

Completing A 523 Grant Application



T&MA Contractors

Introduction

- Should take 3 to 4 months
- A working relationship with Rural Development is critical
- Your T&MA (Technical and Management Assistance) Contractor is available throughout the process



New organizations must pay for:

- The cost of developing the application (staff time, house plans, marketing, securing land, etc.)
- Feasibility study-A Handbook is available
- Program and organizational development
- This can be costly...be prepared!



Application Processing Checklist

RD Instruction 1944-I
Exhibit G
Page 1
Effective Date 10-24-2024

- RD has a grant checklist
- Exhibit G is for both New Construction and Rehab
- This new checklist came out on 10/24/24 as PN 626

Exhibit G Self-Help Application Processing Checklist LF-Help Allocation Processing Checklist New Construction and Rehabilitation

Tab Position	Description of Documents	Form/ Instruction Number	Comments
(1)	Application for Federal Assistance Non-Construction Programs	Form SF-424 1944.410(e)	
(2)	Waiting List of Participants (Name, Contact, & demographic info) <i>Rehabilitation-Property address(es) (if identified), anticipated loan amount(s) and source(s) of funding</i>	1944.410(e)(1)	
(3)	Proof that the participants in the first group have qualified for assistance (RD HB LTR 16) <i>Rehabilitation-Proof that approximately 10% of the participants have qualified for assistance</i>	1944.410(e)(2)	
(4)	Lot options for first group <i>Not applicable for rehab</i>	1944.410(e)(3)	
(5)	Evidence of lot availability for remaining groups <i>Rehabilitation-A list of potential homes for sale/available could be included for</i>	1944.410(e)(3)	



1. Standard Form 424A

- Standard Form 424, “Application for Federal Assistance” and Intergovernmental Review Response 1994.410(e)
- First thing that reviewers see, sample in Handbook
- Provides RD with all of the pertinent information about the project – how many homes, time period, area, funding, etc.
- Must be complete and signed

View Burden Statement PMB Number: 4040-0004
Expiration Date: 11/30/2025

Application for Federal Assistance SF-424

*** 1. Type of Submission:** ☐ Preapplication ☐ Application ☐ Changed/Corrected Application

*** 2. Type of Application:** ☐ New ☐ Continuation ☐ Revision

*** If Revision, select appropriate letter(s):**

*** Other (Specify):**

*** 3. Date Received:**

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

*** a. Legal Name:**

*** b. Employer/Taxpayer Identification Number (EIN/TIN):**

*** c. UEI:**

d. Address:

*** Street1:**

Street2:

*** City:**

County/Parish:

*** State:**

Province:

*** Country:**

*** Zip / Postal Code:**

e. Organizational Unit:

Department Name:

Division Name:

f. Name and contact information of person to be contacted on matters involving this application:

Prefix:

*** First Name:**

Middle Name:

*** Last Name:**

Suffix:

Title:

Organizational Affiliation:

*** Telephone Number:**

Fax Number:

*** Email:**



2. Waiting List of Participants

Waiting list should include:

- Information on potential applicants interested in participating in the self-help program
- Names, addresses, phone number, number of persons in the household and total annual income is required
- Date of initial contact not required but helpful for marketing & recruitment (*Sample in Handbook*)
- Also track demographic information to help RD with its compliance review and civil rights impact survey
- *BP Aim to have at least three times as many potential participants as would be needed to complete the grant



3. Proof of Qualified Participants

- Proof is required that participants in the first group have qualified for assistance or been determined “eligible” by RD
- Proof of Eligibility RD Handbook Letter 16 from RD
- Many grantees request that this be a condition of grant closing
- The grant cannot close until proof of the first group is provided
- For rehab, 10% of participants should be qualified



4. Lot Options for First Group

- Land for the first group must be in control
 - Purchase agreements
 - Copy of deed if owned
 - Option agreements
- Include a narrative identifying number in first group, how land is controlled, by whom, when it will be purchased and where it is located
- Consider CCRs (covenants, conditions & restrictions) when looking for land

Form RD 440-34
(Rev. 02-05)

Position 5
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0575-0189
Exp. Date: 03/31/2026

OPTION TO PURCHASE REAL PROPERTY

1. In consideration of the sum of \$ _____ in hand paid and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned (hereinafter called the "Seller"), who covenants to be the owner thereof, hereby, for the Seller and the Seller's heirs, executors, administrators, successors and assigns, offers and agrees to sell and convey to _____

(Name and Address)

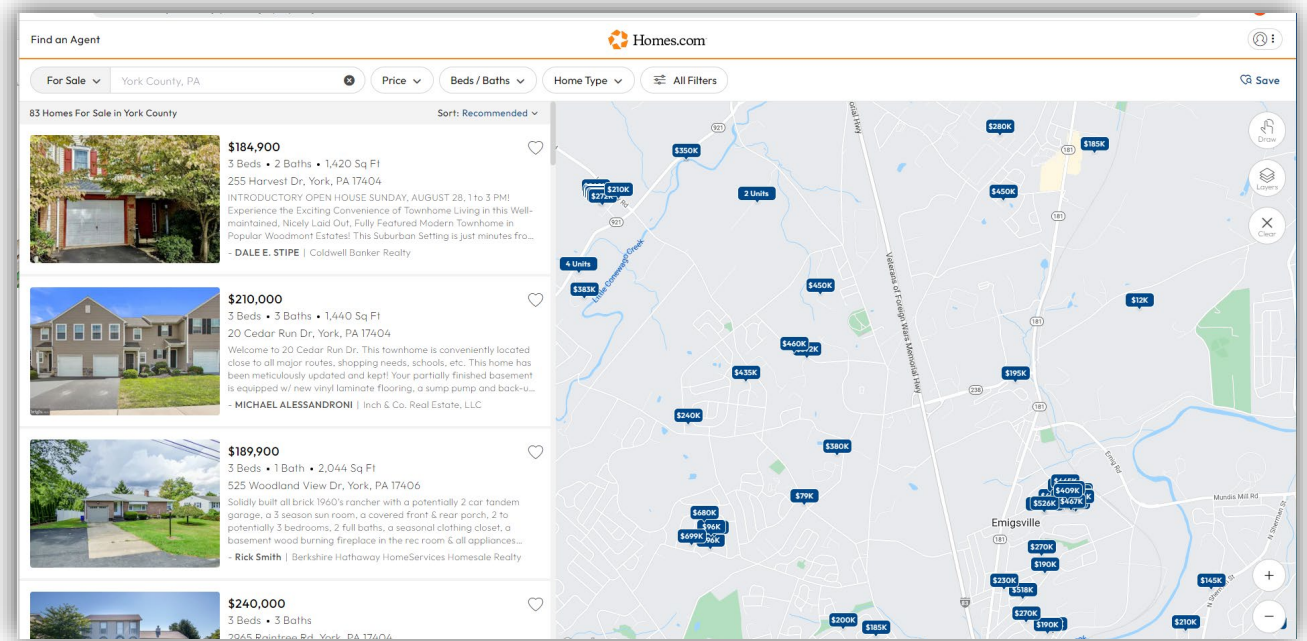
(hereinafter called the "Buyer"), and hereby grants to the said Buyer the exclusive and irrevocable option and right to purchase, under the conditions hereinafter provided, the following-described property, located in _____

County, State of _____
(Insert here full and complete legal description, including volume and page where recorded, of the property including any water rights and water stock being purchased.)



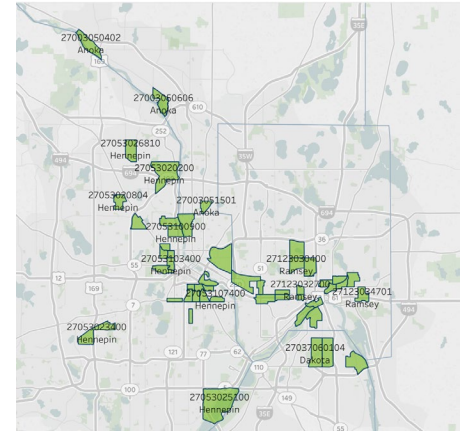
For Rehab Application

- List potential homes for sale or owner-occupied homes identified for repair
- Use MLS listings or another source



5. Evidence of Lot Availability

- Evidence of lot availability for remaining groups is required
- Lists of available lots, maps and prices are required
- Include a narrative summarizing what land is available, whether site development is required, timeframe for completion
- For rehab, include list of potential homes



6. House Plans, Specs, Detailed Cost Estimates

- Certified house plans are required for **EVERY** model that will be built during the grant period
- Specifications are required for every model and for every family in the first group
- Detailed cost estimates are required



Rehab Process

For rehab, describe the process of:

- Obtaining home inspections
- Contractor selection processes
- Sample work order list
- Cost estimating
- Scope of work selection
- How cost savings will be calculated



House Plans

- Certified house plans are required for **EVERY** model that will be built during the grant period.
- A complete set consists of plans and blueprints which have been certified by an architect or engineer licensed in your state.

USDA
Form RD 1924-25
(Rev. 01-2022)

U.S. DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

Form Approved
OMB No. 0575-0042
OMB No. 0575-0189
Exp. Date: 3/31/2026

PLAN CERTIFICATION

(Property Name/Applicants Name and Case Number)	
(Property Address)	(City)
(County)	(State)

BUILDING TYPE: ☐ Single Family ☐ Multi-Family
PLANS: ☐ Original ☐ Modifications

I, _____, being a _____
(type or print) (licensed architect, engineer, or authorized building official, etc.)
in the State of _____, hereby certify that I have reviewed:

☐ the plans and specifications dated _____ prepared by _____
for the above property (name of firm or individual)

☐ the thermal performance plans, specifications and calculations dated _____
prepared by _____ for the above property (name of firm or individual)

☐ the seismic design (plans and specifications) dated _____ prepared by _____
for the above property (name of firm or individual)

☐ modifications listed below, that have been clearly indicated on the drawings and specifications
dated _____ prepared by _____ and certified by _____
(name of firm or individual) and related to the above property (name of firm or individual)



Design Requirements

The design must meet RD's requirements which include:

- ☑ Must follow local and state building codes
- ☑ At a minimum, the home needs to meet RD's Thermal Performance Standards (1924-A, Exhibit D)
- ☑ RD's Area Loan Limit
- ☑ No smaller than 400 sq. ft (exceptions can be made based on tiny home communities)
- ☑ No income producing facilities



Developing Specifications

Form RD 1924-2
(Rev. 7-99)

UNITED STATES DEPARTMENT OF AGRICULTURE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-FEDERAL
HOUSING ADMINISTRATION
U.S. DEPARTMENT OF VETERANS AFFAIRS

FORM APPROVED
OMB NO. 0575-0189
Exp. Date: 03/31/2026

☐ Proposed Construction
☐ Under Construction

DESCRIPTION OF MATERIALS No. _____
(To be inserted by Agency)

Property address _____ City _____ State _____

Mortgagor or Sponsor _____ (Name) _____ (Address)

Contractor or Builder _____ (Name) _____ (Address)

INSTRUCTIONS

1. For additional information on how this form is to be submitted, number of copies, etc., see the instructions applicable to the FHA Application for Mortgage Insurance, VA Request for Determination of Reasonable Value or other, as the case may be.

2. Describe all materials and equipment to be used, whether or not shown on the drawings, by marking an X in each appropriate check-box and entering the information called for in each space. If space is inadequate, enter "See misc." and describe under item 27 or on an attached sheet. THE USE OF PAPER CONTAINING MORE THAN THE PERCENT OF LEAD BY WEIGHT PERMITTED BY LAW IS PROHIBITED.

3. Work not specifically described or shown will not be considered unless required, then the minimum acceptable will be assumed. Work exceeding minimum requirements cannot be considered unless specifically described.

4. Include no alternates, "or equal" phrases, or contradictory items. (Consideration of a request for acceptance of substitute materials or equipment is not thereby precluded.)

5. Include signatures required at the end of this form.

6. The construction shall be completed in compliance with the related drawings and specifications, as amended during processing. The specifications include this Description of Materials and the applicable building code.

1. EXCAVATION:
Bearing soil, type _____
2. FOUNDATIONS:
Footings: concrete mix _____; strength psi _____ Reinforcing _____
Foundation wall: material _____ Reinforcing _____
Interior foundation wall: material _____ Party foundation wall _____
Columns: material and sizes _____ Piers: material and reinforcing _____
Girders: material and sizes _____ Sills: material _____
Basement entrance airway _____ Window airways _____
Waterproofing _____ Footing drains _____
Termite protection _____
Basementless space: ground cover _____; insulation _____; foundation vents _____
Special foundations _____
Additional information: _____

3. CHIMNEYS:
Material _____ Prefabricated (make and size) _____
Flue lining: material _____ Heater flue size _____ Fireplace flue size _____
Vents (material and size): gas or oil heater _____; water heater _____
Additional information: _____

4. FIREPLACES:
Type: ☐ solid fuel, ☐ gas-burning, ☐ circulator (make and size) _____ Ash dump and clean-out _____
Fireplace: Facing _____; lining _____; hearth _____; mantel _____
Additional information: _____

5. EXTERIOR WALLS:
Wood frame: wood grade and species _____ ☐ Corner bracing, Building paper or felt _____
Siding: _____; thickness _____; width _____; solid, ☐ space, o.c.; ☐ diagonal, _____
Shingles: _____; grade _____; type _____; size _____; exposure _____; fastening _____
Stucco: _____; thickness _____; Lath _____; weight _____
Masonry veneer _____ Sills _____ Lintels _____ Base flashing _____
Masonry: ☐ solid, ☐ faced, ☐ stuccoed; total wall thickness _____; facing thickness _____; facing material _____
Backup material _____; thickness _____; bonding _____
Door sills _____ Window sills _____ Lintels _____ Base flashing _____
Interior surfaces: dampproofing, _____; coats of _____; furring _____
Additional information: _____
Exterior painting: material _____; number of coats _____
Gable wall construction: ☐ same as main walls; ☐ other construction _____

6. FLOOR FRAMING:
Joists, wood, grade, and species _____; other _____; bridging _____; anchors _____
Concrete slab: ☐ basement floor, ☐ first floor, ☐ ground supported, ☐ self-supporting; mix _____; thickness _____
reinforcing _____; insulation _____; membrane _____

- After selecting house plans, develop a specification sheet
- If an architect is providing the plans, ask them for the spec sheet
- Use Form RD 1924-2, "Description of Materials"
- One spec sheet should be used for each participant in the first group or at least for each house plan





The “Description of Materials” Form 1924-2 is required
<https://forms.sc.egov.usda.gov/eForms/1924-2>



Each set of plans must also have a plan certification
<https://forms.sc.egov.usda.gov/eForms/1924-25>



Contact your T&MA Contractor or RD if you need assistance



Material identification should be detailed



Attach additional sheets if necessary and manufacturer’s specification sheets for equipment and/or special materials





Inspect every spec sheet for accuracy and completeness



If questions arise, the plans and specs submitted will be used by RD



Use the Guide for Inspection of Construction of Dwellings and Buildings



Construction supervisor responsible for completing the specs submitted in each loan application



The State and the RD State Architect must approve the plans and specifications



Cost Estimates



- One of an agency's primary responsibilities is to accurately estimate the cost of each participant's home before it is built
- These cost estimates must be accurate, they eventually become the participant's 502 mortgage
- Avoid estimates that are unrealistically low
- Cost estimates can include up to a 5% contingency for unforeseen costs, but try not to underestimate costs



Subcontractor Bids

- **After obtaining subcontractor bids:**
 - ✓ Interview the potential subcontractors
 - ✓ Ask for and check client references
 - ✓ View their past jobs
 - ✓ Determine their integrity and timeliness
 - ✓ Get a copy of their license and insurance coverage – check the expiration date of both
 - ✓ Provide a list of potential subcontractors to RD for the DNP portal check
- **Include the participants in this process, they will be signing the contracts**
- **Advise the participants, explain benefits and drawbacks concerning the subcontractors**



Preparing House Designs

A General Flow of Events

I. Research Building Standards

- Determine local building codes
- Determine acceptable RD design

II. Select House Designs

- *BP Have the house designs approved by RD as early as possible to ensure they meet RD standards

III. Get Plans Certified



Preparing House Designs

IV. Estimate Costs for Each House Design

- Prepare material take-offs
- Determine which construction jobs to subcontract
- Issue request for bids, evaluate bids, select suppliers and subcontractors

V. Involve Individual Families

- Each family selects their lot and house plan



Preparing House Designs

VI. Prepare house documents for 502 Dockets

(for each household)

- Detailed house plans and specs
- Plot plan
- Water/waste disposal system (if applicable)
- Cost estimate

VII. Send Docket to RD for Approval

VIII. Send House Documents to Local Officials

- Obtain building permit

IX. Construction



Construction Contract

- See Guide for sample of the RD Construction Contract, Form RD 1924-6
- Other contracts can be used with approval from RD

USDA - RD
Form RD 1924-6
(Rev. 8-93)

Position 6
FORM APPROVED
OMB NO. 0575-0042 Exp. Date: 8/31/2024

CONSTRUCTION CONTRACT

State _____
County _____

This Contract, made this _____ day of _____, 20____,
by _____ of _____
(hereinafter called the "Owner"), and _____ of _____
(hereinafter called the "Contractor").

WITNESSETH that the parties hereto agree as follows:

(A) The Contractor will furnish materials and perform the work for: _____
for the consideration of _____ dollars (\$ _____),
in accordance with the "General Conditions" shown in this contract and the specifications and the drawings as follows:

(B) The Contractor will start work by _____, 20____, and will complete the work by _____, 20____ (See paragraph III of General Conditions).

(C) The Owner will make payments as follows. (Check ☐ proper payment clause and effectively xxxxxxxx out all of the clauses not applicable.)

☐ 1. ONE LUMP SUM will be made for the whole contract, upon acceptance by the owner and Rural Development of all work required hereunder and compliance by contractor with all the terms and conditions of this contract.

☐ 2. PARTIAL PAYMENTS NOT TO EXCEED 60 PERCENT of the value of the work in place (less the aggregate of previous payments) will be made at intervals of _____. The value of work in place shall be as estimated by the contractor and approved by Rural Development. Prior to receiving any partial payment, the contractor must furnish the owner with a statement showing the total amount owed to date for materials and labor procured under this contract and, if required by the owner or Rural Development, must also submit evidence showing that previous partial payments were properly applied and that the current payment will be properly applied. Upon completion of the whole contract and acceptance of the work as required hereunder, by the owner and Rural Development, and compliance by the contractor with all terms and conditions of this contract, the amount due the contractor will be paid.

☐ 3. PARTIAL PAYMENTS IN THE AMOUNT OF 90 PERCENT of the value of the work in place and of the value of the materials suitably stored at the site (less the aggregate of previous payments) will be made at intervals of _____. The value of the work and materials in place or on site shall be as estimated by the contractor and approved by the owner and Rural Development. Upon acceptance by the owner and Rural Development of all work required hereunder and compliance by the contractor with all terms and conditions of this contract, the amount due the contractor will be paid. The contractor shall, before the owner signs the contract, deliver to the owner a surety bond in the amount of the contract.

(D) The items described below (the Notice of Requirement for Affirmative Action to Ensure Equal Employment Opportunity required by Executive Order 11246, the Equal Opportunity Clause published at 41 CFR 60-1.4 (a) and (b), and the Standard Federal Equal Employment Opportunity Construction Contract Specifications required by Executive Order 11246) apply, during the performance of this contract, if the contract exceeds \$10,000 (This also includes subsequent loans and grants, or contract change orders made during the construction period of the original contract, which will cause the total to exceed \$10,000.) to the following: (1) All contractors or subcontractors who hold any Federal or federally assisted construction contract, (2) All grants, contracts and loans (direct, insured, or guaranteed) let by Rural Development, and (3) All construction work performed by construction contractors and subcontractors for Federal nonconstruction contractors and subcontractors if the construction work is necessary in whole or in part to the performance of a nonconstruction contract or subcontract. The items are applicable to all of a contractor's or subcontractor's employees who are engaged in "on site" construction including those construction employees who work on a non-Federal or non-federally assisted construction site. The items, however, will not preempt state or local government regulations of the construction industry, and will not relieve contractors and subcontractors of the obligations they may have under other affirmative action or equal opportunity programs.

Public reporting for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0042), Washington, D.C. 20503. Please DO NOT RETURN this form to either of these addresses. Forward to Rural Development only.



7. Staffing Needs and Hiring Schedule

Prospective Employees

- Provide up to date resume for each person paid with grant funds
- Include Job Description-Samples are in the Handbook
 - Executive/Project Director
 - Group Coordinator
 - Construction Supervisor
 - Secretary/Bookkeeper



8. Authorized Representative of Applicant



Provide the name, address and official position of the applicant's representative that is authorized to act for the applicant and work with Rural Development



A copy of the authorizing resolution should be included here



Board Signed Statement



A resolution from the Board is required



It should authorize the Executive Director to hire or employ the necessary staff



9. Budget Information – Non-Construction

Requirements:

- 424-A-Budget Information (Non-Construction Programs)
- Detailed Budget
- Detailed Budget Narrative

View Burden Statement

BUDGET INFORMATION - Non-Construction Programs

OMB Number: 4040-0008
Expiration Date: 02/28/2025

SECTION A - BUDGET SUMMARY

	Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
			Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	
1.			\$	\$	\$	\$	\$
2.							
3.							
4.							
5.	Totals		\$	\$	\$	\$	\$

Standard Form 424A (Rev. 7-97)
Prescribed by OMB (Circular A-102) Page 1



Use of Funds



Authorized expenses:

- Personnel salaries
- Reasonable office expenses and supplies
- Employment benefit costs
- Purchase or lease of power tools
- Insurance
- Reasonable fees for training
- Consultant and legal fees
- Annual audits



Prohibited use of funds:

- Paying for labor on the houses
- Purchasing real estate or building materials for the families
- Paying any debts, expenses or costs to the participants
- Any lobbying activities prohibited in 2CFR 200 Subpart F
- Any costs or debts incurred prior to the start date of the grant



10. Indirect or Direct Cost-Exhibit S of 1944-I

An approved direct or indirect cost policy must be submitted

- Document the indirect cost rate, if the organization already has one
- If single funded and using direct cost, the budget narrative approved by the Board will be the direct cost policy

If a new indirect policy is needed:

- Prepare proposal for submission to the Department of the Interior (DOI) for approval and include proposal in application
- DOI will not review proposal until grant is approved
- You could also elect to use the 10% de minimus rate
- **Exhibit S of 1944-I provides information on Indirect Cost Rate Negotiations**



11. Monthly Activities Schedule

A finalized monthly activity schedule is necessary.

Monthly activities schedules allow for:

- Setting specific goals
- Identifying time targets
- Identifying potential problems and opportunities
- Improving decision-making process
- Focusing on grant activities to results
 - Recruitment
 - Loan Closing
 - Construction



12. Personnel Practices and Procedures

- **A copy of the most recent personnel policies is required**
 - Must be in compliance with federal, state and local laws that affect employees
- **Personnel forms also need to be included in the application and should include:**
 - ✓ Time Sheets
 - ✓ Travel Advance Requests
 - ✓ Mileage Forms
 - ✓ Leave Requests
 - ✓ Employment application



13. Authorizing Resolution

- A resolution must be adopted by the Board of Directors (or other governing body):
- Authorizing one or more specified persons to act on organization's behalf. It must state that they are able to:
 - ✓ Sign the Grant Agreement, 1944-I, Exhibit A
 - ✓ Sign Form RD 400-4 "Assurance Agreement"
 - ✓ Work with RD on the self-help program
 - ✓ Must include person's name, title, address
- Sample in Application Handbook



14. Assurance Agreement

- RD Form 400-4
- Commits your organization to carry out the provisions of Title VI of the Civil Rights Act of 1964
- Include a signed copy of this form
- Sample form in Application Handbook

USDA
Form RD 400-4
(Rev. 3-97)

Position 3
ASSURANCE AGREEMENT
(Under Title VI, Civil Rights Act of 1964)

FORM APPROVED
OMB No. 0575-0018

The _____
(name of recipient)

(address)

("Recipient" herein) hereby assures the U. S. Department of Agriculture that Recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d et. seq.), 7 CFR Part 15, and Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, or the Farm Service Agency, (hereafter known as the "Agency") regulations promulgated thereunder, 7 C.F.R. § 1901.202. In accordance with that Act and the regulations referred to above, Recipient agrees that in connection with any program or activity for which Recipient receives Federal financial assistance (as such term is defined in 7 C.F.R. § 14.2) no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

1. Recipient agrees that any transfer of any aided facility, other than personal property, by sale, lease or other conveyance of contract, shall be, and shall be made expressly, subject to the obligations of this agreement and transferee's assumption thereof.
2. Recipient shall:
 - (a) Keep such records and submit to the Government such timely, complete, and accurate information as the Government may determine to be necessary to ascertain our/my compliance with this agreement and the regulations.
 - (b) Permit access by authorized employees of the Agency or the U.S. Department of Agriculture during normal business hours to such books, records, accounts and other sources of information and its facilities as may be pertinent to ascertaining such compliance.
 - (c) Make available to users, participants, beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Agency or the U. S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
3. The obligations of this agreement shall continue:
 - (a) As to any real property, including any structure, acquired or improved with the aid of the Federal financial assistance, so long as such real property is used for the purpose for which the Federal financial assistance is made or for another purpose which affords similar services or benefits, or for as long as the Recipient retains ownership or possession of the property, whichever is longer.
 - (b) As to any personal property acquired or improved with the aid of the Federal financial assistance, so long as Recipient retains ownership or possession of the property.
 - (c) As to any other aided facility or activity, until the last advance of funds under the loan or grant has been made.
4. Upon any breach or violation this agreement the Government may, at its option:
 - (a) Terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity.
 - (b) Enforce this agreement by suit for specific performance or by any other available remedy under the laws of the United States or the State in which the breach or violation occurs.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, _____ on this _____
(name of recipient)

date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto, or, if a natural person, has hereunto executed this agreement.

Recipient

Date

Title

Title

(SEAL)

Attest: _____
Title

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0018. The time required to complete this information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.



15. Fidelity Bond Coverage

- Provide evidence of adequate fidelity bond coverage/ employee dishonesty insurance
- *BP Amount of the coverage should be at least equal to the amount of funds and property the organization will have at anytime
- All staff who have authority to make purchases, execute contracts or sign checks should be covered
- Read 2CFR200, deals with “Bonding and Insurance”
 - Determine how it applies to you
 - Review it with a lawyer and accountant
- Complete form RD 440-24 “Position Fidelity Schedule Bond Declarations” to demonstrate compliance



16. Evidence of Interest-Bearing Checking Account and Statement of Repayment of Interest

- Submit a copy of the account agreement of your two-signature interest-bearing checking account
- Include a signed statement saying that the organization will return, on a quarterly basis, any interest earned in excess of \$500 per year
 - If the grantee is a public body, interest in excess of \$100 must be repaid.
- Reference 1944.411(g) for a waiver if necessary



17. Group/Participation Agreement (including Exhibit B-2)

- Include a copy of your agreement *(Samples in Handbook)*
- It must include Exhibit B-2, indicating the breakdown of construction *(for new construction)—Must reflect at least 65%*
- *BP Each member of the group must read the document or have the document read to him/her, thoroughly understand it, and sign it
- *BP The enforcement of the membership agreement is key to the success of the program
- For Rehab, include Rehabilitation-Participation Agreement including Exhibit M-2 of 1944-I



18. Request for Obligation of Funds Form RD

- Include this completed form, RD 1940-1
- At item 45, on the back, have the authorized representative sign and date the form
- See Application Handbook for sample

USDA
Form RD 1940-1
(Rev. 06-10)

REQUEST FOR OBLIGATION OF FUNDS

FORM APPROVED
OMB No. 0570-0082
Exp. Date: 8/31/2024
OMB No. 0670-0087
Exp. Date: 11/30/2024

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ()
Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.

1. CASE NUMBER ST CO BORROWER ID		LOAN NUMBER	FISCAL YEAR
2. BORROWER NAME		3. NUMBER NAME FIELDS (1, 2, or 3 from Item 2)	
		4. STATE NAME	
		5. COUNTY NAME	
GENERAL BORROWER/LOAN INFORMATION			
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 2 - BLACK 3 - ALIAN 4 - HISPANIC 5 - AFR 6 - PUBLIC BODY	7. TYPE OF APPLICANT 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - OTHER	8. COLLATERAL CODE 1 - REAL ESTATE 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - R/LP ADJ	9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC
10. SEX CODE 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORIGIN MALE OWNED 5 - ORIGIN FEMALE OWNED 6 - PUBLIC BODY	11. MARITAL STATUS 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	12. VETERAN CODE 1 - YES 2 - NO	13. CREDIT REPORT 1 - YES 2 - NO
14. DIRECT PAYMENT (See FMI)	15. TYPE OF PAYMENT 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	16. FEE INSPECTION 1 - YES 2 - NO	
17. COMMUNITY SIZE 1 - 10,000 OR LESS (FOR SPH AND HPS ONLY) 2 - OVER 10,000	18. USE OF FISCAL CODE (See FMI)		
COMPLETE FOR OBLIGATION OF FUNDS			
19. TYPE OF ASSISTANCE (See FMI)	20. PURPOSE CODE	21. SOURCE OF FUNDS	22. TYPE OF ACTION 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
23. TYPE OF SUBMISSION 1 - INITIAL 2 - SUBSEQUENT	24. AMOUNT OF LOAN	25. AMOUNT OF GRANT	
26. AMOUNT OF IMMEDIATE ADVANCE	27. DATE OF APPROVAL MO DAY YR	28. INTEREST RATE %	29. REPAYMENT TERMS
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS			
30. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
COMPLETE FOR EM LOANS ONLY		COMPLETE FOR CREDIT SALE-ASSUMPTION	
31. DISASTER DESIGNATION NUMBER (See FMI)		32. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN	
FINANCE OFFICE USE ONLY		COMPLETE FOR FP LOANS ONLY	
33. OBLIGATION DATE MO DA YR		34. BEGINNING FARMER/RANCHER (See FMI)	



19. Self-Help TA Grant Agreement



Grant Agreement is 1944-I Exhibit A



Sign, but don't date copy of the agreement



Critical to read and understand agreement



20. Certification Regarding Lobbying



**Include a signed and dated RD
1940-Q, Exhibit A-1**



See Handbook for form

RD Instruction 1940-Q
Exhibit A-1

CERTIFICATION FOR CONTRACTS, GRANTS AND LOANS

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or Federal loan, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant or loan.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant or loan, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including contracts, subcontracts, and subgrants under grants and loans) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(name) (date)

(title)



21. Statement of Compliance

- Include a statement that the organization complies with the requirements of the appropriate 2 CFR 200, 400 & 415 (or 2CFR 200, 400 & 416 if a state or local government)
- Know what you are agreeing to - 2 CFR 200 establishes uniform requirements for administration of grants
- Authorized rep must sign and date it
- Usually on agency letterhead
- See sample letter in Application Handbook



22. RD Area Managers' Recommendation

**Hold a section for this to
be added later by RD**



23. T&MA Contractor's Review/ Recommendation

**Hold a section for
this to be added
later by RD**

**Required under
National Office
Contract**



24. National Office Review

**Hold a section for this to
be added later by RD**



25. Narrative Statement

- The narrative statement should begin with a short paragraph that summarizes:
 - ✍ Amount of Request
 - ✍ Area to be served
 - ✍ Number of proposed homes
 - ✍ Housing conditions of low income families and NEED
 - ✍ Evidence of community support



For a Rehab Grant

In addition to the above provide:

- Include policies and procedures for the program
- Minimum / Maximum rehab cost per home
- Relocation policy, if any



26. Current Financial Statements

- A financial statement is required and should be prepared by an accountant (or by the sponsor's accountant), and must be no more than 12 months old
- Must be dated and signed by the Executive Director or Board President
- Needs to show the specific nature of assets and liabilities
- The most recent audit is also required
- If using a sponsor, the same type of financial statement is required of them



27. Outreach Plan for Very Low Income

A plan is required of how you propose to reach the very low income families

- It is important to reach families that are living in housing that is deteriorated, dilapidate, overcrowded or lacking in adequate plumbing
- VLI- Minimum of 40% of total families building in program should be VLI
- Develop a marketing strategy that will reach and recruit the families needed for your program



28. HUD Fair Housing Marketing Plan 935.2B

Affirmative Fair Housing Marketing Plan

- HUD Form 935.2b, required
 - ✓ Follow instructions
 - ✓ Use accurate information
 - ✓ Marketing plan designed to attract those **“least likely to apply”**
 - ✓ Special outreach for those groups required
 - ✓ Plan approved and monitored by Rural Development
 - ✓ See Form in Application Handbook



29. Determination of TA Grant Amount (for new construction)

- Amount of grant depends on experience and capability of applicant
- Must be justified based on the number of participants assisted
- Three methods for determining grant (four including rehab)



Method A

- **Method A:** The Equivalent Value of Modest Housing (EVMH) x 15% x Number of Homes Proposed =
- Maximum TA Budget
 $\$ \underline{\hspace{2cm}} \times .15 \times \underline{\hspace{2cm}} = \$ \underline{\hspace{2cm}}$
- **Example:**
EVMH = \$160,000 x .15 = \$24,000 (TA per home) x 21 homes = \$504,000 (amount of grant request)



Methods B and C

- **Method B:**

EVMH – Average mortgage - \$1,000 = Maximum TA cost per house (This can only be used by experienced grantees or those who know what their mortgages will be.)

Example: \$160,000-\$134,000-\$1,000=\$25,000

- **Method C:**

Amount established by the State Director to accomplish a particular goal

- *BP Use worksheet in Application Handbook to calculate maximum per unit TA amount



Determination of TA Grant Amount

(for rehab) 1944-I Exhibit M-2

- Rehab is determined by a negotiated amount with USDA Rural Development
- The goal is to have the TA cost be less than or equal to the cost savings of the participants
- There are 3 ways to determine cost savings
- See Application Handbook for examples



Repair & Rehabilitation Methods for Calculating TA

1. Contractor Cost Savings

Compares contractor bids or estimating software costs to participant work

2. Appraised Value

Compares the improved cost of the home to the appraised value

3. Hourly Rate of Labor Contribution

Establishes an hourly rate for the job and multiplies the number of hours the participant will work



30. Intergovernmental Review Submittal

- This section needs to contain proof that the application was submitted to the appropriate state official for review
- Not all states have this requirement
- Google SPOC (State Single Point of Contact) list for state contacts (list for 2020 in Application Handbook)
- If required, send the SF-424 and SF-424A along with a narrative – the whole application is not needed



31. Civil Rights Impact Analysis Certification, Form RD 2006-38

- Form RD 2006-38 2006-P, 2006.754(b)
- Rural Development will complete this form
- Hold a spot for this in the application
- Required Postings



32. Compliance Review (pre-award)

- Hold a section for this to be added later by RD
- RD may request that the grantee complete Section 1, Statistical Information
- Demographic information for interested applicants and participants should be kept to provide to RD
- Sample form 400-8 is in Application Handbook



32. Compliance Review (pre-award)

- RD reviews documents as well as buildings to verify compliance with accessibility.
- Complete Grantee Compliance Review Questionnaire or Self-Evaluation
- Collect data on self-help applicants and maintain records of demographics
- Updated information is in the Application Handbook-Tab 32



33. OGC Review (if necessary)

- If necessary, RD may send organizational documents for OGC for their review
- Hold a section for this to be added later by RD



34. Previous Experience

RD requires that the organization have the financial, legal, and administrative capacity to carry out the responsibilities of the grant.

A narrative statement about the organization's previous experience and capacity to carry out the Grant Agreement is required. It may include:

- Summaries of previous and current RD funded programs
- Summaries of previous and current other programs
- Description of current capabilities (management, admin, staffing, financial, etc.)
- Experience or capability of relevant staff and Board members
- Objectives of the organization
- One must be "Production of affordable housing"



35. Organizational Papers

- Reference to State Law
- Articles of Incorporation (certified, signed and dated)
- Bylaws (certified, signed and dated)
- Certificate of Incorporation
- Evidence of Good Standing from Secretary of State
- Board list (5+, names, addresses, titles)
 - For smaller orgs, less than 5 staff members, boards of 3 OK
- Evidence of non-profit status--501(c)(3) certificate
- If another organization is a member of your organization – its name, address and principal business
- If not formally organized, submit proposed documents



Putting the Application Together



Required Application Format

- The format of the application is very important
- Rural Development requires that the information be in a specific order
- Applications are encouraged to be submitted electronically
- Tabbed PDFs are best
- Sections must correspond with item numbers on RD checklist



Application Format



Use the Rural Development Checklist for order and format



Include a Table of Contents and tab the sections



***BP Check every page for completeness, signatures and dates**



***BP Send the application to your T&MA Contractor first for a draft review**



Submit electronically, we will send it to the designated Rural Development office



***BP See Application Handbook for links to forms**



Know the Program

- ***BP** RD instructions provide policy, guidance, and basis for the program operations. Be familiar with them.
- Use the internet as needed to look up regulations and information, <https://www.rd.usda.gov/page/regulations-and-guidance>
- ***BP Know 1944-I!**
- Please refer to the Application **Handbook** for a list of other regulations to become familiar with



Regulation and Guidance

- ^{BP} You can print out the [1944-I](#) and [HB-1 3550](#) but these instructions change often, so we encourage the use of the internet



The End and Good Luck!

