provided one set of evaluation questions for that purpose, 1944-I, Exhibit E. This is not required, the Board can make up their own if they prefer, but they must state the questions the evaluation will answer. It is also recommended that the board reviews the Personnel Policies, any audits that may have been conducted, and other reports, to determine if they need to make adjustments in order to prevent fraud and abuse, and meet the goals in the current grant agreement. (Instruction 1944-I, section 1944.427)

This evaluation is to be carried out by the board of directors, not by the program staff. The board may contract the evaluation work, or may designate board members to perform it.

In Instruction 1944-I Self-Help Technical Assistance Grants Regulations, Rural Development provides Exhibit E as guidance for recipients of Self-Help Technical Assistance grants. The comments below have been provided to Rural Development to correct errors or inconsistencies in the exhibit. Grantees should be aware of these errors or inconsistencies if they use this as their form of assessment.

C.6. "Are checks from grant funds signed by the Board Treasurer and Executive Director?" We suggest that the wording be changed to: "Are checks from grant funds signed by two

authorized signatories?” As long as the Board authorizes the approved signatories, there is no reason why the Board Treasurer and Executive Director must sign every check.

- C.7. “Are grant funds deposited in an interest bearing account?” The answer to the question should be “yes” on the Answer Key.
- D.2. “Has the grant recipient engaged a Certified Public Accountant...(Annually is preferable, but every two years and at the end of the grant period are requirements)?” This is inconsistent with section 1944.422, which states: “The grantee must submit an audit to the appropriate Rural Development Area Office annually.”

Exhibit E can be found in the Appendix, Attachment 12. Following Exhibit E is another list of sample questions that could also be used for the assessment, Attachment 13.

Final Grantee Evaluation

Near the end of the 523 grant period, Rural Development will evaluate the grantee's self-help housing program. They may conduct the evaluation themselves, or may send contract evaluators. This is required by 1944-I, 1944.419, and must be carried out before the last month of the grant term.

The point of the evaluation is to determine how successful the organization was in meeting the goals and objectives that were defined in the grant agreement. There are mainly five criteria that will be reviewed.

- Did you assist the projected number of participants?
- Did you meet the goal of assisting at least 40% very-low income applicants?
- Did the participants perform at least 65% of the required labor tasks?
- Did you keep your costs within the guidelines?
- Did you meet other objectives in the Agreement?

The evaluation will be in narrative form addressed to the State Director, and a copy will also go to the National Office. It will consist of three parts: findings, recommendations and an overall rating. The rating will be stated as unacceptable, acceptable, or outstanding. Outstanding will be

given if the grantee met or exceeded all of the goals, acceptable will be given if it met or exceeded all of the goals except two, and an unacceptable rating will be given if the grantee failed on more than two objectives.

After the State Director has reviewed the evaluation, a copy will be sent to the grantee. The grantee may request a review of the evaluation with the Rural Development Manager. This review is for clarification of the material and to dispute the findings if they are known to be wrong. The rating is not appealable or open for discussion except to the extent that it can be proven that the findings do not support the rating. If this is the case, the Rural Development Manager will file an amendment to the State Director.

Financial Management

Internal Control

While there are many important ingredients for a successful self-help program, the financial management is of great importance. To achieve financial excellence, one of the corner stones is proper internal control. Internal control is simply a code word for the built-in system of checks and balances, acceptable accounting procedures, division of tasks, and safeguards that guarantees the fiscal integrity of the organization.

523 Grant Management

Cost Allocation

The term "cost allocation" is used as a general label for the tracing of various costs, to cost objectives. There are two primary methods of allocating costs, which must be considered when structuring the accounting system; these are "direct cost" or "indirect cost". It is the responsibility of each grantee that is multi-funded to receive approval for its cost allocation method. Once a cost allocation method is approved, it must be followed consistently. Consistency is a methodology, which assures that costs charged to government-supported projects, are charged in a uniform manner to all other work of the organization.

Bank Account

Upon receipt of the initial advance of funds, they must be deposited in a FDIC insured institution. The checking account must be interest bearing. Each quarter, the grantee must forward to Rural Development any interest earned in excess of \$250 per year. Interest earned up to \$250 per year may be used by the grantee for administrative expenses. At least two bonded officials must sign all TA grant fund checks issued.

Federal Accounting Requirements

All self-help grantees must be able to show that their financial management system meets the standards outlined in circulars published by the Office of Management and Budget (OMB).

OMB Circular No. A-87	Cost Principles for State, Local, and Indian Tribal Governments
Circular No. A-102	Grants and Cooperative Agreements with State and Local Governments
Circular No. A-110	Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-profit organizations.
Circular No. A-122	Cost principles for Non-profit Organizations
Circular No. A-133	Audits of Institutions of Higher Education and Other Non-Profit Institutions

In accordance with these circulars, a grantee's financial management system must provide:

- a) Accurate, current, and complete disclosure of the financial results of each federally sponsored program.
- b) Records that adequately identify the source and use of funds for federally sponsored activities.
- c) Effective control over and accountability for all funds, property and other assets.
- d) Adequate safeguards for all assets and assurance that they are used for authorized purposes.
- e) Comparison of actual outlays with budgeted amounts for each grant or other agreement.
- f) Procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and the disbursement by the recipient, whenever funds are advanced by the federal government.
- g) Procedures for determining if costs are reasonable and allowable, and that they are distributed in accordance with applicable federal cost principles.

- h) Accounting records that are supported by source documentation.
- i) Examinations in the form of audits, which are done by qualified individuals who are independent of those who authorize the expenditures of federal funds, to produce unbiased opinions, conclusions, or judgments.

Financial Reporting

Instruction 1944-I specifies what reporting forms are required for grantees to summarize expenditures made and to request advances of funds.

A Request for Advance or Reimbursement, Form SF 270, must be completed monthly and submitted to the Rural Development Manager with the original and two copies. This form is used to notify Rural Development of the amount of grant funds used during the previous month, the amount of unspent funds on hand, and the projected need to cover expenses for the next month.

Written justification should be forwarded with the request if the amount requested exceeds the projected need for the next 30 days. The form must be in the Rural Development Manager's office fifteen days prior to the beginning of the month. It is normally the only report of grant expenditures that Rural Development will require during the grant period.

Self-help grantees are encouraged to use some kind of tool to determine the financial status of their grant program on a monthly basis. A monthly comparison of actual disbursements with budgeted disbursements by budget category will allow grantees to quickly see where budget or management changes need to be made, if any.

Accounting for Individual Participant Loan Accounts (502 Dollars)

Instruction 1944-I indicates that technical assistance provided by the grantee to the participants should include “providing financial supervision to individual families with Section 502 loans, which will minimize the time and effort required by Rural Development in processing borrower expenditures for materials and contract services.” Rural Development also requires that a sampling of the loan accounts be audited with the audit of the grant funds.

The method of handling accounts varies throughout the country, based on the number of houses an organization builds. An organization may use either custodial or individual accounts after being reviewed by the T&MA Contractor and approved by Rural Development.

Establishing Section 502 Record Keeping Procedures

In order to maintain accurate files it is important to establish record keeping procedures. The first step is to distribute responsibilities and tasks in a *clear* manner so that the staff understands the procedures to follow and who has what responsibility. Each staff member should also understand the responsibilities and terminology of other staff members. A second guideline is to establish financial files for each self-help housing participant. These files should contain any financial related information regarding the participant and their loan. The file or a series of files should include:

- The participant's bank account information
- The house cost estimate
- Copies of paid invoices and the corresponding check
(Copies of purchase order(s) and delivery slip(s) should be attached)
- Participant's Statement of Withdrawals and Deposits
- Contracts with subcontractors
- Any related documentation to expenditures, i.e. insurance forms, warranties, etc.
- Reconciled bank statements

Drawdown Procedures for Section 502 Monies

Whenever the drawdowns are to be made from a participant's loan account, significant planning is required by the grantee to determine the amount to be requested.

Cost Estimating

A key to the accounting for the individual participant loan funds is an accurate cost estimate for the self-help house.

Subcontracted Work

Virtually all self-help housing programs subcontract certain jobs in the construction of the houses.

Purchasing House Materials

The suppliers should be required to set up individual accounts and maintain separate billing records for each participant.

When the materials are delivered the construction supervisor or other person responsible for receiving materials should verify the condition and quantity of the items with the delivery slip and sign the slip.

Reconciliation of Invoices

When invoices are received from the supplier, they should be reconciled with the delivery slip(s). Invoices from subcontractors should be reconciled with the construction contract. Before such bills are paid, the construction supervisor should verify that the work billed for was completed. The bookkeeper should then prepare the checks for payment of each participant's invoices, using checks taken out of each participant's checkbook. ***No materials invoice should be paid which do not have both the purchase order and the delivery slip attached.***

Statement of Deposits and Withdrawals

This journal is a record of all the disbursements made from the participant's account and shows what type of materials have been bought as well as a current loan balance and a current checking account balance.

Signing of Checks and Payments to Suppliers

One staff member should be assigned the responsibility of presenting the checks to the participants for signatures. The participants should indicate their approval for payment on each invoice or on the payments voucher, and then sign the check for each supplier. **Under no circumstances should either the participants or Rural Development sign blank checks.** The checks and original invoices are then presented to the Rural Development office for review and counter-signature. The Rural Development office will return the signed checks to the grantee for mailing to the proper supplier.

Payments should be scheduled in order to take advantage of discounts and maintain the line of credit extended by the suppliers.

Reconciliation of Bank Statements

Reconciliation of the participants' bank statements must be done, and preferably by the Self-Help TA Grantee.

Other General Recommendations

- Build the houses according to approved plans and do not allow participants to make changes in their house plan.
- Materials should not be transferred from one house to another without documentation and payment.
- Participants should not be allowed to purchase materials for their houses.
- Payments to suppliers should be scheduled for such a time as to take advantage of discounts and maintain the line of credit.

- Participant checkbooks should be kept at the grantee's office in a locked safe or cabinet.
- Suppliers should be required to set up individual accounts for each household in construction and to maintain separate billing records for each participant.
- No invoice or bill should be paid unless it has a participant's name and/or lot number.
- Shared expenses between participants should be avoided.
- ***Never*** deposit the participants' checks into the TA grant account or pool participant loan funds in an association checking account in order to enable forwarding one check to the vendor.

Loan Purposes

In addition to construction costs the 502 loan funds may be used to pay for:

- Reasonable expenses related to obtaining the loan, including legal, architectural and engineering, title clearance and loan closing fees; and appraisal, surveying, environmental, tax monitoring, and other technical services; and personal liability insurance fees for Mutual Self-Help borrowers.
- The cost of providing special design features or equipment when necessary because of a physical disability of the applicant or a member of the household.
- Reasonable connection fees, assessments, or the pro rata installment costs for utilities such as water, sewer, electricity, and gas for which the borrower is liable and which are not paid from other funds.
- Reasonable and customary lender charges and fees if the RHS loans are being made in combination with a leveraged loan.
- Real estate taxes that are due and payable on the property at the time of closing and for the establishment of escrow accounts for real estate taxes, hazard and flood insurance premiums, and related costs.

- Purchasing and installing essential equipment in the dwelling, including ranges, refrigerators, washers or dryers, if these items are normally sold with dwellings in the area, and if the purchase of these items is not the primary purpose of the loan.
- Purchasing and installing approved energy savings measures and approved furnaces and space heaters that use fuel that is commonly used, economically, and dependably available.
- Providing site preparation, including grading, foundation plantings, seeding or sodding, trees, walks, yard fences, and driveways to a building site.

Personnel

Staffing

There are many factors that determine the staffing patterns of a self-help agency, but typically a staff of four is normal for small or new operations. These positions might consist of an executive director/project director, group coordinator, bookkeeper, and construction supervisor.

The executive director has the following general responsibilities:

- Managing the agency
- Administering the self-help program
- Hiring and supervising staff

The executive director is hired and supervised by the board of directors and is the contact person for the board of directors.

The project director is responsible for the day-to-day operations of the self-help housing program and is responsible for the following:

- Assist in hiring the self-help staff
- Be the contact person for the executive director
- Supervise and evaluate the self-help staff
- Be the contact person for Rural Development

The group coordinator typically does most of the participant recruiting, even though other staff can share this task. Duties generally include:

- Outreach and public relations campaigns
- Screen applicants for interest in and eligibility for the program
- Coordinate pre-construction meetings
- Assist applicants in completing and filing 502 loan applications with Rural Development

The bookkeeper/secretary's duties include but are not limited to the following:

- General secretarial duties of a small, independent office
- Handling the Section 523 grant funds
- Annual and quarterly financial reports
- Maintain participant "custodial" accounts
- Create and provide monthly financial reports to the Executive Director and the Board of Directors

The construction supervisor is responsible for training and guiding the participants through the construction of their mutual self-help houses. The construction supervisor may be responsible for all or some of the following operations:

- Assist in the site selection process
- Assist during the pre-construction meetings
- Prepare accurate cost estimates
- Develop contracts for subcontractors and price guarantee with suppliers
- Maintain field records and accounts
- Train the group in construction methods
- Supervise the project and keep it on schedule

More thorough job descriptions can be found in the Appendix, Attachment 14.

Supervision

In order to effectively supervise staff, there are some key aspects of supervision that should be followed.

1. To be informed and to keep employees you supervise informed.
Keep information flowing by conversation, listening, observing, reports, periodic meetings, and occasional memos.
2. Must be approachable.
Employees must feel and believe that they can come to you with questions, guidance, and problems.
3. Must work to keep in touch.
It is a supervisor's responsibility to know what is going on. Arrange for meetings and reports, and take time to listen and observe. A supervisor cannot legitimately say, "I didn't know that was happening."
4. Must measure performance.
Clear performance standards must be established. Fiscal, progress reports, and staff meetings should all be used to track performance.
5. Must act on problems.
Ignoring problems or sticking our heads in the sand does not make problems go away. A knee-jerk reaction is also not appropriate, but a thought out approach to dealing with the root or core of the problem will hopefully solve it for the long-term.
6. Develop an atmosphere conducive to employee motivation.
While a supervisor cannot be responsible for an employee's motivation or lack thereof, an environment can be established to help foster and enhance motivation.
7. Must take disciplinary action.
When rules are violated and/or when performance is inadequate, progressive disciplinary action may be warranted.
8. Share expectations with employees.
Employees should know exactly what is expected from them, be forthright.
9. Help teams or departments establish goals and plan regularly.

10. Expect and plan for corrective action when employee performance is inadequate or problems exist.
11. Advocate for employees.
12. Give immediate feedback.
13. Be consistent and do not show favoritism.
14. Give praise when a job is done well.

Being a supervisor is not always easy. It can be trying and it can be enjoyable. Take these hints and try to apply them to strengthen any weaknesses.

Hiring

Hiring a new staff person is an important responsibility that requires a lot of time and effort. Before advertising for a position, review the job description, salary range, and decide on a closing date for applications. Think about what is needed from the applicant. Is an application required, or will a resume be accepted? Does the prospective employee need any special certification or will you be requiring a typing test? Should they be able to provide pictures of houses or structures they have built and references? Make all of these decisions up front so the applicant can provide it immediately and be properly screened. Review your application form for possible revisions. (See “Questions You Should Not Ask in Your Employment Application”, Appendix Attachment 15.)

There are many sources for recruiting employees. Consider promoting or transferring an employee from within the organization. Investigate the possibility of the state employment office, college placement offices, high schools, community organizations or social service agencies, employee referrals and trade journals or newsletters.

Before advertising in the paper, there are several things you should know. Find out the circulation and coverage of a newspaper. Sunday through Thursday usually has good readership while Friday and Saturday are usually not as strong. Know the reasonable employment area. How far away can you attract candidates? Develop the ad, get costs, see what can be cut or where abbreviations can be used, and ask about nonprofit discounts. Always budget some funds for employment advertising.

Define your process of recruitment. First, rank applications into acceptable and unacceptable categories. The acceptable ones are those that meet the basic criteria. Then, plan the interviewing process. How many people will be interviewed? Will it be all of the acceptable candidates or will you rank them within that category?

It is important to look at an application and resume for more than just content. The way the information is organized, the visual presentation, and spelling and grammar are important aspects that give a glimpse into what the applicant is like. Also look for accuracy, appropriateness of material, and extra information that may enhance that applicant. Some “red lights” that might spell trouble with an applicant are excessive turnover, not giving their supervisor as a job reference, claiming too much and poor presentation of the material.

It is also important to be prepared to conduct the interviews. Plan for enough time to conduct each interview, at least ½ to 1 hour. Prepare for the interview by reading the resume and application and making notes to comment on or ask about. Develop a master set of questions so that all of the applicants are asked the same thing. Let the applicant do most of the talking. Take notes and be patient, after several interviews it is easy to forget if you do not take notes. Give the applicant an opportunity to ask questions. When possible, use two people to interview – two heads are better than one. Devise a structured approach to interviewing to assure effectiveness. A sample structure can be found as Attachment 16 in the Appendix.

As a rule of thumb if the interviewer does more than 20% of the talking, it is too much. There is nothing wrong with silence, do not feel compelled to fill every void. Silence after each statement will encourage the applicant to elaborate more.

Get the candidate’s full view of key situations so that you have enough background to check out the other side of the story with the former employer.

If you want to consider this candidate further, try to determine his/her interest in the job. Are there deadlines or other pending job offers? Is there flexibility in the candidate’s salary requirement? When are they able to begin? Outline the process that will happen next. Do not promise an early answer if there is not going to be one. Give them a realistic timeframe. Keep communication open with the best candidates.

Don't send a candidate positive signals unless you are interested. Do not make on the spot offers, think about it at least overnight. When ranking the persons who have interviewed use an objective process. Determine the top two or three candidates and check their references.

Checking references

Why is it important to check references? Checking with the former employer is needed to verify what the applicant has told you. It allows you to get an indication of his/her performance level. The best performance indicator of the future is to find out what was done in the past.

What is the best way to check references? Obtain three professional work references. People who knew the applicant well enough to comment on their work, ideally their supervisor. Obtain names, addresses and telephone numbers. Letters are of little value; use a phone to call for references. Use non-directive questions that will elicit a yes or no answer. You want detail. See "Sample Reference Questions" in the Appendix, Attachment 14.

Reference information should never be revealed to the candidate. Respect that the information given to you was done so in confidence. If references are positive, it is time to make the offer.

Termination or Discharge of an Employee

Terminating an employee seems to be one of the most difficult tasks of a supervisor or director, especially in the nonprofit world. However, sometimes it is necessary. Six typical reasons for discharges are resignation, mutual agreement, reduction in labor force, unsatisfactory performance, misconduct on the job, and retirement.

Policies must be written detailing the circumstances under which employees can be terminated. Policies protect both the employee and the employer. When consistency is interpreted, written policies give managers the confidence that the decisions are fair, reasonable, and legal. Nonprofit organizations are not exempt from complaints and legal action. Federal Equal Opportunity Commission and State Human Relation Commissions are available to hear complaints by employees who feel they have been discriminated against.

Termination is the most dramatic disciplinary action that can be taken by an agency. It cannot be taken lightly. Policies are necessary to assure a format to follow, to assure consistency, and to assure that all parties know what is expected and what the consequences could be. Policies should address all types of termination.

An important rule to follow when terminating someone is to make sure there is just cause. This simply means that there should be a very good reason for letting someone go and be able to verify it.

Although this seems like common sense an amazing number of people are fired or discharged because of “personality conflicts, bad chemistry, or things just didn't work out.”

Before firing someone perform this test: Write down the reasons for terminating someone. Ask if you would show this list to an outsider with a legitimate need to know, such as an agency lawyer, government investigator, or a board member. If not, destroy what has been written and plan more carefully!! Be ready to demonstrate “just cause” for the decision. In addition, others should also perceive just cause. (“Others” could include co-workers, management or supervisory team, and possibly outside observers.)

The following questions will help to determine whether the reasons for termination have been adequately developed.

1. Does any documentation exist that leads to conclusions other than the imminent termination?

What would tend to contradict your plans for termination?

- Positive written performance reviews.
- Letters or memos of commendation.
- Are written records of employees not being fired substantially better?

If others are just as bad—“Why Me”

If there is contradictory material on record, there needs to be a record showing why the situation has changed for the worse.

2. Who, if anyone, will be surprised by this termination?

Certainly, the fired employee should not be surprised if the established policy for handling unsatisfactory performance has been followed. Other employees should not be surprised by the decision. Peers usually know who is not pulling their weight and doing their share.

3. Was there adequate investigation of alleged misconduct before action was taken?

Never fire on the spot. Place the employee on investigatory leave of 1-5 days with or without pay. If the investigation leads to reinstatement--pay the employee for the leave. If not, pay can cease at the time employee was placed on leave. The investigation must look at the facts of the situation to confirm what was suspected. It will be helpful if others have observed the misconduct that lead to the termination. Depending on what the misconduct was, circumstances may lead to disciplinary action instead of termination. Do not make a snap decision, give adequate time for the investigation.

4. Is the person's salary record contrary to that of an unsatisfactory employee?

Do not be trapped into the inexplicable situation of having recently given the employee a merit increase. This seems fairly obvious, but it does happen on occasion.

If salary increases are made on merit basis, the terminnee's salary record should be different from other employees. Such a record will have to be built to provide adequate documentation for a marginal employee.

5. Have other employees been treated differently under similar circumstances?

Consistency of treatment in cases of termination is key. Be sure there is no similar situation in which an employee was or will not be terminated. The nature of the documentation should be consistent between employees, demonstrating that standard procedures were followed and that documentation is not unique, done solely for that employee.

A General Labor Force Reduction

A general labor force reduction is caused by gaps in funding, funding cuts, budget problems, reorganization, etc. It can happen frequently in self-help housing, so have a plan in place in case a reduction in staff is necessary.

Seniority with the agency seems often to be the most tempting and easiest approach to who should be discharged when the budget will no longer support full staffing patterns. In practice, performance or contributions to the organization may be the best criteria for deciding who should be asked to leave during a labor force reduction. This assumes performance and ability can be adequately measured, and it is known what the organization needs to prosper in the future.

Criteria to Consider

1. Nature of the job relative to overall success and survival of the organization.
2. Relative performance of the individual.
3. Long-range outlook for continued or renewed funding of agency activities.
4. Seniority of employment with the agency.

The Termination Interview

The decision to fire is difficult, particularly in nonprofits. However, if it is delayed, no doubt consequences will be worse for both the person and the organization. Schedule a time to inform the employee of the termination and discuss the situation. Here are some tips to help with that process.

- Schedule it late in day
- Schedule in private place
- Terminate in first 10 minutes--don't build and build and put off
- Be direct
- Give brief reason
- Make no reference to age, sex, race, even if baited
- Describe termination pay, if any
- Spend no more than 1/2 hour for this process
- If the position is sensitive, consider escorting employee to their desk to collect their belongings and then from the building.

Have a follow-up conversation the next working day to answer questions and make any necessary arrangements (i.e., turn in keys, credit cards, collect personal belongings, get files and information in order).

Typical Problems Encountered by Management Related to Terminations

1. Lack of documentation of employee problems.
2. Termination, but not giving the “real” reason.
3. Giving praise and raise and then terminating. (Contradictory record)
4. Not using policies, not using warnings and probation.
5. Not keeping complete personnel files.
6. Not doing formal performance evaluations.
7. Not putting disciplinary action in writing.
8. Actual racial, sexual, or age discrimination.
9. Not having adequate job descriptions.
10. Not following set progressive disciplinary action.

What a Human Relations Officer Looks for When a Complaint is Filed

1. Looks for the agency policy.
2. Tries to determine agency practice.
3. Is there a pattern of practice and inconsistencies?
4. Does the potential for discrimination exist?

Race, national origin, color, religion, sex, familial status, age, handicap.

Know the laws. Check into state unfair labor practice law.

Personnel Evaluations

It is important to have a formal process by which to evaluate the staff. Many organizations have a policy that requires the annual evaluation on all personnel. The problem is, many organizations do not stick to their own guidelines. Personnel evaluations are crucial to both the employer and the employee. It is a good time to reflect on the accomplishments of the past year, analyze the present, and look forward to the challenges of the coming year. It helps employees to know in what areas they could use some improvement and holds them accountable for their actions.

While conducting a review, clarify the purpose, keep it simple, conduct the review as an information exchange, not as a report card, stick to the essentials, and organize the approach. To help stay organized and on track, use a form and keep it in the employee's personnel file. A sample form can be found in the Appendix, Attachment 17.

Personnel Files

Personnel records and files are often one of the first items to fall into disarray and disorder in an organization. These are typically not files that have to be maintained on a daily basis, and often they are forgotten. However, these records are of utmost importance to the organization and must be maintained in an orderly and complete manner. For instance, these records provide a vital link for an auditor to determine when a person was hired or when a raise was given. These files represent an employment history for each staff member, mapping out their journey with the organization.

Typically, each staff member will have a personnel file that will contain pertinent information and documentation. All of the personnel files should be located in the same cabinet, which should be kept locked because the information therein is confidential. One primary staff person should be designated to have access to the personnel records.

The following is a list of the items that should be maintained in each staff member's personnel file:

1. Job application
2. Resume
3. Job description
4. Hiring letter or documentation
5. Form I-9 - Employment Eligibility Verification
6. Employment contracts and amendments
7. Salary increase notifications
8. Tax information
9. Performance evaluations
10. Emergency contact and doctor information
11. Personnel related memos or correspondence
12. Voluntary payroll withholding forms
13. Awards, citations, training certificates
14. Medical insurance selection forms
15. Driver's license and proof of current auto insurance

It is important to maintain these files in an up-to-date basis so they do not have to be reconstructed based on feeble human memory. For example, when an employee is promoted into a new position, the following items should be updated: new job description, new employment contract (if applicable), new salary information, employment application (if appropriate), and promotion letter. Please review the organization's personnel records to assure that they are current and complete.

Employees can review their personnel file and take notes but cannot demand to remove the file from the premises or to make copies of documents.

Personnel Policies

An organization's personnel policies define what the agency can expect from its employees, and the employees can expect from the agency.

Not only are personnel policies valuable and very important for defining these expectations but they also:

- ◆ fulfill legal requirements
- ◆ help to train new employees
- ◆ maintain positive employee relations
- ◆ ensure continuity, promote equity and standardization
- ◆ establish values, mission and direction
- ◆ determine action and set boundaries
- ◆ clarify responsibilities and define lines of communication and accountability

This is not to say that developing policies will resolve all problems and eliminate all hazards, however, policy development and implementation will go a long way to reduce the dangers and risks that exist.

When should an organization develop personnel policies? According to 1944-I an organization's personnel policies need to be submitted with the Final Application. Rural Development will then review them, along with the Department of Labor (DOL) if necessary, to ensure that they meet all of the federal requirements.

Otherwise it just makes good sense to have personnel policies developed once the organization has employees that need the information. Once they have been developed they should be reviewed regularly on a yearly basis for updates and rewrites. This review will make sure that they are still appropriate for the agency and in compliance with federal laws.

So, who makes up these policies? The answer to this really varies from organization to organization. The main thing is that they need to be reviewed by a lawyer and approved by the board of directors. There may be many other people involved from a committee of staff, to the Executive Director, to the Board's Personnel Committee, or a combination of these.

Here is an outline that can be used if an organization is planning to write or rewrite its personnel policies:

1. Decide who will be involved.
2. Review other agencies' policies.

Most organizations begin their creation of personnel policies by reviewing those of another agency. Several samples should be reviewed. No other one will be “perfect” or exactly right for any agency, every organization is different. Certainly there are some policies that are universally good or required, but there are many others that would be different or vary from organization to organization. So, do not just take a sample and copy it word for word.

3. Investigate

Books, other publications, internet sites, T&MA Contractors, other organizations, lawyer

4. Start with an outline

Make a list of the policies that the organization definitely wants to include and then expand upon them later. (The Appendix includes a sample outline, Attachment 18.)

5. Write them

Make them the correct length for the agency; write as simply as possible and use clear concise language.

6. Have them reviewed by a lawyer and approved by the Board of Directors
7. Review them with staff
8. Review them on a regular (annual) basis for updates and changes

An outline of a sample policy can be found as Attachment 19 in the Appendix.

Fair Employment, Equal Employment, and Affirmative Action

Extensive federal legislation governs fair employment and equal employment opportunity. In addition, many states have passed their own requirements. Employees working for self-help organizations are generally entitled to the same treatment under these laws as workers in private industry. Under these laws employers must be concerned with employee selection, citizenship, employee's religious needs, maternity/paternity leaves, retirement, termination and compensation.

Most discrimination complaints filed with the Equal Employment Opportunity Commission (EEOC) involve one of the following areas: hiring, termination, layoff and recall, seniority, pay rates, transfer, pregnancy and sick leave, promotion, benefits and discipline.

Endless confusion has arisen about the definitions of "affirmative action employer" and "equal opportunity employer", and what distinguishes affirmative action from equal employment opportunity or fair employment practices.

Fair employment laws generally require an employer to stop any existing discriminatory practices and to hire, promote, and retain employees according to their merits as workers. "Equal employment opportunity" is sometimes used as a synonym for "fair employment".

Affirmative action, however, involves more than fair employment. An affirmative action employer reaches out and takes significant, ongoing steps to bring about an integrated work force. Moreover, some employers adopt a formal plan, known as an affirmative action program, in which they detail how they intend to come into compliance with the law. A written affirmative action program can keep a company from discrimination and from being charged with discrimination. Many firms put their affirmative action programs in writing even though they are not legally required to do so.

The T&MA Contractors recommend that each grantee review the terms of their grant agreement as they pertain to discrimination and affirmative action and make sure that the organization is in compliance. The grant agreement requires that in all hiring, the grantee will not discriminate because of race, religion, color, sex, marital status, national origin, age, mental or physical disability. The agreement also provides that the grantee will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, marital status, national origin, age, mental or physical disability. These requirements apply

to, but are not limited to the following: Employment, upgrading, demotion, transfer, recruitment, recruitment advertising, termination layoff, rates of pay, and selection for training.

The Fair Labor Standards Act

The Fair Labor Standards Act (FLSA), administered by the United States Department of Labor (DOL), establishes minimum wage, overtime pay, record keeping, and child labor standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments. The FLSA allows some workers to be exempt from its provisions. For self-help organizations, the following positions are typically exempt from the overtime requirements: Executive Director / Project Director, the Group Coordinator. In some instances, if there is a Construction Director, that position may also be exempt.

It would also seem that the Secretary / Bookkeeper and the Construction Supervisor are positions that are generally nonexempt from the requirements in the FLSA. Even though these positions involve planning, substantial administrative work, special agency projects, and at times supervision, they do not meet the tests for exemption of executive, administrative, or professional employees. Should there be a need to have either of positions work more than 40 hours in a workweek, they must be paid 1 1/2 times the hourly rate for those hours over 40, for that workweek. It is important that each organization review the FLSA criteria and reach a knowledgeable conclusion as to which employees are exempt and nonexempt and document that conclusion.

Section 13(a)(1) of the FLSA exempts executive, administrative, professional, and outside sales employees from the minimum wage and overtime requirements of the FLSA, provided they meet certain tests regarding job duties and responsibilities and are compensated "on a salary basis" at not less than stated amounts. Subject to certain exceptions set forth in the regulations, in order to be considered "salaried", employees must receive their full salary for any workweek in which they perform any work without regard to the number of days or hours worked. This rule applies to each exemption that has a salary requirement. The special requirements that apply to each applicable category of employees are summarized below.

Executive Exemption

Applicable to employees who have management as their primary duty; who direct the work of two or more full-time employees; who have the authority to hire and fire or make recommendations regarding decisions affecting the employment status of others; who regularly exercise a high degree of independent judgment in their work; who receive a salary which meets the requirements of the exemption; and who do not devote more than 20% of their time to non-management functions (40% in retail and service establishments).

Administrative Exemption

Applicable to employees who perform office or non-manual work which is directly related to the management policies or general business operations of their employer or their employer's customers, or perform such functions in the administration of an educational establishment; who regularly exercise discretion and judgment in their work; who either assist a proprietor or executive, perform specialized or technical work, or execute special assignments; who receive a salary which meets the requirements of the exemption; and who do not devote more than 20% of their time to work other than that described above (40% in retail and service establishments).

Professional Exemption

Applicable to employees who perform work requiring advanced knowledge and education, work in an artistic field which is original and creative, work as a teacher, or work as a computer system analyst, programmer, software engineer, or similarly skilled worker in the computer software field; who regularly exercise discretion and judgment; who perform work which is intellectual and varied in character, the accomplishment of which cannot be standardized as to time; who receive a salary which meets the requirements of the exemption (except doctors, lawyers, teachers and certain computer occupations); and who do not devote more than 20% of their time to work other than that described above.

In order to comply with the FLSA nonprofits should obtain the FLSA requirements, read and understand them. They should determine in writing whether or not the FLSA applies to them, and which employees / job titles are exempt from and which are not exempt from the FLSA. Provide written rationale for the exempt and nonexempt determinations using the FLSA criteria and place the term "FLSA Exempt" or "FLSA Nonexempt" on applicable job descriptions. Pay all nonexempt employees time-and-a-half for all hours worked per week over 40. As new positions are created and funded, make deliberate and informed choices based on the FLSA criteria to make sure the agency is in compliance.

Remember to plan for some overtime in the budget. If the Construction Supervisor is determined to be nonexempt, it is almost a guarantee that this position will work more than 40 hours per week during the building period. This overtime should be handled on an approval basis, not "at will".

Other Laws

There are many other laws that govern the work that a self-help housing organization or any other nonprofit does. The Family and Medical Leave Act (FMLA) entitles eligible employees of covered employers to take up to 12 weeks of unpaid job-protected leave each year, with maintenance of group health insurance, for the birth and care of a child, for the placement of a child for adoption or foster care, for the care of a child, spouse, or parent with a serious health condition, or for the employees serious health condition. This law applies to organizations with 50 or more employees in 20 or more workweeks in the current or preceding calendar year. But many employers with less are adopting this regulation anyway as a benefit and courtesy to their employees. There are other laws that the organization should be familiar with, they include: Americans with Disabilities Act, Equal Pay, Fair Housing Laws, Employee Polygraph Protection Act, Wage Garnishment Law, and the Immigration and Nationality Act.

Ten Most Forgotten or Ignored Policies by Nonprofit Corporations

From the Contractors' perspective of providing technical assistance to nonprofit housers, often we find that there are a number of policies that are forgotten, ignored, or never developed. With the many demands that face nonprofit organizations today, we can empathize with the difficulties that exist and suggest that while it may be difficult, sufficient attention should be given to policy development and maintenance.

1. Non-Expendable Equipment Policy
2. Staff Evaluations, Including the Executive Director
3. Use of Written Contracts for Services
4. Cost Allocation Policy
5. Written Financial Management Policies
6. Department of Labor, Fair Labor Standards Act Compliance
7. Employment Advertising Policy
8. Regular Policy of Examination of Spending in Comparison to Budget and Actual Production Compared to Planned Production
9. Abiding by Organization's Personnel Policies
10. Planning and Preparation Policy for Future Grants

Fair Housing

Introduction

Fair housing is an extremely important issue that needs to be discussed when working with a self-help program. It affects every staff position within the program. Training in this area is crucial in treating the participants fairly and helping the self-help organization stay in compliance and out of trouble. The following chapter will describe some of the laws that govern fair housing, give some guidance in following the laws, and list other resources that can be used to educate staff.

The right to equal housing opportunity is set by law. It is enforced through a formal complaint process, litigation, testing, and monitoring. These actions are necessary, but not sufficient to create a society in which all persons can be assured of their housing rights. Grantees and community members must know about the existence of fair housing laws in order to avoid violating them. Knowing about the laws and their penalties can serve as a deterrent for those who might violate them and also fair housing education protects housing providers from violating laws simply because of a lack of knowledge.

The Fair Housing Act

The Fair Housing Act prohibits discrimination in housing because of:

- Race or color
- National origin
- Religion
- Sex
- Familial status (including children under the age of 18 living with parents or legal custodians; pregnant women and people securing custody of children under 18)
- Handicap (Disability)

The Fair Housing Act covers most housing. (In some circumstances, the Act exempts owner-occupied buildings with no more than four units, single-family housing sold or rented without the use of a broker, and housing operated by organizations and private clubs that limit occupancy to members. None of these exemptions apply to self-help housing.) The Act applies to:

- All housing financed by government loans, therefore, to all Rural Housing borrowers (1901.203(a)(1));
- To individual single-family houses so long as the ultimate sale of the house is through the services of any person in the business of selling or renting dwellings or any agent or employee of such person. (A person is deemed to be in the business of selling or renting if he or she has participated as an agent in two or more such transactions, other than her or his own dwelling, within the past year [7 CFR 1901.203(a)(2)]. This is a very important aspect of the Federal Fair Housing Act as it refers to employees of your organization. A grantees' self-help staff, full or part time, is considered an employee and must abide by all Federal Fair Housing Act laws.
- The owner of a dwelling intended for occupancy by five or more families.

In the sale and rental of housing no one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap:

- Refuse to rent or sell housing
- Refuse to negotiate for housing
- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions or privileges for sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale, or rental
- For profit, persuade owners to sell or rent (blockbusting) or
- Deny anyone access to or membership in a facility or service (such as a multiple listing service) related to the sale or rental of housing.

In mortgage lending no one may take any of the following actions based on race, color, national origin, religion, sex, familial status or handicap (disability):

- Refuse to make a mortgage loan
- Refuse to provide information regarding loans
- Impose different terms or conditions on a loan, such as different interest rates, points, or fees

- Discriminate in appraising property
- Refuse to purchase a loan or
- Set different terms or conditions for purchasing a loan.

In addition, it is illegal for anyone to:

- Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right
- Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or handicap. This prohibition against discriminatory advertising applies to single-family and owner-occupied housing that is otherwise exempt from the Fair Housing Act.

There is also additional protection for persons with a disability. If the applicant or someone associated with them:

- Has a physical or mental disability (including hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex and mental retardation) that substantially limits one or more major life activities
- Has a record of such a disability or
- Are regarded as having such a disability

Additional protection also exists on the basis of familial status. Unless a building or community qualifies as housing for older persons, it may not discriminate based on familial status. That is, it may not discriminate against families in which one or more children under 18 live with a parent, a person who has legal custody of the child or children, or the designee of the parent or legal custodian, with the parent or custodian's written permission. Familial status protection also applies to pregnant women and anyone securing legal custody of a child under 18. Exemption: Housing for older persons is exempt from the prohibition against familial status discrimination if the HUD Secretary has determined that it is specifically designed for and occupied by elderly persons under a Federal, State or local government program, or it is occupied solely by persons who are 62 or older, or it houses at least one person who is 55 or older in at least 80 percent of the occupied units, and adheres to a policy that demonstrates an intent to house persons who are 55 or older. A transition period permits residents on or before September 13, 1988, to continue living in the housing, regardless of their age, without interfering with the exemption.

Home seekers and housing providers must know their rights and responsibilities as well as the social and business advantages that accrue through honoring both the spirit and letter of fair housing laws. Home seekers and housing providers also need to learn how the law is implemented and how the laws work for them. Home seekers need to know when housing providers are discriminating against them and to distinguish discriminatory acts from other actions housing providers may take that are not discriminatory. Knowledge of fair housing laws provides an opportunity to learn about the benefits of diversity and diverse talents, doing business in a more open market, providing housing in a way that allows all residents in the community to grow in understanding, spirit, and community.

Other Applicable Laws

The following civil rights laws and regulations apply to all grantees and households participating in the self-help housing program. The following laws and regulations can be accessed from either the HUD or USDA web sites.

HUD: <http://www.hud.gov/>

USDA: <http://www.rurdev.usda.gov/>

- Federal Fair Housing Act
- Title VI of the Civil Rights Act of 1964
- Section 504 of the Rehabilitation Act of 1973
- Age Discrimination Act of 1975
- Title II of the Americans with Disabilities Act of 1990
- Section 109 of the Housing and Community Development Act of 1974
- USDA Rural Development's regulation found at 7 CFR 1901 Subpart E also Incorporates Title VI & Title VIII (1901.201/2)
- Title VIII (additional protected classes: sex, religion, disability & familial status)
- Title VI nondiscrimination agreement (1901.202(d))
- Record keeping requirements: racial & ethnic data ((1901.202(g))
- HOME Grants, although not a civil rights law, they are a major HUD source of Federal Financial Assistance in housing.

An organization that is building five or more units and receives Federal Financial Assistance under one contracting authority, such as USDA, may be covered by several other nondiscrimination laws as well. Any related activities that are connected to this Federal Financial Assistance funding may also be covered under the Civil Rights Restoration Act. (Federal Financial Assistance includes the Rural Development 502 and 523 programs.) The Federal agency providing the assistance is responsible for compliance issues that may arise. For example, USDA, Rural Development is responsible for compliance issues regarding the 502 loans and the 523 grants.

Also, if your organization receives CDBG and HOME Grants, then HUD's 109, Title VI and Section 504 nondiscrimination requirements may apply to you. Section 504 includes program accessibility requirements.

The Americans with Disabilities Act and related information, including requirements for accessibility can be accessed from the HUD web site <http://www.hud.gov/>. Only "public entities" are covered by Title II of the Americans With Disabilities Act and must comply with the program's accessibility requirements. State and local governments, as well as agencies thereof, are "public entities."

Fair Housing Marketing

Affirmative Fair Housing Marketing Plan

Under Rural Development regulations, self-help agencies must prepare an Affirmative Fair Housing Marketing Plan when five or more houses are involved. This is part of the TA Grant application process. Grantees should pay close attention and follow the instructions when filling out the Affirmative Fair Housing Marketing Plan.

There are several requirements for an adequate Plan. Accurate information must be used. The racial makeup of the community where the project is located must be included in the project plan. The purpose of this is to determine which racial groups are least likely to apply for available housing. The marketing plan must then be designed to attract those "least likely" groups. The advertising is to cover the entire market area, but a special marketing effort must be directed to the racial group that is least likely to apply for housing. This special outreach effort must occur 90 days before the housing is

available for sale or rent. Then a marketing program should be developed using media that will reach the entire market and media that will reach the designated “least likely” groups.

An authorized Rural Development official must sign the Plan “approved” or “disapproved.” The grantee would then modify the disapproved Plan and resubmit it for approval. Once approved the Plan must be made available and posted in a prominent place for public inspection. When the project is underway, Rural Development is required to monitor the Plan for compliance.

Fair Housing Advertising

In order to comply with the Fair Housing Act, there are certain requirements that must be met. The following is a description of the requirements that pertain to advertising.

I. The following words, phrases, symbols, and forms typify those most often used in residential real estate advertising to convey either overt or tacit discriminatory preferences or limitations. In considering a complaint under the Fair Housing Act, the Department will normally consider the use of these and comparable words, phrases, symbols, and forms to indicate a possible violation of the act and to establish a need for further proceedings on the complaint, if it is apparent from the context of the usage that discrimination within the meaning of the act is likely to result.

(a) Words descriptive of dwelling, landlord, and tenants. White private home, Colored home, Jewish home, Hispanic residence, adult building.

(b) Words indicative of race, color, religion, sex, handicap, familial status, or national origin --

(1) Race -- Negro, Black, Caucasian, Oriental, American Indian.

(2) Color -- White, Black, Colored.

(3) Religion -- Protestant, Christian, Catholic, Jew.

(4) National origin -- Mexican American, Puerto Rican, Philippine, Polish, Hungarian, Irish, Italian, Chicano, African, Hispanic, Chinese, Indian, Latino.

(5) Sex -- the exclusive use of words in advertisements, including those involving the rental of separate units in a single or multi-family dwelling, stating or tending to imply that the housing being advertised is available to persons of only one sex and not the other, except where the sharing of living areas is involved. Nothing in this part restricts advertisements of dwellings used exclusively for dormitory facilities by educational institutions.

(6) Handicap -- crippled, blind, deaf, mentally ill, retarded, impaired, handicapped, physically fit. Nothing in this part restricts the inclusion of information about the availability of accessible housing in advertising of dwellings.

(7) Familial status -- adults, children, singles, mature persons. Nothing in this act restricts advertisements of dwellings which are intended and operated for occupancy by older persons and which constitute housing for older persons as defined in the Act.

(8) Catch words -- Words and phrases used in a discriminatory context should be avoided, e.g., restricted, exclusive, private, integrated, traditional, board approval or membership approval.

(c) Symbols or logotypes. Symbols or logotypes which imply or suggest race, color, religion, sex, handicap, familial status, or national origin.

(d) Colloquialisms. Words or phrases used regionally or locally which imply or suggest race, color, religion, sex, handicap, familial status, or national origin.

(e) Directions to real estate for sale or rent (use of maps or written instructions). Directions can imply a discriminatory preference, limitation, or exclusion. For example, references to real estate location made in terms of racial or national origin significant landmarks, such as an existing black development (signal to blacks) or an existing development known for its exclusion of minorities (signal to whites). Specific directions which make reference to a racial or national origin significant area may indicate a preference. References to a synagogue, congregation or parish may also indicate a religious preference.

(f) Area (location) description. Names of facilities which cater to a particular racial, national origin or religious group, such as country club or private school designations, or names of facilities which are used exclusively by one sex may indicate a preference.

II. The selective use of advertising media or content when particular combinations thereof are used exclusively with respect to various housing developments or sites can lead to discriminatory results and may indicate a violation of the Fair Housing Act. For example, the use of English language media alone or the exclusive use of media catering to the majority population in an area, when, in such area, there are also available non-English language or other minority media, may have discriminatory impact. Similarly, the selective use of human models in advertisements may have discriminatory

impact. The following are examples of the selective use of advertisements which may be discriminatory:

(a) Selective geographic advertisements. Such selective use may involve the strategic placement of billboards; brochure advertisements distributed within a limited geographic area by hand or in the mail; advertising in particular geographic coverage editions of major metropolitan newspapers or in newspapers of limited circulation which are mainly advertising vehicles for reaching a particular segment of the community; or displays or announcements available only in selected sales offices.

(b) Selective use of equal opportunity slogan or logo. When placing advertisements, such selective use may involve placing the equal housing opportunity slogan or logo in advertising reaching some geographic areas, but not others, or with respect to some properties but not others.

(c) Selective use of human models when conducting an advertising campaign. Selective advertising may involve an advertising campaign using human models primarily in media that cater to one racial or national origin segment of the population without a complementary advertising campaign that is directed at other groups. Another example may involve use of racially mixed models by a developer to advertise one development and not others. Similar care must be exercised in advertising in publications or other media directed at one particular sex, or at persons without children. Such selective advertising may involve the use of human models of members of only one sex, or of adults only, in displays, photographs or drawings to indicate preferences for one sex or the other, or for adults to the exclusion of children.

III. Fair Housing Policies and Practices. When officials investigate complaints of housing discrimination, they will evaluate whether or not the following policies and practices of the Act have been carried out:

Use of equal housing opportunity logotype, statement, or slogan. All advertising of residential real estate for sale, rent, or financing should contain an equal housing opportunity logotype, statement, or slogan as a means of educating the home seeking public that the property is available to all persons regardless of race, color, religion, sex, handicap, familial status, or national origin. The choice of logotype, statement or slogan will depend on the type of media used (visual or auditory) and, in space advertising, on the size of the advertisement. Table I indicates suggested use of the logotype,

statement, or slogan and size of logotype. Table II contains copies of the suggested Equal Housing Opportunity logotype, statement and slogan.

Use of human models. Human models in photographs, drawings, or other graphic techniques may not be used to indicate exclusiveness because of race, color, religion, sex, handicap, familial status, or national origin. If models are used in display advertising campaigns, the models should be clearly definable as reasonably representing majority and minority groups in the metropolitan area, both sexes, and, when appropriate, families with children. Models, if used, should portray persons in an equal social setting and indicate to the general public that the housing is open to all without regard to race, color, religion, sex, handicap, familial status, or national origin, and is not for the exclusive use of one such group.

Coverage of local laws. Where the Equal Housing Opportunity statement is used, the advertisement may also include a statement regarding the coverage of any local fair housing or human rights ordinance prohibiting discrimination in the sale, rental or financing of dwellings.

Notification of fair housing policy -- Employees. All publishers of advertisements, advertising agencies, and firms engaged in the sale, rental or financing of real estate should provide a printed copy of their nondiscrimination policy to each employee and officer.

The following three tables may serve as a guide for the use of the Equal Housing Opportunity logotype, statement, slogan, and publisher's notice for advertising:

Table I

A simple formula can guide the real estate advertiser in using the Equal Housing Opportunity logotype, statement, or slogan. In all space advertising (advertising in regularly printed media such as newspapers or magazines) the following standards should be used:

Size of advertisement	Size of logotype in inches
1/2 page or larger	2x2
1/8 page up to 1/2 page	1x1
4 column inches to 1/8 page	1/2 x 1/2
Less than 4 column inches	Do not use

In any other advertisements, if other logotypes are used in the advertisement, then the Equal Housing Opportunity logo should be of a size at least equal to the largest of the other logotypes; if no other logotypes are used, then the type should be bold display face which is clearly visible. Alternatively, when no other logotypes are used, 3 to 5 percent of an advertisement may be devoted to a statement of the equal housing opportunity policy.

In space advertising which is less than 4 column inches (one column 4 inches long or two columns 2 inches long) of a page in size, the Equal Housing Opportunity slogan should be used. Such advertisements may be grouped with other advertisements under a caption which states that the housing is available to all without regard to race, color, religion, sex, handicap, familial status, or national origin.

Table II

Illustrations of Logotype, Statement, and Slogan.

Equal Housing Opportunity Logotype:



Equal Housing Opportunity Statement: We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin.

Equal Housing Opportunity Slogan: "Equal Housing Opportunity."

Display of Fair Housing Posters

Participants in Rural Development programs are required to display Equal Housing Opportunity Posters in English and Spanish, in areas with a significant Spanish-speaking population, in the following locations:

- All business offices, model homes, and construction sites of all new single family housing subdivisions until all dwellings are sold.
- Business office, model apartments, and at the construction sites of new multi-family housing projects. In addition, the poster must be placed at the business office of existing multi-family housing projects. If a project does not have an office, participants must provide a protective case for the poster to be placed near the resident manager's office.
- Business offices of real estate agents, brokers, auctioneers, and dealer contractors doing business with Rural Development under the rural housing programs.

Participant Selection and the Membership Agreement

Grantees must follow all fair housing guidelines when screening potential participants for the self-help program. HUD and USDA can provide additional training materials for advertising and marketing. Included in these materials are the allowable questions a grantee can and cannot ask when interviewing potential self-help participants.

Two of the most important ways to ensure that you can prove that you are following all applicable fair housing laws are consistency and documentation. There needs to be written criteria which is consistently applied to all participants.

What about families with members having disabilities? A person with a disability cannot be denied the right to participate in the Mutual Self-Help Program. 7CFR Section 1944.401 sets forth requirements for grantees to comply with Rural Development regulation 7CFR part 1901 subpart E, "Civil Right's Compliance Requirements" and other applicable nondiscrimination laws.

Rural Development personnel and grantees are to make reasonable accommodations in their policies and practices to enable persons with disabilities to receive the full benefit of the program. In

accordance with 7 CFR Section 1944.403(k), the “Participating Family” definition reflects that participants who may not have the ability to furnish their share of the required labor may use a substitute to perform the required labor with prior approval of the grantee and State Director. When requesting the grantee and State Director approval, the participating family will provide appropriate documentation verifying their permanent or temporary disability, such as providing documentation of a health condition related to pregnancy or worker’s compensation benefits. Where it is necessary for a person with a disability to achieve equal benefits in the self-help program, a substitute family member or other persons so designated must contribute labor to complete the required 65 % of the assigned tasks.

At a minimum, the substitute laborer must:

- Be made aware of the commitment to work with each member in a participating group during the construction time period to accomplish the 65% of the total 100% of tasks listed in Exhibit B-2 of 1944-I.
- Sign the Membership Agreement and participate in all group meetings related to construction of the self-help homes.

Questions concerning this subject should be addressed to the State’s Rural Housing Program Director and/or State Civil Rights Coordinator/Manager, as appropriate.

Is there ever a concern about a participant’s ability to live independently? For families with disabled members, the fair housing regulation prohibits questions that go to the nature and extent of disability, except when determining program eligibility, provided it is asked of all participants. (Provisions can be made when a participant cannot meet the terms of the membership agreement because a new disability may have occurred.)

Upon request, accessibility modifications may be included at the request of the prospective homeowner and financed under the 502 program, up to the program mortgage limit. USDA 504 regulation (7CFR 15b.16) requires that assisted programs and activities be program accessible. Title II of the Americans with Disabilities Act requires the same as the USDA 504 regulations.

Recipients of Federal Financial Assistance are required to provide requested modifications to the assisted housing they own. Under HUD’s interpretation of its own regulations, this includes freestanding, single family units, so long as they are in packages of five or more under the same

contracting authority. This obligation is limited by a showing that to do so would create a fundamental program change or undue financial and administrative burden.

In both reward and punishment the participants should be treated equally. The best way to follow this rule is to adhere to the rules laid out in the membership agreement. Do not let one participant change their house in the middle of construction and then say no to another. That would constitute unfair treatment and could be considered discrimination. The same could be said about a participant that falls behind in their labor hours, follow the rules in the agreement. If the first participant that falls behind has to have a meeting to explain themselves and the next participant has work stopped on their house for the same level of being behind, the organization is being discriminatory. Treat all the participants equally.

Identifying and Solving Potential Fair Housing Problems

Contact Rural Development or HUD immediately if you believe a potential fair housing problem exists. The sooner you receive technical assistance on the matter the better. Use mediation and all available resources, such as HUD's conciliation process, Rural Development, or other legal sources.

It is important to understand the complaint process. HUD investigates Title VIII complaints. For a complaint to receive attention, it must be filed within one year of the alleged incident. There is a Memorandum Of Understanding between HUD and USDA, which defines the roles of HUD and USDA/Rural Development in potential fair housing and civil rights complaints. Either HUD or USDA/Rural Development may investigate Title VI, 504, or Age complaints, depending on the funding source. Both may concurrently investigate such complaints if there is dual-funding. If you have any questions or need information regarding a potential fair housing or civil rights issue, immediately contact the USDA or HUD office.

HUD is ready to help with any problem of housing discrimination. If someone thinks their rights have been violated, the Housing Discrimination Complaint Form is available for them to download (at www.hud.gov/hdiscrim.html), complete and return, or complete online and submit; or they may write HUD a letter, or telephone the HUD Office nearest them. They have one year after an alleged violation to file a complaint with HUD, but the complaint should be filed as soon as possible.

When filing a complaint, the complainant needs to tell HUD their name and address, the name and address of the person the complaint is against (the respondent), the address or other identification to the housing involved, a short description to the alleged violation (the event that caused the complainant to believe their rights were violated), the date(s) to the alleged violation.

HUD also provides a toll-free TTY phone for the hearing impaired: 1-800-927-9275, interpreters, tapes and Braille materials, and assistance in reading and completing forms. HUD will notify the complainant when their complaint is received. Normally HUD will also notify the alleged violator of the complaint and permit that person to submit an answer, investigate the complaint and determine whether there is reasonable cause to believe the Fair Housing Act has been violated, and notify you if it cannot complete an investigation within 100 days of receiving the complaint.

HUD will try to reach an agreement with the person the complaint is against (the respondent). A conciliation agreement must protect both you and the public interest. If an agreement is signed, HUD will take no further action on the complaint. However, if HUD has reasonable cause to believe that a conciliation agreement is breached, HUD will recommend that the Attorney General file suit.

If HUD has determined that a State or local agency has the same fair housing powers as HUD, HUD will refer the complaint to that agency for investigation and notify the complainant of the referral. That agency must begin work on the complaint within 30 days or HUD may take it back.

If immediate help is needed to stop a serious problem that is being caused by a Fair Housing Act violation, HUD may be able to provide assistance as soon as a complaint is filed. HUD may authorize the Attorney General to go to court to seek temporary or preliminary relief, pending the outcome of a complaint, if:

- Irreparable harm is likely to occur without HUD's intervention
- There is substantial evidence that a violation of the Fair Housing Act occurred

Example: A builder agrees to sell a house but, after learning the buyer is black, fails to keep the agreement. The buyer files a complaint with HUD. HUD may authorize the Attorney General to go to court to prevent a sale to any other buyer until HUD investigates the complaint.

If, after investigating the complaint, HUD finds reasonable cause to believe that discrimination occurred, it will inform the complainant. The case will be heard in an administrative hearing within 120 days, unless the complainant or the respondent want the case to be heard in Federal district court. Either way, there is no cost to either party.

If the case goes to an administrative hearing, HUD attorneys will litigate the case on the complainant's behalf. The complainant may intervene in the case and be represented by their own attorney if they wish. An Administrative Law Judge (ALA) will consider evidence from the complainant and the respondent. If the ALA decides that discrimination occurred, the respondent can be ordered:

- To compensate for actual damages, including humiliation, pain and suffering.
- To provide injunctive or other equitable relief, for example, to make the housing available to the complainant.
- To pay the Federal Government a civil penalty to vindicate the public interest. The maximum penalties are \$10,000 for a first violation and \$50,000 for a third violation within seven years.
- To pay reasonable attorney's fees and costs.

If the complainant or the respondent choose to have the case decided in Federal District Court, the Attorney General will file a suit and litigate it on the complainant's behalf. Like the ALA, the District Court can order relief, and award actual damages, attorney's fees and costs. In addition, the court can award punitive damages.

In addition, a complainant may file suit, at their expense, in Federal District Court or State Court within two years of an alleged violation. If they cannot afford an attorney, the Court may appoint one for them. They may bring suit even after filing a complaint, if they have not signed a conciliation agreement and an Administrative Law Judge has not started a hearing. A court may award actual and punitive damages and attorney's fees and costs.

If there is noncompliance with the order of an Administrative Law Judge, HUD may seek temporary relief, enforcement of the order or a restraining order in a United States Court of Appeals.

The Attorney General may file a suit in a Federal District Court if there is reasonable cause to believe a pattern or practice of housing discrimination is occurring.

The Fair Housing Act and HUD's regulations contain more detail and technical information. If you need a copy of the law or regulations, contact the HUD Office nearest you.

Additional Resources

Those responsible for housing activities should be aware that various fair housing training materials already exist. For example, HUD's Fair Housing Information Clearinghouse can provide brochures, videos, audio public service announcements, and posters produced and marketed throughout the country by the National Fair Housing Alliance (NFHA). Use of these materials can increase the grantee staff and the public's awareness of subtle discriminatory acts and provide the resources for dealing with such acts. HUD's Fair Housing Information Clearinghouse also publishes a catalog of its sizeable collection of fair housing materials produced under the HUD Community Housing Resource Board (CHRB) Program, Fair Housing Initiatives Program (FHIP) and the Fair Housing Assistance Program (FHAP) across the country. USDA, Rural Development national, state, and local offices can provide training and materials for your organization.

Appendix

Attachment 1

RD Instruction 1944-I
Exhibit A

SELF-HELP TECHNICAL ASSISTANCE GRANT AGREEMENT

THIS GRANT AGREEMENT dated _____, 19___, is between _____
a nonprofit corporation ("Grantee"), organized and operating under _____
(authorizing State statute)
and the United States of America acting through Rural Development, Department of
Agriculture.

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

Definitions:

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

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

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

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

Terms of agreement:

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

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

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

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

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

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

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

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

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

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

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

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

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

- (A) Actual TA costs significantly exceeding the amount stipulated in the proposal.**
- (B) The number of homes being built is significantly less than proposed construction or is not on schedule.**
- (C) The cost of housing not being appropriate for the self-help program**
- (D) Failure of Grantee to only use grant funds for authorized purposes.**
- (E) Failure of Grantee to submit adequate and timely reports of its operation.**
- (F) Failure of Grantee to require families to work together in groups by the mutual self-help method in the case of new construction.**
- (G) Serious or repetitive violation of any of the provisions of any laws administered by Rural Development or any regulation issued under those laws.**
- (H) Violation of any nondiscrimination or equal opportunity requirement administered by Rural Development in connection with any Rural Development programs.**
- (I) Failure to establish an accounting system acceptable to Rural Development.**

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(J) Failure to serve very low income families.

(K) Failure to recruit families from substandard housing.

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

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

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

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

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

(i) Acquisition and disposal of personal, equipment and supplies should comply with Subpart R of 7 CFR Part 3015 and Subpart C of 7 CFR Part 3016.

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

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

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

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

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

(11-15-90) SPECIAL PN

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

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

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

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

By _____ By _____
(Signature) (Signature)

(Title)
GRANTEE

(Title)
RURAL DEVELOPMENT

Attachment 2

RD Instruction 1944-I
Exhibit C

**Amendment to
Self-Help Technical Assistance Grant Agreement**

This Agreement dated, _____ 19 _____ between _____

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

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

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

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

Agreed to this _____ day of _____ 19 _____.

(Name of Grantee)

By _____
(Signature)

(Title)

UNITED STATES OF AMERICA

By _____
(Signature)

(Title)

RURAL DEVELOPMENT

(11-15-90) SPECIAL PN

Attachment 3

GRANT IMPLEMENTATION SCHEDULE

Pre-Development **Begin Recruiting the moment you decide to pursue a grant, Recruiting is an on going continuous**

Grant Term	12/01	1/02	2/02	3/02	4/02	5/02	6/02	7/02	8/02	9/02	10/02	11/02	12/02	1/03	2/03
Grant Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<p>*****</p> <p><u>GROUP # 1 (6 FAMILIES)</u></p> <p>*****### ## <u>GROUP # 2 (6 FAMILIES)</u></p> <p>*****</p>															

Attachment 4

Critical Path Construction Schedule

Participant tasks = gray Subcontractor tasks = yellow Grant weeks = pink Dates = blue

GROUP I											
Weeks 1 - 7		Weeks 7 - 11		Weeks 11 - 16		Weeks 16 - 21		Weeks 21 - 25	Weeks 25 - 29	Weeks 29 - 32	Weeks 32 - 36
Excavation	Foundation	Wall Framing & sheathing	Roof & Ceiling Framing & Sheathing	Exterior Wall	Windows & Exterior Doors	Plumbing & Electrical Roughed in	Heating Roughed in	Drywall	Interior & Exterior Painting	Plumbing, Electrical & Heating Complete	Grading
Footings	Inspection			Porches & Steps				Interior Trim & Doors			Paving
	Floor System					Insulation	Inspection	Cabinets & Counters	Landscaping		
				Inspection				Finished Hardware	Final Inspection		
		Roofing				Floor Coverings					
12/01/01 - 1/19/02		1/13/01 - 2/16/02		2/10/02 - 3/23/02		3/17/02 - 4/27/02		4/21/02 - 5/25/02	5/19/02 - 6/22/02	6/16/02 - 7/13/02	7/7/02 - 8/10/02
GROUP II											
Weeks 35 - 41		Weeks 41 - 45		Weeks 45 - 50		Weeks 50 - 55		Weeks 55 - 59	Weeks 59 - 63	Weeks 63 - 66	Weeks 66 - 70
Excavation	Foundation	Wall Framing & sheathing	Roof & Ceiling Framing & Sheathing	Exterior Wall	Windows & Exterior Doors	Plumbing & Electrical Roughed in	Heating Roughed in	Drywall	Interior & Exterior Painting	Plumbing, Electrical & Heating Complete	Grading
Footings	Inspection			Porches & Steps				Interior Trim & Doors			Paving
	Floor System					Insulation	Inspection	Cabinets & Counters	Landscaping		
				Inspection				Finished Hardware	Final Inspection		
		Roofing				Floor Coverings					
7/21/02 - 8/24/02		8/18/02 - 9/21/02		9/15/02 - 10/26/02		10/20/02 - 11/30/02		11/24/02 - 12/28/02	12/22/02 - 1/25/03	1/19/03 - 2/15/03	2/9/03 - 3/15/03

GROUP III											
Weeks 68 - 75		Weeks 75 - 79		Weeks 79 - 84		Weeks 84 - 89		Weeks 89 - 93	Weeks 93 - 97	Weeks 97 - 100	Weeks 100 - 104
Excavation	Foundation	Wall Framing & sheathing	Roof & Ceiling Framing & Sheathing	Exterior Wall	Windows & Exterior Doors	Plumbing & Electrical Roughed in	Heating Roughed in	Drywall	Interior & Exterior Painting	Plumbing, Electrical & Heating Complete	Grading
Footings	Inspection			Porches & Steps				Interior Trim & Doors			Paving
	Floor System						Insulation		Cabinets & Counters		Landscaping
		Inspection				Insulation				Finished Hardware	Final Inspection
		Roofing								Floor Coverings	
3/9/03 - 4/26/03		4/20/03 - 5/24/03		5/18/03 - 6/28/03		6/22/03 - 8/2/03		7/27/03 - 8/30/03	8/24/03 - 9/27/03	9/21/03 - 10/18/03	10/12/03 - 11/15/03

Attachment 5

Instructions 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 participants, closing the 502 loans, preconstruction, and clearing lots through final Rural Development inspection for construction.
2. Next to, 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 timelines 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 timelines.
6. For each activity underway, draw a line (using a different color) on the time frame chart above or below the planned timeline, 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 participants 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.

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

	Subcontract	Homeowner
	Labor	Labor
1. Excavation		
2. Footings, Foundations, Columns		
3. Floor Slab or Framing		
4. Subflooring		
5. Wall Framing, Sheathing		
6. Roof & Ceiling Framing, Sheathing		
7. Roofing		
8. Siding, Exterior Trim, Porches		
9. Windows and Exterior Doors		
10. Plumbing Rough-In		
11. Sewage Disposal		
12. Heating Rough-In		
13. Electrical Rough-In		
14. Insulation		
15. Dry Wall		
16. Basement or Porch Floor, Steps		
17. Heating Finish		
18. Flooring		
19. Interior Carpentry, Trim, Doors		
20. Cabinets and Countertops		
21. Interior Painting		
22. Exterior Painting		
23. Plumbing Finish		
24. Electrical Finish		
25. Finish Hardware		
26. Gutters and Downspouts		
27. Grading, Paving, Landscaping		
Totals		

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.

XII. 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: _____

RECOMMENDED TOOLS

(One Set per Household)

25' to 30' – 1" measuring tape

Speed square

Hammer – 16 or 20 oz., straight or curved claw

Nail set

Chalk line and chalk

Nail apron/Tool bag

Work gloves

Safety glasses & earplugs

Flat pry bar

Utility knife with extra blades

Carpenter's pencils

Screwdrivers – flat and Phillips head

Shovel – round point

Construction shoes (good quality)

Cat's-paw (nail puller)

Attachment 7

LAND ANALYSIS FORM

Legal description of the land: _____

Location of parcel: (Indicate dimensions on all streets) (MAP)

Owner's Name: _____

Address: _____

How is title held? _____

How large is the 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 fee will be required? _____ County: \$_____

Engineering or surveying: \$_____ How long will it take? _____

How is the property zoned? _____

What is the maximum density allowed in 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 a curb? () Yes () No

Gutter () Yes () No

Sidewalk () 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 improvements: \$ _____

Will you be required to fence the development? () Yes () No

What kind of fence? _____

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: _____

How far, in miles, is it to:

- 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:	Yes	No	
Schools	()	()	
Fire Districts	()	()	\$ _____
Parks	()	()	\$ _____
Police	()	()	\$ _____
Sewer	()	()	Tap Fee \$ _____ Monthly \$ _____
Water	()	()	Tap Fee \$ _____ Monthly \$ _____

Lighting () () \$_____ Maintenance \$_____ per _____
Other* () ()

* 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.

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)\$ _____

Attachment 8

Option Form

Rural Development Form 440-34, “Option to Purchase Real Property” can be found at Rural Development’s website, <http://rdinit.usda.gov/regs/forms/0440-34.pdf>.

Attachment 9

Option Language

Consideration:

Specifies the amount to be paid as earnest money and is refundable to buyer if unable to secure financing or for other reasons which should be specified in option language.

Total sales price:

Specify full purchase price and whether the earnest money is applicable to the sales price.

Renewal:

This provides the buyer with favorable renewal or extension terms, increase in price (preferably none at all) or calendar term of renewal period.

Refund:

A refund clause can be triggered if conditions vital to the project cannot be met or financing is not available. Some conditions vital to the project could be obtaining a clear and marketable title, zoning changes, easement necessary for access to the property or to run utilities, and acceptable soil and subsurface conditions.

Access:

This allows freedom to the buyer to use the property for physical inspection, survey work, engineering or architectural studies, soil sampling, and core borings.

Special conditions:

Options drafted so that the purchase is contingent on satisfactory resolution of specified items (zoning changes, easement for right of way for physical access or utilities or special permits).

Legal description:

Check this for accuracy. Make it a condition of the option to require a survey and an examination of the legal description prior to closing.

Attachment 10

Grant-to-Date Evaluation Report of Self-Help Technical Assistance Grants

Evaluation for period starting 06/15/1996 to 11/30/1997

- 1. a. Name of Grantee: Affordable Rural Self-Help Housing, Inc.
- b. Address: 200 Wickham Drive
 South Shields, ME 04281

- 2. a. Grant Name: Knox, 6/1996 - 6/1998 Duration: 24 months
- b. County Served: KNOX
- c. Grant Start Date: 06/15/1996 End Date: 06/14/1998 Extension Date:

	Actual	Planned
3. a. Total EUs for this period:	11.392	14.167
b.Total EUs for grant-to-date:	13.992	14.167

- 4. a. Total number of houses for each method of construction:
- | | | | |
|-------------|----|-----------|---|
| Stick Built | 13 | Panelized | 1 |
|-------------|----|-----------|---|

- 4. b. Average statistics for all houses constructed under this grant:
- | | | | | | |
|--------------|---------|-----------|-----|--------|-----|
| Living area: | 2407.14 | Bedrooms: | 3.2 | Baths: | 2.7 |
|--------------|---------|-----------|-----|--------|-----|

- 4. c. Household size of families in this grant:
- | | | | | | |
|------------|---|------------|---|------------|---|
| 1 person: | 2 | 2 persons: | 2 | 3 persons: | 3 |
| 4 persons: | 6 | 5 persons: | 1 | | |

- 5. a. Number of houses proposed under this grant: 20
- b. Number of houses completed under this grant: 13
- c. Number of houses currently under construction: 1
- d. Number of families in preconstruction: 2
- e. Number of families contacted: 0
- f. Number of low-income families: 9
- g. Number of very-low-income families: 5
- h. Number of construction supervisors: 1
- i. Number of TA employees: 2
- j. Average appraisal value of units for this grant: \$85,285.71
- k. Average loan amount per unit for this grant: \$71,428.57

- 6. a. Average time needed to construct a house under this grant: 534 days
- 6. b. Number of days between submission of self-help borrower's docket and approval/rejection: 44 days
- 6. c. Total number of loan dockets approved or rejected: 14
- 6. d. Total number of Loan docket rejections for grant-to-date: 0
Percentage of loan docket rejections for grant-to-date: 0
- 7. a. Did any of the following adversely affect the Grantee's ability to accomplish program objectives?
 - 1. TA Staff turnover
 - 2. Rural Development Staff turnover
 - 3. Bad weather
 - 4. Loan processing delays Yes
 - 5. Site acquisition and development
 - 6. Unavailable loan/grant funds
 - 7. Lack of participants Yes
 - 8. Communication between Rural Development/Grantee
 - 9. Other Problems or Comments

7. b. Comments on problems noted above.

4. Loan processing delays

Some of the borrowers were not able to get the necessary financing in a timely manner. Part of the problem stemmed from bad credit ratings. These families had to pay off some of their debts before their loan could be approved.

7. Lack of participants

Initially we could not attract sufficient borrowers from this community. However, once the first set of houses were built, we did see a lot more interest in the project.

GRANTEE CERTIFICATION BLOCK:

I certify that the information printed above is true to the best of my knowledge and belief.

Name: Jane Doe **Date:** 12/05/1997
Title: Housing Manager

Rural Development LOCAL OFFICE REVIEW

I have reviewed the above information which I have found to be substantially correct.

Comments By: DAVID KENT

Review Date: 12/10/1997

The grant-to-date progress seems satisfactory, although spending can be curbed somewhat.

Rural Development AREA OFFICE REVIEW

Comments By: RICHARD W IRELAND

Review Date: 12/10/1997

Construction-wise this grant is making good progress. I anticipate no immediate problems.

Rural Development STATE OFFICE REVIEW

Comments By: Seth Bradstreet

Review Date: 12/15/1997

The construction seems to be ahead of schedule. Keep up the progress. The grantee has made a concerted effort to elicit the participation of all the families. The project is invested with a spirit of camaraderie and all the families chip in to do their best.

Attachment 11

**USDA Rural Development- Rural Housing Service
Self-Help Housing Quarterly Report Supplemental Form**

(Reporting Period)

Agency: _____

Amount of Grant: _____

Advanced to Date: _____

Amount on Hand: _____

Amount Used: _____

Quarterly Amount of Grant Funds Spent: _____ 1st Month (_____ [mm/yr])

_____ 2nd Month (_____ [mm/yr])

_____ 3rd Month (_____ [mm/yr])

Amount Budgeted for next Month: _____

Interest Earned on 523 Funds this Quarter: _____

Interest Earned to Date this Year (Calendar ___ Fiscal ___ Grant ___): _____

Average Cost of Contractor Built Homes: _____

Average Cost of Self-Help Homes: _____

Savings to the Self-Help Families: _____

Approved Method A (15% of Contractor) Cost Per Unit: _____

Approved Method B (Contractor - Self-Help - \$1,000): _____

Proposed Per Unit Cost (TA Grant /Proposed # of Homes): _____

Quarterly TA Cost/ Unit: _____

Cumulative TA Cost/Unit: _____

Current Service to Very Low Income Families Percentage: _____
(Number of Very Low Income Families obligated this Grant Period/Total Obligated in this Grant Period)

Attachment 12

GUIDANCE
FOR RECIPIENTS OF
SELF-HELP TECHNICAL ASSISTANCE GRANTS

(SECTION 523 OF HOUSING ACT OF 1949)

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

A. Family Labor Contribution

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

B. Use of Grant Funds

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

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

C. Financial Responsibilities

- | | | |
|--|-----|----|
| 1. Does each invoice paid by the grant recipient match the purchase order? | Yes | No |
| 2. Does each invoice paid by the borrower and Rural Development match the purchase order? | Yes | No |
| 3. Were purchases made from the appropriate vendors? | Yes | No |
| 4. Are the invoices and itemized statements totaled for materials purchased for individual families? | Yes | No |
| 5. Is there a record of deposits and withdrawals to account for all loan funds? | Yes | No |
| 6. Are checks from grant funds signed by the Board Treasurer and Executive Director? | Yes | No |
| 7. Are grant funds deposited in an interest bearing account? | Yes | No |
| 8. Are checks from loan funds prepared by the grant recipient for the borrower's and lender's signature? | Yes | No |
| 9. Are checks from loan funds accompanied by accurate invoices? | Yes | No |
| 10. Are any borrower loan funds including interest, deposited in grantee accounts? | Yes | No |
| 11. Are checks from loan funds submitted to Rural Development more often than once every 30 days? | Yes | No |
| 12. Is the reconciliation of bank statements for both grant and loan funds completed on a monthly basis? | Yes | No |

- | | | |
|--|-----|----|
| 13.If the person who issues the checks also reconciles them, does the Executive Director review this activity? | Yes | No |
| 14.Are materials purchased in bulk approved by the Executive Director? | Yes | No |
| 15.Was the amount of materials determined by both the Executive Director and construction staff? | Yes | No |
| 16.Were any participating families consulted about the purchase of materials? | Yes | No |
| 17.Were savings accomplished by the bulk purchase method? | Yes | No |
| 18.Did the Executive Director review the purchase order and the ultimate use of the materials? | Yes | No |
| 19.Are materials covered by insurance when stored by grantee? | Yes | No |

D. Reporting

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

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

Date _____

President, Board of Directors _____

(Period covered by report)

ANSWER KEY

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

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

Attachment 13

Sample Self-Evaluation Questions

Suggested procedure -

1. Select the numbered questions that you wish to answer.
 2. Examine the questions in each category and describe the answer you want for each question.
 3. Determine the information that would give the answer, and specify the source and method for each item of information.
-

1. Are we accomplishing our program goals?

Are we serving very low- and low-income households who would not otherwise be able to become homeowners?

Are we building homes of good quality-safe, well-constructed and sited?

Are we using the mutual self-help method successfully?

Are we successful in training the participants in homeowner skills and knowledge?

Is our program within budget and on time?

2. Are we managing our resources well?

Are we getting good quality in everything we purchase (both goods and services)?

Are we spending at or below our projected costs?

Is our indirect cost policy working well?

Are our salaries reasonable?

Is any staff member under or over utilized?

3. Do we have good communications?

Is there anyone who “doesn't ever get the message?”

Are communications forms the right ones? Do we have paper where we need it? Do our verbal communications work well?

Is communicating timely in our program? Or does anyone get the news too late?

4. Is our planning process paying off?

Are we ever surprised by events/situations that other people saw coming?

Are we always in a position to have routine actions performed on time, or even a little ahead?

Are adjustments to our plans and schedules relatively quick and easy to make?

5. Are we in compliance?

with Rural Development regulations on the 523 grant, construction standards, land, and 502 loans?

with Federal administrative and financial requirements of Rural Development's regulations and the OMB Circulars?

with all state and local laws, ordinances, and administrative requirements?

6. Is our program administered well?

Are our records and files well-organized and is filing current?

Is there a clear paper trail and documentation for **all** expenditures?

Are billing and paying current?

Are we running into unexplainable difficulties in estimating our funding needs from month to month?

Is cost allocation a problem (between funding sources, between direct and indirect cost categories)?

Do we have any unresolved audit questions?

Are we a successful employer? Are our employees successful?

Attachment 14

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.

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 participants in the construction of their homes using the mutual self-help construction method.
- Organizes work crews of participants for maximum efficiency of manpower and materials.
- Teaches tool-use 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/ Loan Packager

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

Duties and Responsibilities

- Recruits participants for the Mutual Self-Help Housing Program.
- Helps applicants 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 participants for the purpose of home construction.
- Holds preconstruction meetings of participants to provide them with the information about the self-help concept and program and their responsibilities as homeowners.
- Counsels applicants 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 participants during the construction phase to (1) encourage maximum participation, (2) resolve individual 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 participants.
- Ability to organize the participants 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 households.
- 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) the self-help participants. 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., mimeograph machine, Xerox machine, calculator).

Attachment 15

Questions That Should Not Be On Your Employment Application

Questions that may be interpreted as violations of equal opportunity regulations include:

<u>SUBJECT</u>	<u>DO NOT ASK</u>
Name	Maiden Name
Residence	Do you own or rent?
Age	Age, Birth date
Origin	Birthplace of applicant or parents
Sex, Marital Status, Family	Sex, Marital Status, Number of Children or Dependents, Questions regarding pregnancy, With whom do you reside?
Race	Race, Color
Physical Description	Height, Weight, Require a photograph
Physical Condition, Handicap	General Medical Condition, Health, Illnesses, Questions about receipt of Worker's Compensation. Do you have physical disabilities or handicaps?
Religion	Religion, religious days observed.
Arrest	Have you ever been arrested?
Bonding	Have you ever been refused a bond or had one cancelled?
Military Service	General questions about service, dates, and types of Discharge.
Economic Status	Questions about assets, liabilities, credit rating, or Bankruptcy.
Organizations, Activities	List organizations, clubs, and societies you belong to.

References

Any question of applicant's former employers or acquaintances that elicit information about applicant's race, color, creed, origin, ancestry, handicap, medical condition, marital status, age or sex.

Attachment 16

Interview Structure Example

Establish Rapport The goal is to reduce anxiety and nervousness. Use a comfortable and private area. Do not take calls (sends negative signals). Try it around a table, a desk sets up barriers. Create some small talk about mutual interests. Share what the interview will cover.

Inquire About Training and Education

You will gain the most information by asking open ended questions starting with “who”, “what”, “when “, “why”, or “how”. Examples: Why did you decide to take courses in bookkeeping? How were you grades in major courses compared to others? Who influences your best performance in school and in what way?

Inquire About Experience

Sample questions. What kind of bookkeeping experience have you had? Tell me about the equipment you have operated as a bookkeeper? Where did you gain your most valuable experience in this kind of work?

Inquire About Attitudes and Motivation

Why were you given that particular assignment? Who was your best boss and what were his/her superior qualities? Describe the people you worked with when you were with that agency? In your last job, when did you feel most productive? When least productive? What work would you like to be doing five years from now?

Give Information About the Job

At this point a candidate that really interests you should be given a detailed description of the job so that they can make an informed decision should you extend an offer. If appropriate take them to the work area, show them self-help homes, etc. Introduce them to potential co-workers. As with the self-help program and participants, do not glamorize the job. Be honest about the job’s satisfactions and frustrations. Admit the drawbacks. Mature workers know that jobs have drawbacks and will be suspicious of a rose-colored job description.

Provide and Opportunity for Questions by the Applicant

Close the Interview

Attachment 17

Sample Reference Questions

1. What were Mary's dates of employment with you?
2. What were her duties?
3. How long did she work there and in what capacity?
4. How would you describe the level of her performance?
5. She said that she earned \$_____ per month with you. Is that correct?
6. How was her attendance record? Punctuality
7. How did she get along with fellow workers? With you?
8. Why did Mary leave your organization?
9. Would you re-hire Mary if you had the right job for her?
10. Add your own specific questions pertaining to the job and the previous interview.

Attachment 18

Employee Performance Assessment

EMPLOYEE NAME: _____ **POSITION:** _____

SUPERVISOR'S NAME: _____ **DATE OF ASSESSMENT:** _____

USE THE FOLLOWING SCALE TO RATE YOURSELF OR PERSON YOU SUPERVISE:

OUTSTANDING	0	VERY GOOD	V
AVERAGE	A	IMPROVEMENT NEEDED	I
UNSATISFACTORY	U		

1. Oral communication at meetings and reviews: _____
2. Quality of written communication (memos, letters): _____
3. Quality of reports prepared relating to your team: _____
4. Quality of writing for proposals: _____
5. Knowledge of appropriate housing regulations: _____
6. Consistency of performance: _____
7. Timeliness in accomplishing tasks and goals: _____
8. Initiative taken to accomplish organizational goals: _____
9. Working relationships and cooperating with co-workers: _____
10. Working relationships with Board of Directors or clients: _____
11. Diplomacy and tactfulness in dealing with clients: _____
12. Analytical ability to problem solve: _____
13. Ability to organize, plan, work, and carry out details: _____
14. Ability to follow and carry out instructions: _____
15. Ability to carry out responsibilities without constant supervision: _____
16. Attendance and punctuality: _____

Attachment 19

Outline of a Sample Personnel Policy

I. Introduction

This section of the personnel policy introduces the new employee to the organization, and keeps current employees up-to-date on personnel policies and procedures.

A. Mission Statement of Organization

This may be taken from the articles of incorporation, or a new one may be drafted specifically for this document. The mission statement clearly outlines the mission, goals, and deliverables of the agency.

B. Continuity of Policies -- The Right to Change or Discontinue

Due to changing laws and circumstances, the policies may need to be modified at any time. For maximum flexibility, include a statement informing the employees that the organization reserves the right to change or discontinue policies. When possible, it is recommended to inform employees of these changes before they are made.

C. Acknowledgment of Receipt of Policy (Sign-Off Sheet)

To implement the personnel policies, employees must be aware of them. To ensure that all employees know of the policies, have the employees sign, date, and return a sign-off sheet acknowledging receipt of them.

II. Hiring Policies

This section provides the employee an understanding of the process used by the organization to recruit, hire, and classify its employees.

WARNING! All states have laws and regulations that affect the recruitment and selection process. Remember to have an attorney versed in labor laws review all sections of the policy before its release.

A. Equal Employment Opportunity / Americans with Disabilities Act / Affirmative Action Policy

This policy addresses all federal and state laws and regulations dealing with discrimination and/or affirmative action programs that may be applicable to the organization.

B. Nondiscrimination Policy

A nondiscrimination policy is required of all organizations receiving federal funds.

C. Sexual Harassment Policy

This policy is required by some states and is recommended. It sets forth a policy regarding inappropriate conduct and the methods of reporting a complaint.

D. Recruitment

This policy sets forth the process for filling open positions in the organization. It should define the methods of recruitment for bringing in people from the outside. If the organization wants to provide employees with an opportunity for upward or lateral mobility, you'll also need to define methods for encouraging qualified, current employees to apply for open positions.

E. Employment Selection Process

This policy outlines such items as who is responsible for preparing the position requisition, who has the authority to hire, and what the screening process is (for example, receiving and reviewing applications, initial interviews, required pre-employment tests, reference checks, follow-up interviews, etc.).

F. Employment Classifications

This policy defines "full-time employee" and "part-time employee" (in terms of number of hours worked), "temporary employee", "volunteer employee", as well as any other employee classification required by the organization.

G. Grievance Procedures

This policy outlines the grievance procedures available to employees.

H. Terminations

This policy outlines practices regarding voluntary termination, involuntary termination, and layoffs. These procedures should also specify notification regarding termination.

III. Compensation

In this section, list the rewards the organization provides to its employees for their intellectual, emotional, and physical efforts.

A. Equal Pay

Federal and state statutes require equal pay or comparable worth for men and women performing similar services.

B. Job Descriptions

A good job description should define the job to be accomplished. It should include such items as job qualifications, assigned duties, responsibilities, knowledge, coordination, and reporting requirements. All of the job descriptions should be in the same format.

C. Workday and Payday

This policy defines daily office hours and states how often and when the employees are paid (for example, every two weeks, five workdays after submittal of time sheets, etc.).

D. Overtime Compensation / Comp. Time

When establishing a policy for overtime compensation, consider federal and state legislation and regulations governing wage and salary practices.

E. Performance Review and Salary Merit Increases

This policy establishes a performance review process that must be workable, equitable, ongoing, and as objective as possible. It includes such items as performance review criteria, how employee performance will be measured, who will do the appraisal(s) and when, and what feedback the employee will receive.

IV. Benefits

Benefits policy explains the overall benefits of the position and the insurance coverage provided to employees. The following are examples of benefits that may be a part of the organization.

- A. Health, Life, and Disability Insurance**
- B. Annual Leave**
- C. Holidays**
- D. Sick or Personal Leave**
- E. Travel, Mileage, Per Diem, and Reimbursement**
- F. Training**
- G. Pension/Retirement Plan**
- H. Unemployment, Workman's Compensation, Social Security**
- I. Family Medical Leave Act of 1993**
- J. Jury Duty**
- K. Military Leave**
- L. Bereavement Leave**
- M. Maternity/Paternity**

Other Policies

- A. Substance Abuse**
- B. Drug and Smoke Free Workplace**
- C. Internet / Computer Use**
- D. Confidentiality**
- E. Voting Leave**
- F. Education / Tuition Reimbursement**
- G. Outside Employment**
- H. Gifts / Honoraria**
- I. Occupational Safety and Health Act (OSHA)**
- J. Employee Polygraph Protection Act**
- K. Code of Ethics**
- L. Quality Assurance Plan**

Personnel Forms

It is also a good idea to include the following forms in the policy:

Application for Employment

Time and Attendance Report

Employee Leave Record

Travel Authorization

Mileage Record

Request for Leave

The list of forms provided here are by no means all-inclusive. Check your contractor or other nonprofits for additional forms.