PROGRAM DIRECTOR HANDOOK

February 2026 v1

USDA RURAL DEVELOPMENT
SECTION 523 MUTUAL
SELF-HELP HOUSING PROGRAM

Disclaimer

A handbook for grantees of the United States Department of Agriculture (USDA) Section 523 Self-Help Housing Program developed jointly by the Self-Help Housing Technical and Management Assistance (T&MA) Contractors:

- *Florida Non-Profit Housing, Inc. (FNPH)*
- *LIFT Community Action Agency, Inc. (LIFTCAA)*
- *NeighborGood Partners*
- *Rural Community Assistance Corporation (RCAC)*

Funded by: *United States Department of Agriculture, Rural Development*

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P.O. Box 1987	209 North 4th Street
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(863) 385-2519	(580) 326-5165
www.fnph.org	www.liftca.org
Region III	**Region IV**
NeighborGood Partners	Rural Community Assistance Corporation
363 Saulsbury Road	3120 Freeboard Drive, Suite 201
Dover, Delaware 19904	West Sacramento, California 95619
(302) 678-9400	(916) 447-2854
www.neighborgoodpartners.org	www.rcac.org

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INTRODUCTION

The Self-Help Housing Program

Self-help housing is just as it sounds; participants working to build or repair their own homes. This program is a direct application of the barn raising traditions of pioneering rural Americans. The Self-Help Program began as the Mutual Self-Help Housing method, where participants, working in groups, supply the necessary labor to build their homes, having qualified for mortgage financing to purchase land, building materials, and some subcontracted work on the more technical items. The program authority also allows for two additional methods of home repair (owner-occupied and acquisition rehab).

Regardless of the method selected, the participants must have low or very low income. At least 40% of the total participants served should be in the very low-income category. The remaining participants must be in the low-income category (see income map for details: https://www.rd.usda.gov/sites/default/files/RD-DirectLimitMap.pdf).

Mutual Self-Help Method:

With the assistance of skilled staff, a group of generally 4 to 10 households is formed. The regulation requires a minimum of 4 households; we encourage a group of at least 5 households as this makes for a better program. The participants typically 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 insurance, taxes, home maintenance, and money management. This time is known as the pre-construction stage.

Once the mortgage loans are closed, 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; usually the more technical work such as electrical, plumbing and HVAC is subcontracted out to licensed professionals. The construction stage typically lasts from 8 to 12 months, depending on the size of the group and other factors. Participants work during their spare time (evenings, weekends, and days off) so as not to interfere with the regular household employment.

Self-Help Rehab Method Options:

Acquisition Rehabilitation:

With the assistance of skilled staff, an applicant repairs a home that they purchase. The participant applies for a loan and/or grant, and once qualified, they enter into a contract to purchase a property. The property is inspected, and a scope of work is developed. This information is submitted to Rural Development for approval. Once the loan is approved and closed, the participant, under the guidance of a skilled construction supervisor, completes selected tasks from the scope of work. Usually, more technical work such as electrical, plumbing, and HVAC is subcontracted out.

Owner-Occupied Rehabilitation:

With the assistance of skilled staff, an applicant repairs a home that they already own and reside in. The participant applies to be in the program and then they may need to apply for a loan and/or grant. Once qualified, they provide proof of ownership and residency. The property is inspected, and a scope of work is developed. This information is submitted to Rural Development for approval. The participant, under the guidance of a skilled construction supervisor, completes selected tasks from the scope of work. Usually, more technical work such as electrical, plumbing, and HVAC is subcontracted out.

Rural Development

Rural Development is an Agency of USDA. 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, safe, sanitary, and affordable housing; supporting electric power and rural businesses, including cooperatives, and supporting economic and community development with information and technical assistance.

Rural Development has been providing funds for the Self-Help Housing Program since the late 1960s. They provide Section 523 Self-Help Housing Technical Assistance grants to eligible entities to start and implement the program. Rural Development thoroughly reviews the self-help application before a grant is awarded and 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 grant.

In most cases Rural Development provides another important ingredient to the self-help program;

construction to permanent financing at favorable interest rates in the form of a Single-Family Housing Direct Home Loan (Section 502). They are independent of private or conventional lending institutions, and the financing is directly between Rural Development and the borrower. Each applicant must qualify and obtain a loan individually from Rural Development. 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.

Rural Development Offices

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

Rural Development National Office

The Rural Development National Office is responsible for developing policy, interacting with Congress for legislation, managing program funding, and much more. They also obligate and monitor all Section 523 self-help grants, maintain reports and statistics on operating self-help organizations and project needs for funding. At the national level, USDA has a separate Appeals Division that hears appeals on actions unresolved at the state level.

Rural Development State Office

Section 502 home loan funds are allocated on a state-by-state basis and obligated at the State Office level. Each state receives 502 funds based on a formula allocation calculated by the National Office. A Funding Unnumbered Letter is released annually specifying the fiscal year allocations for each housing program, set-asides, and state allocations, etc. Staff members who are key to the operation of a self-help program located in the State Offices are the:

- Rural Development State Director – Has the authority to sign grant agreements.
- Rural Housing Program Director – Typically oversees the self-help program.
- Rural Development Housing Specialist – Reviews and approves the 502 direct loans and 504 grant/loans, also approves building sites, and completes environmental reviews.

Rural Development Area/Local Offices

In most states grant monitoring has been retained at the State Office level with the Single-Family Housing Program Director, but in some cases, it has been assigned to the Area/Local Office. In any case, the Rural Development grant manager is responsible for ensuring that the grant is operated effectively and in accordance with the regulations. At this level of Rural Development, the Loan Specialist is typically responsible for making the Section 502 home loans to participating applicants of each self-help group. They will be responsible for monitoring the 502 loans and will also be the co-signer on the participant's Supervised Bank Accounts and will process the construction draws. They are also the personnel who will convert the loans once the local jurisdiction has completed the final inspection and issued a Certificate of Occupancy.

Rural Development Section 502 Single Family Direct Home Loan

Most applicants that participate in the self-help housing program use Rural Development's Section 502 home loan program to finance their homes. Section 502 loans are only available for homes in eligible rural areas as defined by USDA (https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfpd). 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 (see the income map for details: https://www.rd.usda.gov/sites/default/files/RD-DirectLimitMap.pdf). They must be credit-worthy, have repayment ability for the loan requested, and be unable to secure a mortgage from other sources. The income limits, developed in consultation with the U.S. Department of Housing and Urban Development, are subject to local variation and are published annually. Current information on income limits and eligibility requirements for Section 502 loans is available at RD local offices or online (links above).

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 and household size, as both are used to determine eligibility and repayment capacity. 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 income determined based on 24% of their monthly income or the loan at a 1% interest rate, whichever is the higher of the two, but can never

be higher than the loan at full note rate. The assistance makes up the difference between the full loan interest rate and the interest rate the participant pays. A portion of this subsidy must be repaid at time-of-sale or loan payoff based on equity, time, etc. This process is called subsidy recapture.

Some other benefits of a 502 loan include: no requirement for a down payment, closing costs can be included in the loan (up to the appraised value with authorized exceptions to include the tax service fee, homeownership education fee, appraisal fee, and any required contribution to an escrow account for taxes and insurance (excluding the first-year insurance premium)) and there is no requirement for private mortgage insurance. Rural Development can offer a moratorium on loan payments for up to two years if a borrower's income decreases by at least 20% by no fault of their own.

During construction, Section 502 funds are advanced from the Rural Development finance office in St. Louis and disbursed by the local offices to the self-help grantee. Grantees prepare the drawdowns and checks for each participant's account as needed to purchase materials for different phases of construction. When a custodial account structure is used, the grantee manages the account in accordance with USDA Self-Help regulations, and funds are disbursed through the approved custodial process rather than by grantee-issued checks. This funding can be used for either new construction, acquisition rehab and in certain circumstances, owner-occupied rehab.

Rural Development Section 504 Single Family Housing Repair Loan & Grant

Also known as the Section 504 Home Repair program, this provides loans to very-low-income homeowners to repair, improve or modernize their homes or grants to elderly (62 or older) very-low-income homeowners to remove health and safety hazards or remodel a dwelling to make them accessible to a household member with a disability. The maximum loan is $40,000 and the maximum grant amount is $10,000. Loans and grants can be combined for up to $50,000 in assistance. This funding could be used with the owner-occupied rehab program, or other funding could be sought.

The 523 Self-Help Housing Technical Assistance Grant

For organizations to operate a self-help housing program, Rural Development provides technical assistance (TA) grants. The TA grant is for a period of up to two years, and is available to nonprofit organizations, federally recognized Tribes, and units of state or local government. The amount of grant funds an organization can receive is based primarily upon how many houses they

build or repair in a grant period. For new construction programs, an organization can receive up to 15% of the average cost of a similar new home in their area, for every home they are planning to build. Check with your Contractor for other methods of determining grant amounts for repair programs.

Allowable uses of Section 523 technical assistance grant funds include:

- Recruit 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, insurance, taxes, and maintenance.
- Assist participants to obtain and develop building sites; obtain or create Rural Development-approved house plans and help participants select theirs.
- Help 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 participating families.
- Paying any debts, expenses or costs which should be the responsibility of the participating families.
- Any lobbying activities as prohibited in 2 CFR 200 subpart F.

Regulations

The main regulation that governs the Self-Help Housing Program, RD Instruction 1944-I, can be downloaded from the following web-link: https://www.rd.usda.gov/files/1944i.pdf. Additionally, USDA Rural Development provides an overview and guidance for the Self-Help Housing Program in the USDA RD Handbook 3550 Appendix 13. Appendix 13 guidance includes an overview of the following:

- Overview of Self-Help Housing
- Application Processing Priority

- Self-Help Loan Application Packaging
- Environmental Reviews
- Appraisals
- Loan Approval and Closing
- Selecting a Contractor
- Construction Documents
- Sub-Contracts
- Administering Construction Funds
- Self-Help Inspections
- Post Closing Leveraged Loans/Grants
- Participant Withdrawal
- Construction Closeout
- Self-Help Take-out Loans
- Other Loan Financing
- Rural Eligibility Reviews

The T&MA Contractors

Rural Development contracts with four Technical and Management Assistance (T&MA) Contractors to assist operating and potential self-help housing grantees. This assistance ranges from staff and board training, grant management, and development of applications to 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.
- LIFT CAA fka Little Dixie CAA – covering Region II, the South-Central US, including the states of AR, KS, LA, MO, ND, NE, NM, OK, SD, TX, and WY.
- NeighborGood Partners fka NCALL – 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, and 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, and the Western Pacific.

Self-Help Training Handbooks

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

- Accounting for Individual Borrower 502 Loan Accounts Handbook
- Acquisition and Owner-Occupied Rehab Handbook
- Board of Directors Governance Guide
- Construction Supervisor Handbook
- Custodial Accounting for Mutual Self-Help
- Feasibility Handbook
- Financial Management Handbook for Federally Funded Organizations
- Group Coordinator Handbook
- Orientation Handbook
- Orientation for Grantees PowerPoint
- Pre-Construction Meeting Handbook
- Program Director Handbook
- Section 523 Self-Help Housing Application Training PowerPoint
- Section 523 Technical Assistance Grant Application Handbook
- Self-Help 502 Loans Guidebook
- SHARES Handbook

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.

The Three Partners: Rural Development, Grantee, and T&MA Contractor

This self-help housing program is operated as a partnership among three parties: USDA Rural Development, the grantee and the T&MA contractor. Our joint purpose is to work together to be successful and help the families qualify and build an affordable home. The T&MA contractor is a resource to the grantee and Rural Development with resources and examples on how the self-help program can succeed. They have several contract requirements that help to monitor the

progress and coordinate the activities. All three partners work together to plan and implement the regulated program.

Ingredients for a Successful Relationship

The following is a listing, it is not all-inclusive, of the ingredients necessary for a successful relationship. The ingredients hold true for many types of relationships, including friendships, employer-employee, business, 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 handbook. 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 help keep Rural Development adequately 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 a Rural Development 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 home loans and the grantee organizations 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, as per RD Instruction 1944-I, Section 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 disability, age, race, color, national origin, religion, family status, or sex of the head of household. The participating family must be approved for a Section502 RH loan or similar loan from other Federal, state, and private*

lenders that use income lines 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 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.

Other definitions used in the program have been developed. All relevant Instructions, Administrative Notices, Unnumbered letters, etc. are listed with website links and references in Appendix 1.

***Self-Help Housing Acquisition Rehabilitation**: A method by which a family utilizes their own labor to create a "cost savings" in a home that they are in the process of acquiring. Acquisition rehab programs can be proposed by a new grantee or a current grantee when applying for a grant renewal or as an amendment to a grant already in process. Grantees should establish "typical needed repairs" and subsequently consider the organization's cost of providing adequate cost saving to families in order to establish an appropriate Technical Assistance (TA) fee. An average projected minimum 'cost-savings' for the family should be established in the grant application or grantee's request for a grant amendment.* **Reference RD 1944-I link is listed in Appendix 1.**

***Self-Help Housing Owner-Occupied Rehabilitation:** A method by which a family utilizes their own labor to create a "cost savings" in a home that they currently own and reside in. Owner-occupied rehab programs can be proposed by a new grantee or a current grantee when applying for a grant renewal or as an amendment to a grant already in process. Grantees should establish "typical needed repairs" and subsequently consider the organization's cost of providing adequate cost saving to families in order to establish an appropriate Technical Assistance (TA) fee.*

An average projected minimum 'cost-savings' for the family should be established in the grant application or grantee's request for a grant amendment.

Reference RD 1944-I link is listed in Appendix 1.

Grant Application Overview

Applying for a technical assistance grant is a multi-step process. It starts with determining the eligibility of the proposed service area, as well as the eligibility of the applicant organization. The final application details all of the specific elements of delivering the proposed program; including management, construction and training of participants, cost analysis and staffing. Each year Rural Development issues a funding directive. In recent years the availability of funds has not met the need of agencies applying for grants. RD is authorizing new agencies to apply for funds in each fiscal year. Operating grantees are typically given funding priority. The National Office evaluates each application and does their best to fund all requests. For reasons of available funds, the predevelopment grant process has been suspended. Replacement or refunding of a current grantee can take place at any time during the year. A refund application can be submitted six months prior to the end of the current grant and provided they are rated as acceptable in the

evaluation a grantee can continuously reapply for a new grant.

The T&MA contractors provide assistance with the grant application process. To secure the assistance and get in line to be a replacement, the applicant grantee should contact the contractor in their area and send a letter of intent, which will need to be approved by the national and state offices involved. Each year Rural Development also provides instructions on the application, which is a composite of forms, narrative, budgets, and tables. Again, the contractors can provide the current list of application requirements and forms. They can work with the grantee to prepare a complete document for Rural Development to review and approve. Once submitted, they will also provide a review recommendation to RD.

Grant Approval

If Rural Development approves the grant, the approving official will, within 30 days after the grantee meets the requirements of 1944.411 and signs Exhibit A, the approving official will execute and distribute Standard Form 270 Request for Advance or Reimbursement. A link to the most version of this form is listed in Appendix 1.

Grant Obligation and Closing

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 that were incurred before that date. The RD State Director is authorized to execute the Agreement on behalf of the agency, or someone delegated by the State Director may sign.

Grant Agreement

The grant agreement is a very important document. By signing it, the grantee is agreeing to carry out the program as proposed and abide by the rules of Rural Development. It is crucial that the grantee's management personnel be aware of the requirements and terms it contains. A link to the Instructions 1944-I that has the Exhibit A, Self-Help Technical Assistance Grant Agreement is located in Appendix 1. Please take the time to read and understand it.

Grant Servicing

In accordance with RD Instruction 1944-I, §1944.417, the agency is responsible for monitoring and servicing self-help grants, which includes reviewing and acting on requests for extensions and other modifications to the grant agreement. NEVER LET YOUR GRANT AGREEMENT EXPIRE. If a grant period ends before an extension is approved, the grantee may be unable to draw remaining funds, and costs incurred after the expiration date may be unallowable. Requests for extensions should be submitted at a minimum of three months prior to grant expiration or once the need for an extension is determined. Rural Development staff are encouraged to work with the T&MA providers to ensure the self-help program's success. The servicing amount needed for each grant will vary; however, Rural Development staff are reminded that the T&MA providers assist the agency in monitoring functions and should coordinate quarterly meetings, site visits, etc. to ensure they support the agency in monitoring the grants.

Grant Closeout

When a grant ends, there is much to do in finalizing the project. The following is a description of all that is required to close out a grant.

Construction

Closeout cannot be carried out until construction is completed. This occurs when local officials and Rural Development personnel have done the final home inspections. 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 are 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 523 grant completion date, grantee records must clearly show that billings to the grant end on a specified date, which is on or before the grant completion date. 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, SF269A within 90 days of the grant completion date. Note: While RD Instruction 1944-I cites the SF269A, RD is currently using the Federal Financial Report - SF425.

Financial Report

Before the completion date, 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 often as the end date approaches.

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

Within 120 days after the grant ending date, submit a Financial Status Report (SF425 - Financial Status Report). The form must be submitted to Rural Development in an original 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 the organization's behalf. 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 120 days of the end of the grantee's fiscal year, grant period, or grant termination date. The audit is to be conducted in accordance with Generally Accepted Government Auditing Standards. The audit must also cover a sampling of the participants' 502 home loan accounts in addition to the 523 grant (1944.422).

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. If not resolved, the grantee

is in violation of the grant agreement which could jeopardize continuation of the grant and the future of their program.

Staff

Staff close 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 completion date, or their date of transfer to another assignment, whichever comes first.

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 participants' use.

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 participant's 502 loan accounts should have been closed out as their construction-related obligations are completed. 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. A sample 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 three 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 three years after final disposition.

2. When records are transferred to or maintained by the federal awarding agency, the three-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 grant completion date.

CONSTRUCTION LOAN AND GRANT BASICS

The participants are considered the general contractor and the owner of the home and property. Therefore, they would sign all contracts including the group membership agreement with the grantee, subcontracts, and materials (unless the authority is delegated to the grantee in the group agreement) warranties and provide insurance, such as builders risk and homeowners. The participants will contribute 65% of labor as it is a requirement for new construction and create a cost savings with labor in housing rehabilitation. The participants agree to hold the grantee harmless for any purchases, even though such purchases may have been arranged by the grantee on the participant's behalf.

502 Direct Loans for New and Rehab Construction

Applicant(s) must meet the following requirements:

- be low or very low-income
- be without decent, safe and sanitary housing
- be expected to meet, agree to occupy the property as your primary residence

- have the legal capacity to incur a loan obligation
- meet citizenship or eligible noncitizen requirements
- not be suspended or debarred from participation in federal programs

Properties financed with direct loan funds must: be modest in size for the area, not have market value in excess of the applicable area loan limit and not be designed for income producing activities. Borrowers are required to repay all, or a portion of the payment subsidy received over the life of the loan, when the title to the property transfers or the borrower is no longer living in the dwelling. The 502 direct loans may also be used for the self-help repair and rehab program. Please contact your local Rural Development office to ask for additional details about eligibility requirements. A link to a fact sheet on this program is listed in Appendix 1.

504 Loans and Grants for Housing Rehab

The Section 504 Home Repair program provides loans to very low-income homeowners to repair, improve, or modernize their homes or provides grants to elderly very low-income homeowners to remove health and safety hazards. To qualify, the applicant must meet the following:

- be the homeowner and occupy the house and
- be very low income

For homeowners 62 and over who cannot repay a loan, grant funds are available to remove health or safety hazards or remodel dwellings to make them accessible to a household member with a disability. Section 504 loans may not exceed $40,000. The 504 loans have an interest rate of 1% and a term of 20 years that is amortized on a monthly basis. Please contact your local Rural Development office to ask for additional details about eligibility requirements. A link to a fact sheet on this program is listed in Appendix 1.

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. These criteria are discussed below.

Many of the following items are mentioned again in this handbook 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 in new construction 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 grant application, the grantee is required to develop a plan to achieve 65% of the labor tasks.

New construction requires the mutual labor of the group participants. No one moves in until all are finished. In self-help rehab, the labor can be on an individual basis, and the labor is determined based on the project and the ability of the owner or licensing to do those tasks. The project is expected to create cost-savings and must have at least 10 hours per $1,000 of construction not including subcontracted labor.

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 disability, 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 1944-I. 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 occasionally a group of volunteers may help speed up construction or bolster group morale but should only be used sparingly. Grantees should formulate a plan on how, when, or if volunteers will be used. They should discuss all related challenges, such as if they are covered by insurance and how their

hours will be distributed.

Repair and Rehabilitation Cost Savings

Since it is difficult to determine equity in a rehab project, we measure the benefit to the home buyer in "cost savings." Not only can the job be done for less with family labor but in most cases the management of the project by the self-help grantee helps to successfully complete a project with all of financing, contracting and coordinating coordinated by the grantee. RD Instruction 1944-I, Exhibit K-2 provides the current direction on this:

> *Program participants should realize adequate cost-savings, as defined above, from family labor participation for a project to be undertaken by the grantee. As with the 'sweat equity' in the mutual self-help program which varies greatly from project to project; area to area; and from grantee to grantee, it is anticipated that the cost savings received in rehab projects will see similar variances. Cost savings is ideally realized through the amount of work the participant will be contributing but may be calculated utilizing an approved method.*

Technical Assistance (TA) Costs

When the application for your self-help grant was submitted your organization made 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 four methods allowed in the 1944-I Regulation (1944.407). (Three of these are used in new construction and one in rehab or repair.) By signing the grant agreement, Rural Development and your organization agreed that this specific amount of money would be paid to your group on a reimbursement basis for actual expenses. It is important to operate your program within that figure.

Budgeting is very important and is discussed in more detail later in this handbook 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.

Measuring 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. Production is one of the criteria rated at the end of a grant. If an organization does not receive an acceptable rating, its chances of competing for another grant are put at risk.

Production is measured by equivalent units. Equivalent units (EUs) represent the "theoretical number of units" arrived at by adding the equivalent percentage of completion figure for each family in the self-help program together at any given date during program operations. (See Appendix 3 for an illustration.) EUs are useful in measuring progress during the grant period and are not a fee for service or a measurement of actual expenses. They should be used to assess potential success of meeting the overall grant goals. They can be used for draws as a general way to have money on hand for reimbursement but should always be reconciled to actual expenses.

New Construction EUs are calculated as follows:

Phase I (Certified Eligible)	.1
Phase II (Loan Closed)	.1
Phase III (Construction)	.8
Total EUs	1.0

The family earns .1 EU when they become certified eligible. Once the loan closes, they earn another .1 EU. When construction begins, they begin earning the remaining .8 EUs. These are earned throughout the completion of construction and based on Exhibit B-2.

Acquisition Rehab EUs are calculated as follows:

Property acquisition – identifying and assessing feasibility of potential homes	.2 EU
Application – Closing/Inspections & Scope of Work/Pre-Construction Activities	.2 EU
Rehab Construction/Subcontractor & Inspection Coordination	.4 EU
End of Construction Punch List/Construction Completed/Loan Conversion	.2 EU
Total	1.0 EU

Owner Occupied Rehab EUs are calculated as follows:

Application Closing/Inspections & Scope of Work/Pre-Construction Activities	.2 EU
Rehab Construction/Subcontractor & Inspection Coordination	.4 EU
End of Construction Punch List/Construction Completed/Loan Conversion	.4 EU
Total	1.0 EU

Service to 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. 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. The application requires a planned outreach to attract eligible borrowers.

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 loan amount and appraised value 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:

1. The property costs, 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.
2. 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 $5,000 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 handbook but should be heavily considered by your organization for many reasons. The modest house provides 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. The home should be comparable to the local market for a starter home but must of course meet the square footage requirements of the local community or subdivision but not exceed the Rural Development maximum of 2,000 square feet. Most importantly you would want to have a house that is affordable for your customers and will hold its value.

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 many 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 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 used to negotiate savings with subcontractors and suppliers. Buying in bulk is a good way to save money. Keep in mind when buying in bulk you must be sure to track materials for each house separately.

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 original equity savings.

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

GRANT MANAGEMENT

The successful management of the Self-Help Housing Program calls for a degree of competency in handling and directing resources intended to accomplish its grant goals and defined objectives.

Management Basics

There are five basic functions of management. These functions are planning, organizing, coordinating, leading/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 involves setting goals, objectives, policies, procedures, assessing resources and developing action plans needed to achieve the purposes of the organization and the program. Typically, the entire team is involved on different levels of the planning process. 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. The organizational structure will expand horizontally and vertically with increase of functions.

Coordinating

The coordinating function brings together all program elements and helps the self-help team to work together in a more efficient way. Setting goals, developing strategies, implementing action plans, and getting the self-help team in the right place at the right time to carry out their tasks needs coordination. Communication and leadership are key ingredients of this function and when all activities at all levels are synchronized, the program will do better.

Leading/Directing

This function of management includes selecting, guiding, teaching, and supervising the self-help housing team. 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 on this function.

Controlling

This managerial function involves those activities that are necessary to make certain that grant goals and defined objectives are achieved as planned. Controlling means determining 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. 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. If the plans or standards are superficial or poorly conceived, the controlling function is severely limited in scope. The controlling function means not only ensuring that objectives are achieved, but also to take corrective action in case objectives are not being met. It also means revising plans if circumstances require it.

Contemporary management

These five basic management functions remain the foundation of modern management. Today, according to contemporary management methods, innovation and marketing are also two managerial tasks essential for business success. Current trends establish a correlation between high performance teamwork and strong leadership. Under this scenario, the outstanding manager focuses on strengths, looks for talented people, finds the right fit for the program and develops engaged employees that create a vibrant working environment that also leads to success.

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 grant goals and 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 EU production, time, and monetary goals.

It is important to recognize when actual spending and progress are out-of-sync 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 grant goals, defined objectives and key benchmarks. The key benchmarks are recruitment, land acquisition, loan packaging/closing, construction progress (including EUs), 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 during the early part of the grant is expected because of the purchase of tools and other start-up costs. When possible, try to spread out one-time expenses throughout the grant period to keep spending aligned with production. 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-to-actual and income-expenditure reports, look for changes that may need to be made in specific line items.

In evaluating the program operations status, consider the grant goals and progress of the current self-help groups, land acquisition, loan packaging/closing, construction, and commensurate expenditures. It is recommended 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 that when updated properly will help keep the Program Director aware of the grant's progress. The schedule should include proposed dates for starting and completing recruitment, loan processing and construction for each group of participants and/or each rehabilitation project. The activity schedule should cover the full grant period from the date the self-help agreement was signed until the end of the grant. While the schedule should reflect the entire grant period, it is important to understand that recruitment should begin long before the grant agreement is executed.

There are two management tools that can be used to help schedule activities and evaluate the program: The Implementation Schedule and the Critical Path Method.

The **Implementation Schedule** is a chart that breaks down the self-help process into specific steps and schedules these steps. It is both an indicator of progress and a tool to track progression. The schedule is usually a matrix that includes the major self-help steps: recruitment, loan packaging, loan closure, and construction. It provides dates for the completion of each step. Actual progress is then charted against the schedule by filling in the date each step is achieved. See Appendix 4 for a sample Implementation Schedule.

The **Critical Path Method (CPM)** is a useful management tool that can aid in scheduling activities and evaluating the self-help program. The CPM provides you with precise planning and scheduling by graphically showing each activity and its relationship with 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.

See Appendix 5 for a sample CPM plan and directions.

When should the monthly activity schedule be prepared? A tentative monthly activity schedule is necessary from the beginning when making preparation to apply for the grant application. It should then be finalized close to the 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, each team member 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 challenges 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, timeframes, and money. Intermediate goals are for each group of participants, recruitment, lot options, construction and loan dockets preparation, preconstruction meetings, and finally actual construction and after completion/conversion package. Short-term goals are a matter of defining the action plan for each group of participants. They should be specific, identify timeframes, targets and person(s) responsible, such as which staff person is responsible for recruitment of participants, site acquisition, construction documents and loan packaging. All this is also applicable to rehabilitation projects.

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 in which the subunits may be completed and which 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 feedback, a comparison of the schedule to actual progress, and a chance to make adjustments.

Possible Challenges

As with every program, there are definitely some pitfalls to try to avoid. The following paragraphs describe some of the most common challenges that may be encountered by self-help housing organizations. As the Program 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 land preparation.*** If more time than this is allowed to elapse without construction progress, it is almost guaranteed that the project will fall behind in EUs 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 challenges include finding eligible 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 challenges with credit that may need clearing up or they may have to find extra income to enable them to qualify. Keep in mind that many applicants require from six to twenty-four months to repair their credit and become mortgage eligible. 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 backup location should be on hand. Before the next participants are ready to close their loans, the unsecured land may still not be available.

Consecutive Grants

This grant program was originally designed as a two-year program that has a beginning

and an end. Traditionally, a grant was measured by completing a number of homes during that time period.

However, some grantees have found that construction is difficult to start and finish in a given time period and have elected for the **carry-over method**. Under this method, the two-year grant ends when the organization reaches the projected Equivalent Units, not necessarily a specific number of homes. The self-help team works on a continuous line of production to reach the projected EUs. This way, site acquisition, loan packaging and construction follow a more natural production course. Any work pending on unfinished homes is carried over and accounted for during the next grant. This method should only be used when the grantee can demonstrate that the homes will be finished in a subsequent grant.

No matter if the grant is done with completed homes or completed EUs, the next grant application should be submitted to Rural Development at least six months before the end of the grant.

There are many benefits to this method, but it also carries with it some risks and challenges. The benefits are that the grantees have more control of group size and more flexibility of construction start and end times. The risks would be mainly if a new grant is not funded and there are homes still under construction, leaving the grantee responsible for their completion.

Staff Meetings

An effective program management tool is the 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 program objectives and staff progress on a regular basis. 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.

In addition to the constant communication among staff to coordinate daily activities, time must be set-aside on a regular basis for the staff to meet and discuss all phases of the program and share any challenges they may be encountering, as well as potential solutions.

Typically, grantees meet on a weekly or bi-weekly basis. The time of the staff meeting may vary, but the need for regular meetings does not change.

The meeting should follow a consistent pattern to facilitate the review of work activities and ensure that nothing is omitted from the discussion. Having regular staff meetings will help your project avoid challenges that other agencies face. These meetings will help keep the Program

Director informed of what is going on with the program from all 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 challenges encountered.

Weekly or Bi-weekly Staff Meeting

a) All staff should come prepared to talk about their progress.
b) Review the work from the 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 challenges.
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.
    a. Establish work objectives for the month.
    b. Adjust production and/or expenses to achieve satisfactory per unit costs.

Construction Staff Meetings

There may not be a need to have 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 Program Director meets regularly to talk with the construction team (construction supervisor, superintendent, site coordinator) about what is going on with the suppliers, the subcontractors, the job site and bill paying. Even if the construction team 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 a regular basis:

- Materials needed
- Inspections scheduled
- Delivery challenges
- Subcontractor schedules and challenges
- Self-help participant labor
- Special tools needed
- Construction challenges, quality, schedule
- Review of invoices and delivery slips

- Check the cost control journal of each participant
- Payment of invoices
- Job safety

Keeping informed on these matters will help to avoid a wide range of challenges, 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 family bookkeeper. On the other hand, new self-help grantees may choose to have the construction supervisor give delivery slips to the 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.

Generally, larger organizations have separate meetings with loan packagers, construction supervisors, and site acquisition and development staff to discuss progress and issues in their respective fields of work.

Self-Help Participant Meetings

In addition to staff meetings, regular meetings with self-help participants are necessary to go over program requirements, progress, and any issues the group encounters during the time they are building their homes.

Pre-construction meetings are mandatory to prepare the participants for their role and responsibilities during the construction of their homes. Among the topics covered during these meetings are the Group or Individual Building Agreements, loan closing, insurance and property taxes, budgets, schedule, training, and others.

Regular meetings are also mandatory **during construction**. It is very important that the construction supervisor and the group worker schedule regular meetings with the self-help participants. The construction supervisor meets with the participants on a regular basis to give instructions, provide training, and go over participation, progress, issues, scheduling, and job safety. These meetings take place at the beginning of the workday or at least weekly at the construction site. The group coordinator may join in the meeting or hold a separate one to have families approve payments, sign checks if there are Supervised Bank Accounts (SBA) or Custodial and go over timesheets.

Grant Modification

Even the best-planned program may experience challenges over the two years of operation that will necessitate management adjustments. Challenges, difficulties, and acts of God, whether controllable or uncontrollable, must be assessed. Often, we concentrate on casting blame rather than promptly addressing and solving the problem.

If internal management, while keeping deliverables current, can address the situation, there is no need to amend the grant. 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.

The grantee and Rural Development must assess the seriousness of the situation and the impact on agreed upon grant deliverables. If the modification is deemed necessary, the State Director or an authorized representative shall execute an extension or revision of the grant agreement, Instruction 1944-I, Exhibit C. An extension period of up to 12 months can be approved at the State Office. Additional time in a no-cost and all for-cost extensions may be granted with the National Office approval. In either case, the need for the extension has to be clearly justified and the grantee must still operate within the requirements of 1944.407 “Limitations”. It is strongly recommended that the modification request be submitted a minimum of three months prior to the end of the current grant.

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

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 recurring problem needs to be addressed, a solution found, and remedies implemented. This will ensure faith in the organization’s management. In order to make a self-help housing program function as intended by Congress, Rural Development must provide adequate 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 challenges 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 adequate resources, support, and commitment toward

fulfilling the revised grant deliverables. Likewise, if a grantee staff member is the cause, this should also be addressed.

Some clues that grantees and Rural Development should assess if a grant modification is necessary:

- 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 overspending of the TA grant budget.
- Inability to secure or develop land for future groups or houses for rehab.
- 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.

The second step is 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 held 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 production).
- Assess the magnitude of the problem.
- Develop a list of realistic alternatives or strategies.
- Select the best strategy.
- Implement the 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 why's, what's, and how's of the situation. This package should include the following information:

- Narrative description of the situation, assessment, alternatives, and adjustment necessary with expected results and impact
- Rural Development amendment form 1944-I, Exhibit C
- Revised construction schedule
- Revised budget and draw schedule
- If additional funds are being requested, a new 1940-1 Request for Obligation of Funds must be signed and submitted.

Avoiding Future Modifications

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

Ongoing planning and monitoring are necessary to set direction, develop goals and objectives, adjust to changes, take advantage of opportunities, and meet challenges head-on. Maintaining good quality two- way communication with Rural Development is important. Ideally, there 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. 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 avoid 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.
- Monitor expenditures to keep EU production aligned with spending.
- Have strong and enforceable contracts to provide leverage to keep subcontractors

timely.

PROGRAM OPERATIONS

Building Group and Individual Membership and Labor Agreement

For all self-help groups, a Membership Agreement is required. Membership agreements are documents signed by each self-help participant agreeing to participate fully in the program and follow all of the policies and requirements set out by the self-help organization and Rural Development. This handbook contains a generic agreement for new construction that was developed in cooperation by the four T&MA contractors in 2022. It can be found in Appendix 6. The Group Coordinator Handbook contains other sample agreements developed by active grantees. It is recommended to use the agreement developed by the contractors; however, each grantee may customize the agreement based on their groups. Also, the sample Membership Agreements include a version for new construction and a version for rehabilitation.

Each participant needs to be given a copy of the agreement. They must read the document or have the document read to him/her, thoroughly understand it, and sign it. Conducting this at a pre-construction meeting works well. The participants must see the agreement as binding; that is, the rules and policies set forth will be enforced.

For new construction groups, this needs to include Exhibit B-2 of 1944-I. For rehab participants, the methods for valuing cost savings are found in Exhibit K-2 of RD Instruction 1944-I (see also §1944.407(d)).

The 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; what items are split costs 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 team 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 and inconsistent enforcement of the membership agreement.

For self-help rehabilitation projects, an Individual Participation Agreement is required. This agreement is signed by the 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. The enforcement of the agreement is key to the success of each project.

Site Acquisition and Development

For new construction, site control is a key ingredient of the program and the task of acquiring land 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.

Acquiring land in a timely manner is a critical, ongoing activity for your mutual 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 acquiring 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 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.

Land is sometimes individual scattered sites chosen by grantee or provided by the families or grouped in a subdivision or trust land. Ideally, having the lots close by can help with new construction efficiency and mutual production. Although rehab does not require mutual construction, having rehab projects nearby might lend to doing some of the common tasks e.g., exterior painting or porch repair among several homes. It certainly helps your Construction Supervisor's time to have multiple projects nearby.

Site acquisition and the site development process are unique processes 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.

An accurate site assessment is required to determine the current condition of the property as well as the potential costs associated with permitting and development. Using an effective checklist can help you to find the most suitable sites for your program. For sites with or without existing buildings, a link to HB-1-3550, Chapter 5, Appendix 1, Single Family Housing Site Checklist is in Appendix 1. Also, see Appendix 8 for vacant land, a list of land survey resources and a land analysis form.

When operating a Rehab Program, locating and obtaining existing homes that are sound and have the need for rehab or repair is imperative. Partnering with local realtors is one of the

best options for successfully doing this.

NIMBYism (Not In My Back Yard)

NIMBY is a term used to describe a group's desires to prevent certain land uses near their homes or communities. Although people have NIMBY attitudes about almost every type of development from shopping malls to school facilities, NIMBY commonly refers to citizen-directed actions aimed at preventing the development of low-income, affordable or supportive housing. Every community, no matter how small or large, how rural or urban, how poor or wealthy its population has citizens who object to the development of low-income and supportive housing next door. NIMBYism is often associated with zoning ordinances implemented by large urban jurisdictions; however, developers or rural low-income and special-use housing must also combat community opposition. In fact, it has been found that minimum density requirements and lot and unit size requirements, which can prohibit affordable housing development, are often higher in rural areas.

NIMBYism is about more than over-regulation. NIMBY attitudes are rooted in Americans' fears and suspicions of people who are different from themselves. The differences that trigger NIMBYism include race, income, source of income, national origin, ethnicity and family status. Unfortunately, many localities' zoning codes have institutionalized, often under the guise of protection of community environment quality, NIMBY attitudes. The NIMBY phenomenon not only hurts individuals and groups who are excluded from decent housing; it also prevents communities of all sizes from enjoying the benefits of diversity. Diverse communities offer a rich life experience and enhanced opportunity to live our country's best values. Unfortunately, NIMBYism is self-perpetuating. Communication is key to helping fight the issues that cause NIMBYism and to open the minds of those opposing changes to their world. They are fighting to hold onto their status quo, and change can be frightening. Two tools to help overcome their engrained beliefs are communication and education.

A good neighbor policy is a good start. A facilitator can help with group meetings and help to formulate a plan to both communicate and educate. Community engagement should begin early and happen often. Address legitimate concerns and be respectful of everyone's concerns. This should be done early in the planning process so that good ideas can be incorporated into the design stage.

Include the right participants; hold an open house for concerned citizens to meet the key players including your staff, architects, and developers—in a relaxed setting instead of in an unruly structured meeting.

Invite interested parties to view past developments so they can see firsthand what they can expect with your new project. It is interesting to see how surprised folks are, who tour a neighborhood of self-help homes and who realize these are nice family homes with great neighbors who care about each other and show pride of ownership.

Usually, your organization's development team will be working against the issues of NIMBYism; but, since the Program Director interacts with the public, you should be aware of this social dilemma.

Land Survey Criteria

Before Rural Development approves the use of a site, the lot has to meet certain requirements. The following is a list of Rural Development's criteria. (Rural Development only approves individual lots—not subdivisions!)

Rural Areas for Housing Programs

The most important aspect of Rural Development is that the site is in an eligible rural area. This is defined as being in open country and communities up to a population of 10,000 if it is rural in character, 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 35,000.

Five-year periodic rural area reviews are conducted, which may lead to rural area designation changes.

For more information on rural areas, including definition, exceptions, review criteria, and current property eligibility sites refer to Rural Area Designation: HB-1-3550, Chapter 5 Property Requirements. A link to the handbook is in Appendix 1.

Lot Size

The site must be of a size that cannot be subdivided into two or more adequate sites. 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.

The access street or road 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) or as per the local jurisdiction requirements.

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 system. In that case it must pass a percolation 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 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 onsite 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. These would be features that limit appeal or ability to develop such as flood plain, steep terrain, soil unsuitable for onsite 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 farmlands, 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 that 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. Many jurisdictions have a mapping and Geographic Information System (GIS) in place. If available, this is a very useful tool for your site search.

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. It affects the location of the house on the lot and water runoff. 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?

See Appendix 8 for a complete land analysis form.

Selecting the Site

After you complete the land analysis and survey 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 to select 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, superhighways, high-tension lines, factories, or sanitary landfills? Are the uses of adjacent sites compatible with the proposed project? Make sure there is water, sewer and other necessary utilities available to the site. Then, ask yourself if you would want to live there?

The site's physical characteristics 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 for the participants?

Financing Property Development

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. Purchase funds for the land come out of the participants' 502 mortgage loan. This is generally the best method for self-help.

A link to a sample option agreement, Form RD 440-34, Option to Purchase Real Property, can be found in Appendix 1.

Purchasing land

If your organization has access to other funding sources, 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 does not exceed the fair market value based on the appraisal. Interim financing is required if this is the route the organization chooses to take. The 523 grant funds are not permitted to be used for this purpose.

Interim financing

There are several sources of financing for site acquisition and development, including grants and loans. 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 that person 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 Federal Home Loan Affordable Housing Program (AHP) or Community Reinvestment Act (CRA) programs.

When considering funding to acquire and develop sites for your Self-Help program, Rural Development (RD) has the Section 523 Site Loan Program that may fit your needs. RD Instruction 1944-I, Exhibit F explains the program but has grown outdated. Currently, the regulations state that the RD National Office must approve requests that will exceed $10,000 which leads potential applicants to believe that a larger request isn't likely to be funded. Not true! The program has been historically underutilized, so the RD National Office will consider and has funded larger requests. The loan has a fixed interest rate of 3% and the repayment term will be the same as the remaining period of performance in the 523-grant agreement. Funds can be used to acquire and develop sites and can be repaid in one principal and interest installment. Typically, this program receives $5 million dollars annually so why not get your part of it! Additionally, RD has the Section 524 Site Loan where the funds can be used to acquire and develop sites for low- or -moderate income families that are not building in a self-help program. Again, the regulations note a loan of up to $100,000, however the RD National Office will consider and has funded larger requests. The loan term is typically 2 years, with a fixed market rate, established and published monthly. The Site Loan program is an excellent option to use to purchase acreage to establish 10 plus sites in one location with payments on the loan being made as each lot is sold.

Self-Help Homeownership Opportunity Program (SHOP)

SHOP awards grant funds to eligible national and regional nonprofit organizations and consortia to purchase home sites and develop or improve the infrastructure needed to set the stage for sweat equity and volunteer-based homeownership programs for low-income persons and families. SHOP funds must be used for eligible expenses to develop decent, safe and sanitary non-luxury housing for low-income persons and families who otherwise would not become homeowners. Homebuyers must be willing to contribute significant amounts of their own sweat equity toward the construction or rehabilitation of their homes.

Eligible Applicants include National and regional nonprofit organizations or consortia with experience in using homebuyer and volunteer labor to build housing may apply for SHOP grants. Applicants must have completed at least 30 units of self-help homeownership housing within the last 24 months. Eligible homebuyers must apply to participate in the SHOP program through a current SHOP grantee or one of their affiliates.

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 national and regional non-profit organizations have loan funds that can provide short term predevelopment loans. Other resources could be private and

corporate foundations, insurance companies, and cities and counties. See Appendix 11 for a list of alternative funding sources for site acquisition and development.

Environmental Reviews

USDA Rural Development 7 CFR Part 1970, RD Instruction 1970-A, Environmental Policies provides the requirements for environmental reviews. The purpose is to ensure that the Agency complies with the National Environmental Policy Act of 1969 (NEPA) and other applicable environmental requirements. The environmental policies and procedures contained in this part are applicable to programs administered by the Rural Housing Service (RHS). This guidance integrates NEPA with other planning, environmental review processes, and consultation procedures required by other Federal laws, regulations, and Executive Orders applicable to Agency programs.

Please reference the following link, RD Regulation, 7 CFR 1970, for the complete regulation. Also, keep in mind, it is the responsibility of the grantee to provide the necessary information to Rural Development to determine what type of review is required and to complete their review. Rural Development can guide you through the process.

House Plans and Green Building

New homes should be built according to approved house plans and specifications, and applicable building codes. Grantees should provide construction costs, certifications, inspection reports and suppliers and subcontractors' warranties to RD. The description of materials, Form Rural Development 1924-2, Description of Materials, should be completed for each home by the grantee. A link to this from can be found in Appendix 1.

Green Building expands the conventional intentions for designing and constructing a building that is economic, useful, durable and comfortable. According to the United States Green Building Council (USGBC), Green Building is "the planning, design, construction, and operations of buildings with several central, foremost considerations: energy use, water use, indoor environmental quality, material section and the building's effects on its site."

Incorporating green principles to housing contributes to a healthier environment by lowering the cost for maintenance, consuming fewer natural resources, using fewer toxic materials and generating less waste.

For information on energy savings policies as well as incentives and rebate programs that will benefit your homebuyers, contact your local utility companies, your local jurisdictions, your State's Office of Energy, and the federal Department of Energy. Some specific programs include the Residential Energy Efficiency Rebates, Energy Star, and Solar Systems. The type of financing available may be in the form of grants, loans, or tax credits.

Procurement Policies for Construction, Debarment, and Bidding

Selection of Subcontractors and Suppliers

Having policies and procedures for construction in place can facilitate the selection of the right subcontractors and material suppliers. Your policies and procedures document the vetting process. The criteria used to determine the best choice of suppliers and subcontractors are vital in the attempt to secure the best, most affordable option for participating families. Having selection policies in place will demonstrate the utilization of a fair process of selection for both the company providing the service and the homebuyer.

Selection criteria would include, for instance: experience, knowledge of applicable building codes ordinances, financial competency, references, clean background, quality of work/product, as well as compliance with licensing, insurance and Rural Development requirements that are discussed below.

Construction Licensing

Licensing requirements vary from state to state. Check with your state and local jurisdiction about their licensing requirements for contractors/subcontractors, the type and status of the license, and if the contractors/subcontractors are complying with licensing and/or registration requirements.

The contractor's license is evidence of performance, experience, and competency. It also provides protection to the consumers. Beware of unlicensed
subcontractors. They may be able to offer their services for a lower price, but they do not offer the warranties offered by a licensed contractor.

Typically, in self-help housing projects, the trades that are subbed out are electrical, plumbing, mechanical /HVAC, and concrete. Be sure to require all subcontractors to be licensed and ask them to provide proof of worker's compensation and liability insurance.

Grantees should explain how the program works to local jurisdictions and insurance companies. For self-help housing, each homeowner signs construction contracts, building permits and obtains the course of construction insurance. Homeowners are exempt from licensing and other requirements. Check into licensing, insurance and other requirements for your organization.

Warranties and Building Guaranties

The certification, Form RD 1924-19, Builder's Warranty, RD1924-19.PDF (usda.gov) or equivalent must be completed by the subcontractors and provided to the homeowners. RD Forms 1924-9 - Certificate of Contractor Release, (RD1924-0009_980100V01.pdf (usda.gov)) and 1924-10 - Release By Claimants, (RELEASE BY CLAIMANTS (usda.gov)) should also be completed with a copy kept in the participant's file. Links to the forms are provided above.

Certification Regarding Debarment and Suspension

The Section 502 Loan requires that subcontractors be screened for debarment and suspension in the Do Not Pay (DNP) system. When you provide the construction package to RD, they will screen the subcontractors, or you can ask them to screen them before this time to ensure a change in subcontractors won't be needed at the last minute.

Insurance

Organizational Insurance

Your organization should obtain and carry several types of insurance coverage in case of fire, theft, or burglary, etc. If automobiles are owned by the organization and used for business, corporate auto insurance coverage should also be obtained. If the organization just pays mileage or for rental cars, it usually means the employees must provide proof of insurance and a valid driver's license as a job requirement Self-help housing grantees should check with their insurance broker concerning other potential coverage such as construction and liability, directors and officers, cyber insurance, and other. It is allowable to charge the 523 self-help TA grant its fair

portion of insurance costs. A broker can shop a variety of insurance companies to help you obtain appropriate coverage from highly rated companies at the best rates.

Following are the types of insurance typically carried by grantees:

- *Directors and Officers/Employment Practices Liability Insurance*

This policy covers the cost of defending the board of directors and officers of your organization who can be personally liable for fraud or financial mismanagement or employment-related claims, which are the most common claims. Some exclusions are criminal behavior and claims between directors.

- *General Liability/Commercial General Liability Insurance*

A general liability policy insures your organization against "slip-and-fall" claims brought by a customer, vendor or visitor who is injured on the organization's property. It also addresses personal and advertising damage claims. This policy excludes employees, who are covered by workers' compensation insurance.

- *Professional Liability/Errors and Omissions Insurance*

This policy covers an organization for services that are considered professional in nature, including educational, counseling, and related areas. This policy also addresses discrimination or sexual harassment claims, and covers directors and officers, staff, and volunteers.

- *Property Insurance*

This policy protects building(s) that your organization occupies, including fixtures, equipment, furniture, computers, inventory, and supplies. It covers risks such as fire, earthquake, vandalism, storms, or comparable events. Make sure that the policy covers the replacement value as well as theft coverage and flood insurance.

- *Worker's Compensation Insurance*

Worker's comp is required by law, and laws vary from state to state. This coverage addresses injuries to your employees at the job site and generally covers medical bills, disability, and death benefits for injured workers.

- *Volunteer Accident Insurance*

Typically addressed by a standard general liability policy, this insurance covers minor injuries to volunteers. Make sure that it is not excluded from your policy.

- *Auto Insurance*

If your organization owns a car, you need a commercial auto policy. Liability protection for non-owned vehicles should also be considered when employees rent a car or use their own

car for work-related activities. If employees are driving for work, the personnel policy should have a job requirement of providing a current license and basic insurance.

- *Fidelity Bond Coverage or Employee Dishonesty in the Liability Policy*

Rural Development, the funding source, requires that grantees carry fidelity bond coverage on all employees and officers that have access to funds and are involved in financial operations. The bond amount should be at least equal to the maximum amount of funds from any and all sources that the grantee will have in its possession or control at any time, including funds in bank accounts. A minimum of $250,000 is advised.

- *Employee Dishonesty*

Funding sources require this coverage. It is also known as crime coverage or crime bonds and helps to replace funds stolen by an employee. Strong risk management policies in place can prevent this from happening.

- *Cyber Liability*

Any organization has the risk of experiencing cyber theft. This includes employee data, confidential client data, and more can be accessed on computer servers, desktops, and laptops. The coverage also addresses stolen laptops and paper document exposures.

Self-Help Participants Insurance

- *Builder's Risk or Course of Construction Insurance*

The Homeowner (self-help participant) obtains insurance for the house during the time that is being constructed. The policy covers the structure and materials, excluding land value. Generally, it covers damage from fire, theft, vandalism, and other. Some exclusions include earthquakes, water damage, and

professional liability. It is important to be familiar with its terms, limitations, and exclusions.

- *Homeowners Insurance*

As soon as the home is completed, and as required by the lender, the Homeowner (self-help participant) obtains a standard policy that covers two areas: property and liability. Generally, it covers damage from fire, theft, vandalism, and other. Some exclusions include earthquakes and floods. It is important to be familiar with its terms, limitations, and exclusions.

Subcontractors, Vendors, Consultants, Suppliers

Subcontractors and other vendors are required to have their own insurance.

REQUIRED REPORTS AND MEETINGS SHARES

Quarterly, the grantee must submit RD Instruction 1944-I, Exhibit B and/or Self-Help Automated Reporting and Evaluation System (SHARES) report equivalent to the Rural Development staff assigned with grant oversight, as well as to their regional T&MA provider. SHARES 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 Program Director or Group Coordinator. This allows participant grant information and reports to be generated and printed. Data will need to be entered on a regular basis since Rural Development personnel and the T&MA Contractor will be reviewing this data for monitoring, reporting, and statistical information. Your T&MA Contractor will be using the information in the database to print a monthly report.

There is a considerable amount of information that will need to be entered into this system by the person designated by the Program 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 a handbook dedicated to training for the use of this system. Request one from your T&MA Contractor if your organization has not yet received one.

Monthly Reports

A report using SHARES will be reviewed by the T&MA contractor and all levels of Rural Development. This report will contain information on the grantee during the preceding month and will be based on information that has been entered from the grantee's office. The report information includes 523 grant money spent, status of recruitment, land development, construction progress and preconstruction meetings. This report needs to be completed by the 5th of every month. Additional monthly reports and/or meetings may also be required if the grantee is placed on high risk or there is a problem identified for the program.

Quarterly Reports

Rural Development is responsible for the fiscal and programmatic monitoring of Self-Help grantee's activities. Rural Development is also responsible for the regular monitoring and evaluation of a grantee's accomplishments, challenges, and timetables. A copy of the quarterly report will also be viewed by the T&MA contractor for an assessment of the grant's progress. The report can be generated using SHARES for new construction or completed using RD Instruction 1944-I, Exhibit K - Evaluation Report of Rehabilitation Self-Help Technical Assistance (TA) Grants.

Rural Development monitors the grantee's quarterly reports. Grantees should also use their quarterly reports as an assessment instrument. This report can now be completed by using SHARES for most new construction projects. Alternative reporting is authorized for rehab as are quarterly reports for new construction that cannot be easily recorded in SHARES. These alternatives can be discussed with RD and your T & MA Contractor.

The report must be submitted on time and error free to the Rural Development office responsible for oversight of the grant by the 15th of the month following the calendar quarter. (January 15, April 15, July 15, and October 15). A copy of the quarterly report will also be viewed by the T&MA 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, T&MA contractor, 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 very low-income participants; equivalent units in line with time elapsed in the grant; spending at a rate similar to production; 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.

Tracking Progress by Equivalent Units (EUs)

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:

(Families)	(Phase %)	= (EUs)
(12) x	(.20)	= (2.40)

Role of Quarterly Review Meetings

The quarterly report is an important tool for the assessment of a grantee's progress. Review meetings increase effective communication, reduce potential challenges, allow for crucial goal setting, and enable up-to-date monitoring of the self-help program.

Review meetings should include Rural Development grant manager, appropriate state and/or local 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 hold these review meetings quarterly. If held quarterly, the grantee's progress can be properly monitored, enabling the grantee to avoid some unnecessary problems.

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. Everyone attending the meeting 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 is required to present an update on progress and challenges. A sample agenda for Quarterly Review Meetings is shown below.

Sample Agenda

1. Minutes or notes read from the previous meeting
2. Grantee progress report, grant-by-grant, group-by-group
3. Revision/update of grant schedule per group
4. Review TA costs, EUs, etc.
5. Resolution of problems

6. Additional items
7. View self-help homes
8. Set next meeting date

T&MA Contractor's Review and Quality Control Assessment

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, the Board of Directors is required to conduct a self-help program evaluation. There is a sample in 1944-I that can be used (Exhibit E), or the grantee may create their own. 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.

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.

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

The grantee may request a review of the evaluation with the Rural Development grant manager. This review is for clarification of the material and to dispute the findings if they are known to be wrong.

Preconstruction Meetings

Prior to construction starting, the grantee will meet with the building groups or individual rehab owner builders to educate them on such topics as homeownership, the Rural Development financing, the Building Agreements, insurance, and the construction process including safety. There are 14 suggested topics for pre-construction and two for construction in the Group Coordinator Handbook. See Group Coordinator Handbook for the sample Pre-Construction Meeting Agendas.

FINANCIAL MANAGEMENT

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

523 Fiscal Grant Management

All financial management and administrative requirements for the Self-Help Housing Program are governed by **2 CFR Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)**. These regulations replaced former OMB Circulars A-110, A-122, and A-133 and establish the standards for financial management, internal controls, procurement, and audit requirements for federally funded programs.

Financial Certification

The T&MA contractors are required to review the financial systems during the application process and later certify that those systems meet the grant requirements. This certification must be completed within 120 days of receipt of the grant agreement by the T&MA contractor. Each contractor handles the process of certification slightly differently, but the result is the same in that a letter is generated to Rural Development with a copy to the grantee of the review results and any corrections that should be made to be in compliance with the financial standards in the grant agreement. The goal of the review is to determine that internal controls are in place, that the funds for both the grant and the loans are traceable and used for appropriate purposes, and the reports are accurate and timely. Grantees can receive technical assistance to meet these standards, and Rural Development can expect that proper systems have been reviewed and are in place for management of the funding.

Cost Allocation

Responsible accounting relies on the fair and equitable allocation of costs. The term cost allocation is used as a general label for the prorating of various costs to cost objectives, such as programs, departments and/or funding sources. There are two primary methods of allocating costs that must be considered when structuring your accounting system: **direct** and **indirect**. It is the responsibility of each grantee that receives funds from multiple sources to receive approval of its cost allocation method. Once a cost allocation method is approved and adopted, it must be followed consistently. Consistency will ensure that costs charged to government-supported projects are charged fairly, equitably and in a uniform manner to all funding sources of the organization.

The **direct method** of cost allocation requires that all costs be directly attributed to a funding source. The simplest example of this is when an organization has one funding source or program, and all costs are paid by that program. An organization with two or three funding sources can still use the direct cost method as long as each funding source pays its fair, prorated share of all costs. Cost allocation is fundamentally a task of linking costs with one or more cost objectives such as programs or funding sources. However, benefits received for common or shared expenses such as rent, equipment rental, supplies, and other administrative costs, cannot be easily linked with one specific funding source. A cost allocation "base" must be chosen for each type of expense that will determine the amount of each expense to be prorated to each funding source. Such a base is the common denominator used to trace the cost(s) in question to the cost objective.

The **indirect method** of cost allocation involves pooling those costs that benefit the organization as a whole but whose benefit to specific programs is difficult to determine. These "indirect" costs can include audit, accounting, depreciation, corporate insurance as well as the salary and fringe benefits of indirect personnel. Some organizations also include administrative costs like rent, utilities, and telephone in this pool. These costs will appear as one line item called "indirect cost" on the organization's financial statements. With the indirect cost method, these costs are reimbursed based on an organization's approved indirect cost rate. An indirect cost rate is simply a device for determining what proportion of the shared/general expense (indirect costs) each grant/program should bear. Direct and indirect costs are described in the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2CFR200.413 and .414).

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2CFR200.414) includes a new indirect cost rate option for federally funded entities who have never received a negotiated indirect cost rate in the past. These non-federal entities may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. This new rate must be used consistently for all federal awards until the non-federal entity chooses to negotiate for a rate with a cognizant agency, which they may do at any time.

A more complete explanation, example, and regulation guidance can be found in the Financial Management Handbook. The key concepts for the Program Director to

know are that the program is restricted in what can be expensed, required management of the funds, and that all must be reviewed and approved by RD, the grantee cognizant agency, and the T&MA contractors.

Bank Account

Upon receipt of the initial advance of grant funds, you must deposit the funds in an FDIC insured institution, preferably one that is minority or woman-owned. If the balance in this bank account exceeds the FDIC limit of $250,000, ask your bank for a letter of collateralization to protect the funds in excess of that limit.

The bank account into which the grant funds are deposited must bear interest. Interest earned on federal funds up to $500 per year may be used by the grantee for administrative expenses. Once interest earned exceeds $500 in one year, you must forward the amount in excess of $500 to the Rural Development District Office on a quarterly basis. An exception to this can occur when the grantee submits funding requests on a reimbursement basis. Advance payments of Federal awards must be maintained in interest-bearing accounts in accordance with 2 CFR §200.305(b)(8) with a few exceptions which are listed in RD Instruction 1944-I, §1944.411 (g) (1)-(4).

At least two officials covered by your organization's fidelity bond/employee dishonesty insurance must sign all checks issued from TA grant funds. All approved check signers should be approved by your Board of Directors. It is a good idea to have at least three persons authorized to sign checks. This makes it more likely that two signers are available when they are needed in a hurry. Only pre-printed and numbered checks should be used.

Financial Reporting

RD Instruction 1944-I specifies what reporting forms are required for grantees to summarize expenditures made and to request advances of funds. This is a grant reimbursement program, not a fee for service, so only actual expenses are allowed to be billed to the program. This applies to both rehab and new construction administrative activity.

A Request for Advance or Reimbursement, Form SF 270, must be completed and submitted to the Rural Development grant manager. This form is used to notify Rural Development of the amount of grant funds used during the previous time period, the amount of unspent funds on hand, and the projected need to cover expenses for the next month if an advance is allowed. T&MA contractors recommend that a budget to actual report accompany the request for the 523 draw, which would reconcile the previous payment and give an up-to-date picture of the grant's financial status.

Self-help grantees are encouraged to use some kind of tool to determine the financial status of their grant program internally 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)

RD 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 in the instructions that a sampling of the loan accounts be audited with the organizational audit. This may require an addendum to the usual contract for the audit, and it is important to have a written comment in the audit or a separate letter on the review. The review is to check that proper accounting and documentation is being provided for the family funds.

The method of handling accounts varies throughout the country. An organization may use either custodial or Supervised Banks Accounts (SBA) after being reviewed by the T&MA contractor and approved by Rural Development. Generally, the custodia/SBA method is only allowed for grantees after their first grant period.

Custodial Accounts

Many Self-Help programs utilize custodial accounts to manage construction funds for participant households. Under this structure, the grantee maintains administrative oversight of the account, while Rural Development authorizes disbursements in accordance with approved draw requests. The use of custodial accounts strengthens internal controls, ensures compliance with federal financial management standards, and reduces risk to both the grantee and the participant. Grantees are responsible for maintaining accurate records, invoices, and documentation for all transactions, and for ensuring that expenditures align with approved construction activities and budgets.

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. The second step 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 documentation related 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. The draw procedure should be coordinated with Rural Development office and comply with the method of ordering as a reimbursement or advance, frequency, and provide a method for reconciliation/approval of the payments by Rural Development and the builders.

Cost Estimating

A key to the accounting for the individual participant loan funds is an accurate cost estimate for the self-help house. Previous jobs, bidding, anticipating industry cost increases and a small contingency all help to make it the best estimate possible.

Subcontracted Work

Virtually all self-help housing programs subcontract out certain of the more technical tasks in the construction of the houses such as electrical and HVAC.

Purchasing House Materials

The suppliers should be required to set up individual accounts and maintain separate billing records for each participant. If the materials are purchased in bulk, it is recommended that the splitting of expenses is described in the Building Agreement, so the families and Rural Development understand the process and the system is fairly applied.

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 prior to signing.

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 or the custodial account**. No materials invoice should be paid unless it has both the purchase order or approved for payment authorizations and the delivery slip or written documentation that the items were received and in good condition 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 or requests for payment 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 if using the SBA method. **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 countersignature. The Rural Development office will return the signed checks to the grantee for mailing to the proper supplier.

With custodial bill paying, the grantee is responsible for paying vendors using the 502 loan funds deposited into a restricted corporate bank account identified as funds held in trust for the participant families. The authorized check signers are staff and/or board members of the organization (usually the same ones as those authorized to sign corporate checks). However, no checks should be issued without authorization from the families to process those payments. The families indicate authorization by initialing invoices to be paid and in some cases also initialing a copy of the budget to actual report for their construction loan. In setting up this system, it is also determined in advance of implementation whether Rural Development will authorize payment of invoices as part of the draw request or see the accounts payable prior to the payment of the bills.

Payments should be scheduled in order to take advantage of discounts and maintain the line of credit extended by the suppliers. Suppliers should be notified of the cut-off date for invoices for payment.

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 independently for their houses.
- 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.
- Expenses should be individually billed as much as possible.
- **Never** deposit participants' checks into the TA grant account or pool participant loan funds in an association checking account.

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; appraisal, surveying, environmental, tax monitoring, and other technical services; and personal liability insurance fees for Mutual Self-Help Housing borrowers.
- The cost of providing special design features or equipment, when necessary, because of 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 Rural Development loans are 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

There are many factors that determine the staffing patterns of a self-help agency (e.g., budget, current positions, size of the organization). Typically, a staff has four major program functions: program oversight and management; group development/loan packaging, construction supervision; and management of grant and construction funds. These functions may result in several job positions such as an Executive Director/Program Director, Group Coordinator, Bookkeeper, and Construction Supervisor. If it is a larger grantee these functions can be split into multiple job positions (e.g., there could be a Group Coordinator and a separate Loan Packager; Construction staff may have an overall manager and individual site supervisors). The great thing about the program is that it allows for a variety of staffing patterns but key to all is to be sure that responsibilities are clearly spelled out.

Typically, a smaller program might have these responsibilities assigned to an **Executive Director** who 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 governing board and is their contact person(s).

The **Program 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
- Daily administration of the self-help housing program

The **Group Coordinator** typically does most of the participant recruitment and loan packaging 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** duties include but are not limited to the following:

- Handling the Section 523 grant funds
- Annual and quarterly financial reports
- Maintain participant 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

See Appendix 10 for more thorough job descriptions.

Required 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 the policies 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. According to 1944-I an organization's personnel policies need to be submitted with the application. The T&MA contractor will typically review them as part of the Application ensure that they meet all of the federal requirements.

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 for updates and rewrites. This review will ensure 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 or professional human resources consultant and approved by the governing board. 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.

Employment Compliance and NondiscriminationFederal 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.

Fair employment laws require employers to ensure that all employment practices are free from discrimination and that individuals are hired, promoted, and retained based on their qualifications, abilities, and performance. The term equal employment opportunity reflects this principle, ensuring that all applicants and employees receive fair treatment in every aspect of employment. Employers are expected to take reasonable steps to identify and correct any discriminatory practices and to maintain policies that promote compliance with applicable federal, state, and local laws. Written policies and procedures that outline these compliance measures help organizations demonstrate adherence to equal employment and nondiscrimination

requirements. 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 ensure 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, 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 / Program Director and maybe the Group Coordinator. In some instances, if there is a Construction Manager overseeing site supervisors, that position may also be exempt.

It would also seem that the 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 position work more than 40 hours in a work week, 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)(l) 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 non-profits 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, 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 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."

Drug Free Workplace

The self-help program requires that all employees and those on-the-job site (e.g., family builders, subcontractors, and volunteers, observe the drug free workplace policies assured in the application, the personnel plan, and the Building Agreement).

Family and Medical Leave Act (FMLA)

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 employee's 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 personnel are adopting this regulation anyway as a benefit and courtesy to their employees.

Americans with Disabilities Act

The Americans with Disabilities Act is also a requirement that must be addressed for not only employees in the personnel plan but for applicants in the loan processing. The requirement also is a compliance component of the Civil Rights assessment conducted by Rural Development managing official and takes in both the

Applicant's record of the program and the physical accessibility of the office to receive applicants and/or accommodate employees.

Sexual Harassment

Federal law now requires that harassment on the job is prohibited and a method of making a claim be included in the Personnel Plan. In addition, staff, especially managers, are required to have certified training once a year.

Immigration and Nationality Act

All employers are required to comply with the Immigration and Nationality Act. Each

employee must provide the documentation to certify that they are eligible to work in the United States. This documentation should be a part of the hiring process and kept on file with whoever maintains the confidential personnel records.

Recommended Personnel Laws

There are many other laws that govern the work that a self-help housing organization does. The Sarbanes Oxley Financial Reform Act was passed to correct the accounting and financial misrepresentation of corporations. Some of these reforms apply to non-profit personnel policies by either good practices, public law or compliance with questions now raised by the Internal Review Service form 990 filed annually for non-profits to maintain their status. A link to the blank form is provided in Appendix1.

Document Retention and Preservation

This policy would address the concern that employees are prohibited from destroying documents involved in an ongoing investigation. The organization's accounting manual should further identify which documents should be kept and for how long. In the self-help regulations, the grant records should be kept for at least three years from the end of the grant financial reporting date. Most grantees keep employment records for at least seven years. There may be state laws requiring additional restrictions.

Conflict of Interest

Although the grant agreement and 1944-I speak to conflicts of interest in nepotism, financial benefit, and prohibited expenses, it is important to define these more clearly in the personnel policies. It is very difficult in a small town to not have overlap between the program and some of the vendors or employees. Sometimes it can be handled with a statement of full disclosure and a consistent application of the rules. A declaration of interest can be used to identify any potential conflicts by both employees and board members. Such things as restricting outside employment to non-conflict situations are also another way of identifying and preventing a conflict of interest.

Confidentiality

The information on the builders and the organization is confidential. The staff should be trained in practices which maintain confidentiality such as not leaving applications open on a desk or emailing a loan file without encryption. Corporate documents should also be protected. Personnel files should be kept under lock and key, and employees should only have access to their files, not others. Given our electronic age this is more difficult but limiting the use of

computers for personal reasons may help to prevent cybercrimes of confidentiality.

Whistleblower

Whistleblower policies prohibit any retribution or dismissal for those who report violations of the organization to a monitoring or regulatory agency.

Auto

If employees are driving for work, the personnel policy should have a job requirement of providing a current license and basic insurance.

Ten Most Forgotten or Ignored Policies by Non-profit Corporations

From the contractors' perspective of providing technical assistance to non-profit housing organizations, often we find that there are a number of policies that are forgotten, ignored, or never developed. With the many demands that face non-profit 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 procurement and 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 LAWS

Fair housing is an extremely important issue that needs to be discussed when working with a self-help program. It effects every staff position within the program. Training in this area is crucial in treating participants fairly and helping the self-help organization remain in compliance with federal laws. The following chapter will describe some of the laws that govern fair housing, provide necessary guidance, 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 to avoid violating them. Awareness of the laws and their penalties serve as a deterrent for those who might abuse them. Fair housing education protects housing providers from violating laws simply because of a lack of knowledge.

The Fair Housing Act

There are seven federally protected classes under the Fair Housing Act:

1. Race.
2. Color.
3. National origin.
4. Religion.
5. Sex.
6. 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).
7. Disability.

The Fair Housing Act (the act) covers most housing. In very limited circumstances, the act exempts owner-occupied buildings with no more than four units, single-family houses sold or rented by the owner without the use of an agent, and housing operated by religious 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 (7 CFR 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 within the past year, 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 grantee's 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 disability:

- 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 their homes by suggesting that people of a particular protected characteristic are about to move into the neighborhood (blockbusting).
- 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 disability:

- Refuse to make a mortgage loan or provide other financial assistance for a dwelling.
- 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.
- Condition the availability of a loan on a person's response to harassment.
- Refuse to purchase 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.
- Retaliate against a person who has filed a fair housing complaint or assisted in a fair housing investigation.
- Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or disability. 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 disabilities. 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.

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 the implementation of the law and how the laws work for them. Home seekers need to know when housing providers are discriminating against them and have the ability 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, and providing housing in a way that allows all residents in the community to grow in understanding, spirit, and community.

Fair Housing Marketing

Fair Housing Marketing Plan

Under current USDA Rural Development regulations, grantees participating in Self-Help Housing programs must ensure that all marketing and outreach activities are conducted in compliance with applicable federal fair housing and nondiscrimination laws. While a separate Affirmative Fair Housing Marketing Plan (AFHMP) is no longer required for most Rural Development programs, grantees are still responsible for ensuring that information about available housing opportunities is broadly distributed and accessible to all eligible applicants within the market area.

Marketing efforts should utilize media and community networks that reach the general public and reflect the diversity of the area being served. Advertising and outreach materials must be accurate, inclusive, and free from discriminatory language or imagery. All marketing activities should be documented to demonstrate compliance with fair housing standards and transparency in applicant selection.

USDA Rural Development staff may review grantee marketing and outreach practices as part of their oversight responsibilities. Any deficiencies identified during review must be corrected promptly to maintain compliance. Approved marketing and outreach materials should be displayed in a visible public location, accompanied by the required USDA Fair Housing and Equal Housing Opportunity posters, as applicable.

Fair Housing Advertising and Nondiscrimination Requirements

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. Note: As of USDA Procedure Notice 641 (May 23 2025), the requirement to submit an Affirmative Fair Housing Marketing Plan (AFHMP) for certain Single-Family Housing programs has been removed. However, all advertising and marketing activities must still comply with the Fair Housing Act and display the Equal Housing Opportunity statement or logo as appropriate.

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, and adult building.

(b) *Words indicative of race, color, religion, sex, disability, 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) *Disability* -- crippled, blind, deaf, mentally ill, retarded, impaired, disabled and physically fit. Nothing in this part restricts the inclusion of information about the availability of accessible housing when advertising dwellings.

(7) *Familial status* -- adults, children, singles, mature persons. Nothing in this part restricts advertisements of dwellings which are intended and operated for occupancy by older persons, and which constitute housing for older persons as defined in Part 100 of this title.

(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, disability, familial status, or national origin.

(d) *Colloquialisms*. Words or phrases used regionally or locally which imply or suggest race, color, religion, sex, disability, 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 a 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 or inconsistent use of equal opportunity slogan or logo*. All advertisements regardless of geographic area or medium should display the Equal Housing Opportunity logo clearly and consistently. Selective or inconsistent use, such as including the logo or statement in some advertisements but omitting it in others or applying it only to specific properties or platforms may suggest unequal opportunity or exclusion of certain audiences. This requirement applies equally to

printed, broadcast, and digital advertising, including websites, email campaigns, and social media platforms. When space is limited, the Equal Housing Opportunity slogan ("Equal Housing Opportunity") may be used in place of the full statement or logo, provided it remains legible and visible.

(c) *Selective use of human models when conducting an advertising campaign*.

Human models and images used in advertising should accurately reflect the diversity of the housing market area, including persons of different races, ethnicities, ages, genders, family types, and persons with disabilities. Advertising campaigns must not use human models, photos, or illustrations in a way that implies housing is available only to, or preferred for, a particular demographic or family type. This includes ensuring that campaigns using models are distributed across media serving all segments of the community and not limited to outlets catering to a single racial, national origin, or demographic audience. The same standard applies to digital or social media advertising: targeting tools must not exclude protected classes through algorithmic filters or demographic criteria. Imagery should promote an inclusive message that all qualified persons are welcome to apply, rent, or purchase regardless of race, color, religion, sex), disability, familial status, or national origin.

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 implemented:

(a) *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, disability, familial status, or national origin. The Equal Housing Opportunity logo or slogan must be clearly visible on all marketing materials, including print, online, and social-media ads. Also required is the inclusion of the current USDA Nondiscrimination Statement on all printed materials, websites, and electronic publications related to its programs. 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 (see proceeding section) indicates suggested use of the logotype, statement, or slogan and size of logotype. Table II (see proceeding section) contains copies of the suggested Equal Housing Opportunity logotype, statement, and slogan.

(b) *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, disability, familial status, or national origin. If models are used in display advertising campaigns, the models should be clearly defined 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, disability, familial status, or national origin, and is not for the exclusive use of one such group.

(c) *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.

(d) *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.

1. *Clients.* All publishers or advertisements and advertising agencies should post a copy of their nondiscrimination policy in a conspicuous location wherever persons place advertising and should have copies available for all firms and persons using their advertising services.

2. *Publishers' notice.* All publishers should publish at the beginning of the real estate advertising section a notice such as that appearing in Table III (see proceeding section). The notice may include a statement regarding the coverage of any local fair housing or human rights ordinance prohibiting discrimination in the sale, rental or

statement regarding the coverage of any local fair housing or human rights ordinance prohibiting discrimination in the sale, rental or

financing of dwellings.

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
½ page or larger	2 x 2
1/8 page up to 1/2 page	1 x 1
4 column inches to 1/8 page	½ x ½
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 sized 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, disability, 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 a marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, disability, familial status, or national origin.

Equal Housing Opportunity Slogan: “Equal Housing Opportunity.”

Table III

Illustration of Media Notice–Publisher's Notice: All real estate advertised herein is subject to the Federal Fair Housing Act, which makes it illegal to advertise "any preference, limitation, or discrimination because of race, color, religion, sex, disability, familial status, or national origin, or intention to make any such preference, limitation, or discrimination."

We will not knowingly accept any advertising for real estate which is in violation of the law. All persons are hereby informed that all dwellings advertised are available on an equal opportunity basis.

Display of Fair Housing Posters

Participants in Rural Development (RD) housing programs are required to display the official Equal Housing Opportunity (EHO) Poster in a conspicuous location to inform applicants, tenants, and the general public of their rights under the Fair Housing Act. The following standards apply under 7 CFR 1901 Subpart E and HUD 24 CFR 110.15. The EHO Poster must be displayed in English at all required business and project locations. Where a significant portion of the service area population is Spanish-speaking, RD encourages, but does not require, posting a bilingual English-Spanish version of the poster to ensure effective communication. Digital or electronic posting of the EHO Poster on websites, social-media pages, or public kiosks is encouraged as a best practice to improve accessibility and visibility but does not replace the requirement for physical display at the sites listed below.

programs• All business offices, model homes, and construction sites for new single-family housing subdivisions until all dwellings are sold or occupied. The business office, model apartments, and construction sites of new multifamily housing projects. For existing multifamily projects, the poster must be displayed in the business or management office. All business offices of real-estate agents, brokers, auctioneers, and dealer-contractors conducting business with USDA Rural Development under its rural housing programs. Other Applicable Laws

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

HUD: http://www.hud.gov/ USDA: http://www.rudev.usda.gov/

- Federal Fair Housing Act.
- Title VI of the Civil Rights Act of 1964.
- Section 504 of the Rehabilitation Act of 1973.
- Section 508 of the Rehabilitation Act of 1973.
- Age Discrimination Act of 1975.
- Title 24 CFR Subpart A – Fair Housing.
- Title II of the Americans with Disabilities Act of 1990.
- Title III 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 (CFR 1901.201/2).
- Title VIII (additional protected classes: sex, religion, disability & familial status).
- Title VI nondiscrimination agreement (CFR 1901.202(d)).
- Record keeping requirements: racial & ethnic data (CFR 1901.202(g)).
- HOME Grants, although not a civil rights law they are a major HUD source of Federal Financial Assistance in housing.
- USDA Departmental Regulation 4330-002 (USDA Civil Rights Policy)
- USDA Nondiscrimination Statement (2023 update, applies to all program materials and publications)

An organization building five or more units and receiving Federal Financial Assistance from one contracting authority, such as USDA, may be covered by several other non-discrimination 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."

Participant Selection and the Membership and Labor Agreement

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

Two of the most important ways to ensure proof that you are following all applicable fair housing laws are consistency and documentation. In your program, is there written selection criteria and are these criteria consistently applied to all families?

It is also imperative to be mindful of the underserved population in your area. What about households with members having disabilities? Participants must complete 65% of construction labor tasks. 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 (7 CFR 1944.403 (k). Is there ever a concern about a participant's ability to live independently? For households 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 family cannot meet the terms of the membership agreement because a new disability may have occurred.)

Is there proper accessibility upon request? 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 (7 CFR 15b.16) and Title II of the Americans with Disabilities Act both require that assisted programs and activities be program accessible.

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 showing that doing so would create a fundamental program change or undue financial and administrative burden.

Are the participants treated equally? In both reward and when being held accountable, all participants should be treated equally. The best way to follow this rule is to comply with the requirements as 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, following 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 USDA/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, USDA/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 believes their rights have been violated, the Housing Discrimination Complaint Form is available for them to download at https://www.hud.gov/program_offices/fair_housing_equal_opp/online-complaint complete and return, or complete online and submit; or they may write HUD a letter, or telephone the HUD Office nearest them. Due to time limits on when a complaint can be filed with HUD

after an alleged violation, a complaint should be submitted as soon as possible.

When filing a complaint, the complainant will be required to provide 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 of the alleged violation (the event that caused the complainant to believe their rights were violated), and the date(s) of the alleged violation.

Privacy Statement: The information submitted to HUD may be used to investigate and process claims of housing and other types of discrimination. It may be disclosed for lawful investigatory purposes, including to the U.S. Department of Justice for its use in the filing of pattern and practice suits of housing discrimination or the prosecution of the person(s) who committed the discrimination where violence is involved; the public, where appropriate; and to State or local fair housing agencies that administer substantially equivalent fair housing laws for complaint processing. Though disclosure of the information is voluntary, failure to provide some or all of the requested information may result in a delay or denial of help with the housing discrimination complaint.

HUD also provides a toll-free TTY phone for the hearing impaired: 1-800-927-9275. Callers can also ask for disability-related assistance when contacting HUD's Office of Fair Housing and Equal Opportunity (FHEO), including reasonable accommodation and auxiliary aids and services. Normally HUD will also notify the alleged violator of the complaint and permit that person to submit an answer and investigate the complaint to determine whether there is reasonable cause to believe the Fair Housing Act has been violated. If HUD cannot complete an investigation within 100 days of receiving the complaint, they will notify the complainant.

HUD will make efforts to help the parties reach an agreement. A conciliation agreement must protect both the complainant 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 has been breached, HUD will recommend that the Attorney General file suit.

If the complaint cannot be resolved voluntarily by an agreement, FHEO may issue findings from the investigation. If the investigation shows that the law has been violated, HUD or the Department of Justice may take legal action to enforce the law. Depending on the type of complaint filed, FHEO may follow a different investigative process, such as referring the matter to a Fair Housing Assistance Program partner. The processes of HUD's Fair Housing Assistance

Program (FHAP) partners may vary by agency.

When a complainant's investigation is complete, HUD will issue a determination as to whether or not reasonable cause exists to believe discrimination occurred. If HUD determines that there is reasonable cause to believe that discrimination occurred, HUD will issue a Determination of Reasonable Cause and a Charge of Discrimination. All complainants and respondents have twenty (20) days after receiving notice of the charge to decide whether to have the case tried before a Federal District Court judge. If no one does so, the case is heard by a HUD Administrative Law Judge (ALJ). If neither party elects to have a federal civil trial before the 20-day Election Period expires, HUD will promptly schedule a hearing for your case before an ALJ. The ALJ hearing will be conducted in or near the locality where the discrimination allegedly occurred. During the ALJ hearing, the parties have the right to appear in person, to be represented by legal counsel, to present evidence, to cross-examine witnesses and to conduct discovery of evidence. HUD attorneys will be assigned to represent you during the ALJ hearing at no cost to you; however, you may also choose to intervene in the case and retain your own attorney. At the conclusion of the hearing, the ALJ will issue a decision based on findings of fact and conclusions of law. If the ALJ concludes a violation of the Fair Housing Act occurred, the following relief can be ordered:

- Compensation for your actual damages, including out-of-pocket expenses and emotional distress damages.
- Permanent injunctive relief, such as an order not to discriminate.
- Appropriate equitable relief, such as making housing available to you.
- Payment of reasonable attorney's fees if you hired a private attorney.
- Payment of a civil penalty to vindicate the public interest.

If the complainant or the respondent chooses 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 ALJ, the District Court can order relief, and award actual damages, attorney's fees, and costs. In addition, the court can award punitive damages.

A complainant may also file a private civil lawsuit, even if a complaint has already been filed with HUD. The lawsuit must be filed within two (2) years of the most recent date of the alleged discriminatory action. If a complaint has already been filed with HUD, the time during which HUD was processing a complaint is not counted in the 2-year filing period. Lawsuits must be filed at the expense of the complainant; however, if the complainant cannot afford an attorney,

the court may appoint one. A complainant may not be able to file a federal private civil suit if (1) the complainant has already signed a HUD Conciliation Agreement to resolve their HUD complaint; or (2) an Administrative Law Judge has commenced a hearing for the complaint.

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 a 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 to you.

Process for Complaints of Discrimination in Housing and Community Development Programs: If you file a fair housing complaint that also alleges a violation of Title VI, Section 504, the ADA, or other civil rights laws FHEO enforces, some additional FHEO procedures apply. FHEO will try to resolve your complaint through informal means, called a Voluntary Compliance Agreement. If FHEO's investigation finds there has been noncompliance with civil rights requirements, FHEO will issue a letter of findings. If FHEO determines that efforts to resolve the matter through voluntary compliance are unsuccessful, FHEO may pursue enforcement actions to obtain a just resolution.

HUD encourages the informal resolution of matters and may attempt to resolve a matter through informal means at any stage in the processing of the complaint. During the complaint process, HUD will assist the parties in resolving the complaint through informal resolution or voluntary compliance. FHEO will develop a written voluntary compliance agreement to obtain the resolution of findings of noncompliance. A Voluntary Compliance Agreement will obtain assurances from the Program to remedy any violations and ensure that the Program will not violate the rights of other persons under fair housing or civil rights authorities. HUD will notify the parties about the results of its investigation in a Letter of Findings. The letter will include information about the facts found during the investigation and whether HUD found non-

compliance with fair housing and civil rights laws.

If a complaint has been brought alleging non-compliance with Section 504, and a Letter of Findings has been issued, either party may request that the letter be reviewed within 30 days of the receipt of the letter. HUD will either sustain or modify the findings, and this will become the agency's formal determination. HUD will issue a Letter of Determination either sustaining or modifying the findings. If a just resolution of HUD's findings of noncompliance cannot be reached through a voluntary compliance agreement, HUD can use other means to achieve compliance. Among other things, HUD can initiate an enforcement proceeding before an Administrative Law Judge or refer the matter to the Department of Justice and recommend that it bring an enforcement action in Federal Court.

Additional Fair Housing Resources

Those responsible for housing activities should be aware that various fair housing training materials already exist. For example, HUD's Fair Housing Outreach Materials can provide brochures, videos, audio public service announcements, and posters produced and marketed throughout the country by the National Fair Housing Alliance (NFHA) or through HUD's Publications Distribution Center. Use of these materials can increase the grantee staff and the public's awareness of subtle discriminatory acts and provides the resources for dealing with such acts. HUD's Fair Housing Outreach Materials HUD's Direct Distribution Center provides documents to the public, HUD clients, and employees. Materials distributed include publications, handbooks, forms, posters; and mortgagee letters, ethics letters, Title 1 letters, and labor relations letters. Most items can be viewed on-line and are available to download 24 hours per day. Some items must be mailed and will arrive in 7 to 10 business days.

USDA, Rural Development national, state, and local offices can provide training and materials for your organization. Continuing fair housing training is required in the instructions for Affirmative Fair Housing Marketing Plans. Additionally, fair housing training is an allowable 523 Self-Help grant expense.

Legal Practices for the Grantee. There are many laws that govern fair housing and lending practices. In addition to Fair Housing and other laws mentioned above, there are additional laws that a Grantee should be familiar with.

Home Mortgage Disclosure Act of 1975. Requires some depository institutions to make reports showing dollar volumes and residential mortgage and home improvement loan locations available to the government and the general public.

Community Reinvestment Act of 1977. Imposes on federally regulated financial institutions an affirmative obligation to help meet the credit needs of the local community in which they are chartered.

Truth in Lending. Requires disclosure of items in consumer credit transactions, including residential mortgages.

Equal Credit Opportunity Act. Prohibits discrimination in credit transactions on the basis of race, color, national origin, sex, age, marital status, reliance on income from public assistance, or an applicant exercising their rights under the Consumer Protection laws.

The Fair Credit Reporting Act. In the event of a credit denial due to information received by an outside credit-reporting agency, the applicant must be informed of the name and address of the credit-reporting agency. The applicant may contact the credit-reporting agency for an explanation.

In order to abide by these and other laws, there are certain practices that the grantee should follow, and certain questions that should not be asked during the interview process.

Discrimination is not allowed. Do not discriminate for any reason. Rural Development Instruction 1901-E, "Civil Rights Compliance Requirements", restates that any recipient of financial assistance (i.e., a self-help grantee) will not subject any person to discrimination with respect to their programs.

The grantee acts on behalf of the federal government as the person who takes the loan application. The grantee must be especially careful to abide by the laws while taking a loan application. The Equal Credit Opportunity Act, as mentioned above, regulates this area. In order to comply with this law, there are some questions that should not be asked during an application interview. The following list should help with this task.

- Motherhood – Do not ask, "Are you planning to have children?" It is okay to ask about the number and age of dependents and about dependent related financial obligations.
- Marital Status – Do not ask, "Are you divorced, single, or widowed?" It is only acceptable to ask if the applicant is married, unmarried, or separated.
- Religion – No inquiry is allowed in this area.
- Race, National Origin or Sex – Any question is prohibited for underwriting purposes. This information can be gathered for monitoring purposes, but the

applicant must be advised that they are not required to give the information. These questions are asked on the application form. If the applicant chooses not to complete the Monitoring Section of the Loan Application Form, the person taking the application must note the applicant's race and or national origin from visual observation or surname and note that the answers came from "visual observation".

- Income – Because this is a federally subsidized program, the law requires that applicants must disclose income from alimony, child support or separate maintenance.

The grantee should not tell an applicant whether or not they will qualify for a self-help housing loan. This is the responsibility of Rural Development. However, the grantee can counsel participants as to if and when they should submit an application. This should be done after a careful review of a family's income and credit status, and not before. The grantee can advise an applicant that "Based on the information that you have provided it appears to us that you do not meet the minimum eligibility requirements. If you believe we are mistaken, you may contact the local Rural Development Office for clarification. If they believe that you meet the preliminary processing standards, we will be happy to complete the preparation of a loan application for your family. If a potential participant requests that their application be submitted to RD and they are denied, the RD Loan Originator will speak to the applicant directly to explain the reasons for the rejection and the appeals process.

An "Authorization to Release Information", Form RD 3550-1, must be obtained from all clients to ensure that the client has given permission for to RD to gather information about/for them. This is especially important when dealing with personal credit information. Information Releases, other than the Form RD 3550-1, must be obtained BEFORE a credit report is ordered by the self-help agency. We recommend that this form be obtained with an agency developed intake form.

According to HUD regulation 7610.1 REV-4, 4-8, "Nothing in the Fair Credit Reporting Act precludes a counseling agency from disclosing a credit report to a client." Ifa grantee is also a counseling agency for HUD, the present contract does not preclude disclosure to the client. If a grantee/counseling agency contracts with a credit bureau for credit reports, whether or not disclosure can be made depends on the terms of the contract between the grantee/counseling agency and the credit reporting bureau. The prudent practice by the grantee/counselor is to follow the terms of the contract with your credit reporting bureau to determine if having a copy of the

credit report on his or her desk or in the client's open file during a counseling session is appropriate.

It is also important to respect the privacy of the potential participants. To this end, all of their personal information should be kept confidential, and meetings with them should be held in private to the extent that is possible. A grantee is liable for civil suit when a client's civil rights are violated by sharing confidential information which was relayed to the counselor under the assurances of confidentiality. Files, where the applicant information is kept, should not be widely accessible and should be in a secure (locked) place in the office when it's not being used by designated staff. Not every staff member should have, and does not need to have, access to this information.

Grantees should not provide legal counsel or advice, just information and assistance. They should also make sure that the participants are making their own decisions. It is not the grantee's role to make decisions for the client; it is to educate them so they can make their own informed decisions. In this regard, maintain basic ethical practices in regard to the clients. Be competent, respectful, professional, truthful, and without actual/potential conflicts of interest.

Conclusion

It is essential to be familiar with the importance of the Fair Housing Act and the laws promoting equality that accompany it. By educating yourself, coworkers and staff and by having written policies in place, you help to ensure a successful self-help program for your agency and community.

APPENDICES

Appendix 1: A listing and links to key regulations and guidance
Appendix 2: Sample Family Labor Charts
Appendix 3: Sample Equivalent Unit Tracker
Appendix 4: Grant Implementation Schedules
Appendix 5: Critical Construction Path Schedule
Appendix 6: Generic Group Membership and Labor Agreement
Appendix 7: Sample Individual Participation Agreement for Acquisition Rehab
Appendix 8: Land Analysis Form
Appendix 9: Land Development Resources
Appendix 10: Sample Job Descriptions
Appendix 11: Other Land Financing Resources
Appendix 12: Links to 523 Application Forms and Documents
Appendix 13: SAM Registration Information

Appendix 1: A listing and links to key regulations and Administrative Notices

Main website for regulations, ANs, forms, Handbooks, and Unnumbered letters: Resources | Rural Development (usda.gov)

Instructions

Mutual Self-help Housing Instructions 1944.I: https://www.rd.usda.gov/files/1944i.pdf

Direct Single Family Housing Loans and Grants (502 and 504 Programs): Direct Single Family Housing Loans and Grants Programs; published 2/7/22 | Rural Development (usda.gov)

Planning and Performing Construction and Other Development 1924-A**:** https://www.rd.usda.gov/files/1924a.pdf

Planning and Performing Site Development Work: https://www.rd.usda.gov/files/1924c.pdf

Environmental Guidelines 1970 a-o https://www.rd.usda.gov/regulationsguidelines/7-cfr-1970-subpart

Rural Development Fact Sheets

502 Direct Loan Program Fact Sheet: Rural Home Loans (Direct Program) Factsheet (usda.gov)

504 Loan and Grant Fact Sheet: Single Family Housing Repair Loans & Grants Factsheet (usda.gov)

Handbooks

HB-1-3550 Direct and Single Family Housing Loans and Grants
hb-1-3550.pdf (usda.gov)
Direct Loan and Grant Income Limits (In HB-1-3550 Handbook):
https://www.rd.usda.gov/files/RD-DirectLimitMap.pdf

Forms

Standard Form 270 (7-74) "Request for Advance or Reimbursement:
https://www.gsa.gov/forms-library/request-advance-or-reimbursement

Standard Form 425 and Instructions: https://www.gsa.gov/forms-library/federal-financial-report

IRS Form 990: https://www.irs.gov/pub/irs-pdf/f990.pdf

RD Forms: Forms are available through the main Rural Development website listed above but require E-Authentication. If you do not have that, please contact your T&MA contractor for assistance.

RD 440-34: Option to Purchase Real Property

RD 440-57: Acknowledgement of Obligated Funds Check Request

RD 1924-19: Builder's Warranty

RD 1924-2: Description of Materials

RD 1940-22: Environmental Checklist for Categorical Exclusions

RD 1940-20: Request for Environmental Information

Appendix 2: Sample Family Labor Charts

Sample Equivalent Unit (EUs) and New Construction Labor Division

1944-I Exhibit B-2 With Slab	Subcontract Labor	Homeowner Labor	Total Labor	EUs per home
Preconstruction				
Phase I				.1
Phase II				.1
Construction				
1. Excavation	3	0	3	.024
2. Footings, Foundations, Columns	8	0	8	.064
3. Floor Slab or Framing	0	6	6	.048
4. Subflooring	0	0	0	0
5. Wall Framing, Sheathing	0	7	7	.056
6. Roof & Ceiling Framing, Sheathing	0	6	6	.048
7. Roofing	0	5	5	.040
8. Siding, Exterior Trim, Porches	0	7	7	.056
9. Windows and Exterior Doors	0	9	9	.072
10. Plumbing Rough-In	3	0	3	.024
11. Sewage Disposal	1	0	1	.008
12. Heating Rough-In	1	0	1	.008
13. Electrical Rough-In	2	0	2	.016
14. Insulation	0	2	2	.016
15. Dry Wall	8	0	8	.064
16. Basement or Porch Floor, Steps	0	1	1	.008
17. Heating Finish	3	0	3	.024
18. Flooring	0	6	6	.048
19. Interior Carpentry, Trim, Doors	0	6	6	.048
20. Cabinets and Countertops	0	1	1	.008
21. Interior Painting	0	4	4	.032
22. Exterior Painting	0	1	1	.008
23. Plumbing Finish	4	0	4	.032
24. Electrical Finish	1	0	1	.008
25. Finish Hardware	0	1	1	.008
26. Gutters and Downspouts	0	1	1	.008
27. Grading, Paving, Landscaping	0	3	3	.024
Totals	34	66	100	1

Equivalent Unit (EUs) and New Construction Labor Division

1944-I Exhibit B-2 With Crawl Space	Subcontract Labor	Homeowner Labor	Total Labor	EUs per home
Preconstruction				
Phase I				.1
Phase II				.1
Construction				
1. Excavation	5	0	5	.040
2. Footings, Foundations, Columns	8	0	8	.064
3. Floor Slab or Framing	0	4	4	.032
4. Subflooring	0	1	1	.008
5. Wall Framing, Sheathing	0	7	7	.056
6. Roof & Ceiling Framing, Sheathing	0	6	6	.048
7. Roofing	0	5	5	.040
8. Siding, Exterior Trim, Porches	0	7	7	.056
9. Windows and Exterior Doors	0	9	9	.072
10. Plumbing Rough-In	2	0	2	.016
11. Sewage Disposal	1	0	1	.008
12. Heating Rough-In	1	0	1	.008
13. Electrical Rough-In	2	0	2	.016
14. Insulation	0	2	2	.016
15. Dry Wall	8	0	8	.064
16. Basement or Porch Floor, Steps	0	1	1	.008
17. Heating Finish	3	0	3	.024
18. Flooring	0	6	6	.048
19. Interior Carpentry, Trim, Doors	0	6	6	.048
20. Cabinets and Countertops	0	1	1	.008
21. Interior Painting	0	4	4	.032
22. Exterior Painting	0	1	1	.008
23. Plumbing Finish	4	0	4	.032
24. Electrical Finish	1	0	1	.008
25. Finish Hardware	0	1	1	.008
26. Gutters and Downspouts	0	1	1	.008
27. Grading, Paving, Landscaping	0	3	3	.024
Totals	35	65	100	1

Equivalent Unit (EUs) and New Construction Labor Division

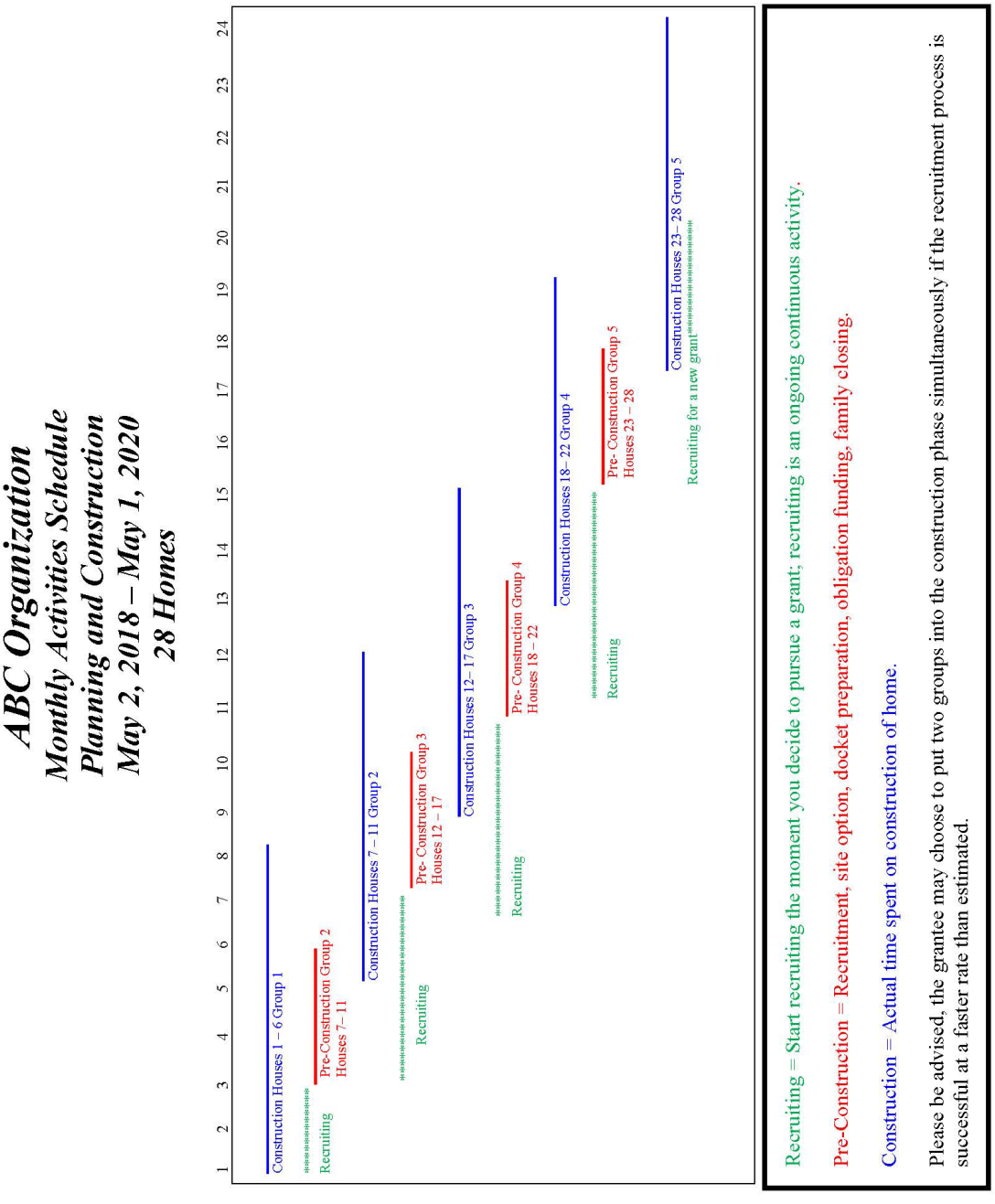
1944-I Exhibit B-2 With Basement	Subcontract Labor	Homeowner Labor	Total Labor	EUs per home
Preconstruction				
Phase I				.1
Phase II				.1
Construction				
1. Excavation	6	0	6	.048
2. Footings, Foundations, Columns	11	0	11	.088
3. Floor Slab or Framing	0	4	4	.032
4. Subflooring	1	0	1	.008
5. Wall Framing, Sheathing	0	6	6	.048
6. Roof & Ceiling Framing, Sheathing	5	0	5	.040
7. Roofing	0	4	4	.032
8. Siding, Exterior Trim, Porches	0	6	6	.048
9. Windows and Exterior Doors	0	8	8	.064
10. Plumbing Rough-In	3	0	3	.024
11. Sewage Disposal	1	0	1	.008
12. Heating Rough-In	1	0	1	.008
13. Electrical Rough-In	2	0	2	.016
14. Insulation	0	2	2	.016
15. Dry Wall	0	7	7	.056
16. Basement or Porch Floor, Steps	0	6	6	.048
17. Heating Finish	0	3	3	.024
18. Flooring	0	5	5	.040
19. Interior Carpentry, Trim, Doors	0	5	5	.040
20. Cabinets and Countertops	0	1	1	.008
21. Interior Painting	0	3	3	.024
22. Exterior Painting	0	1	1	.008
23. Plumbing Finish	3	0	3	.024
24. Electrical Finish	1	0	1	.008
25. Finish Hardware	0	1	1	.008
26. Gutters and Downspouts	1	0	1	.008
27. Grading, Paving, Landscaping	0	3	3	.024
Totals	35	65	100	1

Appendix 3: Sample Equivalent Unit Tracker

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	**SELF HELP EU CALCULATOR**				**Self-Help Housing Rehab QUARTERLY REPORTING**										
2	INSTRUCTIONS: Enter points for each family in red and when each items is earned change font to black and color code the quarter. Tasks can be subdivided 20/80 for long term projects.														
3	**PRE-DEVELOPMENT**	**EU POINTS**	**Family 1**	**Family 2**	**Family 3**	**Family 4**	**Family 5**	**Family 6**	**Family 7**	**Family 8**	**Family 9**	**Family 10**	**TOTAL**		
4	**AND CONSTRUCTION TASKS**		Name	Name	Name	Name	Name	Name	Name	Name	Name	Name			
5	Pre-construction Activities/Inspect	0.2	0.1	0.1	0.1	0.1	0.1	0	0	0	0	0	**0.5**	1st Quarter	.1
6	Loan Closing/Subcontracting/Write-up		0.1	0.1	0.1	0.1	0.1	0	0	0	0	0	**0.5**	2nd Quarter	.22
7	Demolition		0.15	0.15	0.15	0	0	0	0	0	0	0	**0.45**	3rd Quarter	.45
8	Roof Repair		0.2	0.2	0	0	0	0	0	0	0	0	**0.4**	3rd Quarter	1.0
9	Bathroom Repair and ADA remodel		0.15	0.2	0.2	0	0	0	0	0	0	0	**0.55**	4th Quarter	1.43
10	New Flooring	0.8	0.1	0.1	0.2	0	0	0	0	0	0	0	**0.4**		3.2
11	Interior Painting		0.05	0.025	0.2	0	0	0	0	0	0	0	**0.275**		
12	Exterior Painting		0.05	0.05	0	0	0	0	0	0	0	0	**0.1**		
13	ADA Porch repair		0.075	0.05	0.05	0	0	0	0	0	0	0	**0.08**	Red Font are to be done tasks	
14	Completion and Inspections		0.025	0.025	0.025										
15	**TOTAL EU'S to Date**		**1**	**0.85**	**0.95**	**0.2**	**0.2**	**0**	**0**	**0**	**0**	**0**	**3.255**		
16	**Planned EU's per job**	**1**	**1**	**1**	**1**										
17															
18															
19															
20	If project period is less than a quarter, simplify the chart to just show the three stages mentioned in the rehab AN														

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	**SELF HELP EU CALCULATOR**					Mutual Self-Help Housing QUARTERLY REPORTING								Grant Term	
2	INSTRUCTIONS: enter points in green field from grey column for each family when each pre-development and construction item is completed. Spreadsheet will add total ongoing EU's													Start and End Date	
3	PRE-DEVELOPMENT	EU POINTS	Family 1	Family 2	Family 3	Family 4	Family 5	Family 6	Family 7	Family 8	Family 9	Family 10	Group	Federal	Per Qtr
4	AND CONSTRUCTION TASKS		Name	Name	Name	Name	Name	Name	Name	Name	Name	Name	Total	Grant Quarter	
5	Loan Processing and Eligibil	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1	1st Quarter	1
6	Loan Closing/Subcontracting	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1	2nd Quarter	1
7	1. Excavation	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.4	3rd Quarter	1.24
8	2. Footings, Foundations, Columns	0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.64	4th Quarter	.2
9	3. Floor Slab or Framing	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.032	0.2	5th Quarter	.28
10	4. Subflooring	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.008	0.2		
11	5. Wall Framing, Sheathing	0.056	0.056	0.056	0.056	0.056	0.056						0.28		
12	6. Roof & Ceiling Framing, Sheathing	0.048													
13	7. Roofing	0.04													
14	8. Siding, Exterior Trim, Porches	0.056													
15	9. Windows and Exterior Doors	0.072													
16	10. Plumbing Rough-In	0.016													
17	11. Sewage Disposal	0.008													
18	12. Heating Rough-In	0.008													
19	13. Electrical Rough-In	0.016													
20	14. Insulation	0.016													
21	15. Dry Wall	0.064													
22	16. Basement or Porch Floor, Steps	0.008													
23	17. Heating Finish	0.024													
24	18. Flooring	0.048													
25	19. Interior Carpentry, Trim, Doors	0.048													
26	20. Cabinets and Countertops	0.008													
27	21. Interior Painting	0.032													
28	22. Exterior Painting	0.008													
29	23. Plumbing Finish	0.032													
30	24. Electrical Finish	0.008													
31	25. Finish Hardware	0.008													
32	26. Gutters and Downspouts	0.008													
33	27. Grading, Paving, Landscaping	0.024													
34		1	0.4	0.4	0.4	0.4	0.4	0.344	0.344	0.344	0.344	0.344	3.72		
35															
36															

Appendix 4: Sample Grant Implementation Schedule



Appendix 5: Sample Critical Construction Path Schedule and Instructions

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						Inspection		Cabinets & Counters		Landscaping
		Inspection				Insulation				Finished Hardware	Final Inspection
		Roofing								Floor Coverings	
12/01/20 - 1/19/21		1/13/21 - 2/16/22		2/10/22 - 3/23/22		3/17/22 - 4/27/22		4/21/22 - 5/25/22	5/19/22 - 6/22/22	6/16/22 - 7/13/22	7/7/22 - 8/10/22

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				Inspection		Cabinets & Counters		Landscaping
		Inspection		Insulation				Finished Hardware	Final Inspection
		Roofing						Floor Coverings	
7/21/22 - 8/24202		8/18/22 - 9/21/22	9/15/22 - 10/26/22	10/20/22 -11/30/22		11/24/22 - 12/28/22	12/22/22 - 1/25/23	1/19/23 - 2/15/23	2/9/23 - 3/1523

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 Porches & Steps	Windows & Exterior Doors	Plumbing & Electrical Roughed in	Heating Roughed in	Drywall Interior Trim & Doors	Interior & Exterior Painting	Plumbing, Electrical & Heating Complete	Grading
Footings	Inspection										Paving
	Floor System						Insulation		Cabinets & Counters		Landscaping
		Inspection				Insulation				Finished Hardware	Final Inspection
		Roofing								Floor Coverings	
3/9/23 - 4/26/23		4/20/23 -5/24/23		5/18/23 - 6/28/23		6/22/23 - 8/2/23		7/27/23 - 8/30/23	8/24/23 - 9/27/23	9/21/23 - 10/18/23	10/12/23 - 11/15/23

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.
3. Next to, or under, each activity, list the specific staff person(s) assigned to accomplish the task.
4. At the top of the time frame chart, list the months for each four-week block of time.
5. 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.*
6. At each staff meeting (should ideally be held weekly), review the CPMs to assess actual progress compared to the planned timelines.
7. 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.
8. 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 Program Director and board of directors. It will alert you to challenges 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.

Appendix 6: Sample Membership Agreements

Introduction to Membership/Participation Agreements

The Membership/Participation Agreement outlines the construction responsibilities, the labor exchange commitment, the general rules of the group/rehab project, and grievance procedures for groups/individuals participating in the Section 523 Mutual Self-Help Housing Program. Whether your agency is operating a new construction, purchase/repair or owner-occupied program, the Membership/Participation Agreement is an important part of the program.

It is during the pre-construction meetings that the group coordinator and the construction supervisor review the details of this agreement with the group/individual. It must be made clear that the participants are being held accountable to fulfill the requirements outlined in the Membership/Participation Agreement.

It can never be stressed enough that, once the participants sign the Membership/Participation Agreement, all parties, including the grantee and staff, must consistently follow and comply with the terms of the agreement. Ultimately, the participants must accept responsibility for what happens during construction. Remember, the participants are providing the labor, and these are their houses. The participants must accept their responsibility of building and/or repairing houses by contributing their labor.

The Membership/Participation Agreements are templates. While they can be tailored to your agency and its needs, the changes should be minimal and maintain the compliance with the regulations surrounding the program. It is also recommended to include the Membership/Participation Agreement in the RD Section 502/504 Loan/Grant Docket for each participant.

NEW CONSTRUCTION MEMBERSHIP AND LABOR AGREEMENT

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 (INSERT ORGANIZATION NAME) hereinafter referred to as "(INSERT ORGANIZATION NAME)." The principal location of building group (Insert Group #) is _____(Address, City/Town/County, State)

The (INSERT ORGANIZATION NAME) is an eligible entity that provides technical assistance and management services for building group members under the United State Department of Agriculture (USDA) Rural Development Mutual Self-Help Housing Program.

The (INSERT ORGANIZATION NAME) is NOT acting as a "general contractor", but an authorized agent on behalf of BUILDING GROUP MEMBERS, as a USDA Rural Development grant manager and technical advisor. BUILDING GROUP MEMBERS, as homeowners and builders, are the owner builders. The BUILDING GROUP MEMBERS agree to hold the (INSERT ORGANIZATION NAME) harmless for any purchases, even though such purchases may have been made by the (INSERT ORGANIZATION NAME) on behalf of the BUILDING GROUP MEMBERS.

The purpose of the Agreement is to foster the smooth accomplishment of the BUILDING GROUP MEMBERS' goal to construct houses. The BUILDING GROUP MEMBERS understand and agree with each other and with the (INSERT ORGANIZATION NAME) 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. **USDA Rural Development is not a party to this agreement.**

I. COMMITMENT

The (INSERT ORGANIZATION NAME) agrees to provide technical assistance to the undersigned BUILDING GROUP MEMBERS as follows:

A. Pre-Construction Services

1. Locate and assist families in suitable USDA Rural Development building sites. In the event the families purchase their own lots, assist in approval of lot by USDA/Rural Development.
2. Recruit and determine preliminary eligibility of potential group members.
3. Prepare all loan application documents in accordance with Handbook-1-3550 including Attachment 3-A for submission to USDA Rural Development and work with USDA Rural Development on behalf of the applicants.
4. Assist the officers of the group in the fulfillment of their duties.
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

6. Provide house plans, which have been developed or acquired by (INSERT ORGANIZATION NAME) and approved by USDA Rural Development.
7. Direct, control, and implement construction on all of the members' houses.
8. Teach tasks to the members as necessary to build the houses according to the plans and specifications, within the allowed budgets.
9. To initiate contracts in the name of the members for materials and services to be purchased in accordance with the plans and specifications.
10. Provide bookkeeping services to maintain individual group member accounts and to pay bills on behalf of group members from these accounts.
11. Lease power tools and special equipment as required on the job.
12. 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.

II. GROUP MEMBER COMMITMENT

The undersigned BUILDING GROUP MEMBERS agree to the following:

A. To build their own homes in the (INSERT ORGANIZATION NAME) construction program, using USDA 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 (INSERT ORGANIZATION NAME), 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 (INSERT ORGANIZATION NAME) 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. To work as directed by the Construction Supervisor.

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 (INSERT ORGANIZATION NAME) 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 (INSERT ORGANIZATION NAME) and USDA Rural Development in construction of their houses. (Change orders will only be allowed in accordance with Handbook 3550-1, Chapter 5, Section 5.24 D.

I. To allow the (INSERT ORGANIZATION NAME) 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 (INSERT ORGANIZATION NAME) 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 (INSERT ORGANIZATION NAME) and to sign checks for payment, acknowledging that if legitimate bills are not paid, property is subject to liens in accordance with state law.

L. Not to move into the house or move personal property into that house until all the homes in the group are finalized by USDA Rural Development and/or other appropriate officials.

M. To purchase (Builder's Risk) Homeowners Insurance as required by USDA 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 (INSERT ORGANIZATION NAME). (See Section V.D.4. following)

O. To attend all pre-construction training meetings offered by (INSERT ORGANIZATION NAME) .

P. To convert their loan account within (30) days of final inspection by USDA Rural Development, unless otherwise extended by USDA Rural Development.

Q. 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 persons _____ 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 toward 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 (INSERT ORGANIZATION NAME) .
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 15 (*suggested # of hours*) 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 Supervisor 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, (INSERT ORGANIZATION NAME) will again be authorized to purchase materials for their house.

   If a household becomes 20 (*suggested # of hours*) 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 (INSERT ORGANIZATION NAME)'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, (INSERT ORGANIZATION NAME) will be authorized again to purchase material.

If a household becomes 30 (*suggested # of hours*) 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 Construction 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 they have 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. (It is imperative that the Mutual Self-Help method of construction is followed. The program is designed to work for group building, not building one's individual property.)

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 ensure 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 (INSERT ORGANIZATION NAME) . and USDA Rural Development.

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 (INSERT ORGANIZATION NAME) prior to enactment.
9. Each household will complete a "Weekly Work Availability" form in which each household will plan their weekly minimum 30 (*suggested # of hours*) 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 ensure 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 (INSERT ORGANIZATION NAME).
11. If a household becomes 14 (*suggested # of days*) 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 (INSERT ORGANIZATION NAME) has received a commitment from the participant 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 number hours of work, because of snow, storm, tornado, flood, or any other "acts of God", no penalties will be enforced. 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 their absence.
3. Timekeeper – Shall keep a record of all group members' timesheets and shall be responsible for submitting timesheets to (INSERT ORGANIZATION NAME)'s office on a weekly basis.

(An additional and particularly 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 sixteen 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 of ___(INSERT ORGANIZATION NAME)_____ 's staff members will attend each meeting, and this may be the Construction Supervisor. Time spent at the group meeting will count toward the required labor hours only if required by_____(INSERT ORGANIZATION NAME . 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 covered by insurance or an out of pocket expense.

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.

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 (INSERT ORGANIZATION NAME) 's Executive Director. If a resolution is again not reached, then the written grievance shall be referred to (INSERT ORGANIZATION NAME) '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 (INSERT ORGANIZATION NAME) 's Program Director. If a resolution is not reached again, then the written grievance shall be referred to (INSERT ORGANIZATION NAME) 's Executive Director. If a resolution is again not reached, then the written grievance shall be referred to (INSERT ORGANIZATION NAME) '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 (INSERT ORGANIZATION NAME) 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 shared equally by all parties to the dispute.

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

VII. TERMINATION PROCEDURE

Prior to termination, the following items will be reviewed and verified as part of the process. These steps are to be taken to provide justification as well as fairness.

- Timesheets - Verify hours worked during construction.
- Meetings – Verify attendance/participation in group meetings.
- Workout Plan – If a Workout Plan was developed, review for completion and fulfilment of the obligation.
- Note/Memos – Review and present any notes from staff or other correspondence regarding issues surrounding the termination.

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 (INSERT ORGANIZATION NAME). Expulsion results in the loss of any rights under the terms of this agreement and the loss of building privileges under (INSERT ORGANIZATION NAME)'s self-help program. After expulsion, the members must contact USDA Rural Development to determine the next steps regarding their home. 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 in this agreement are cumulative, and in addition to any other remedies afforded by law or otherwise.

The group member may be responsible for completion of the property, repayment of all subsidies received, all seller's closing costs or another method of satisfying the completion

of the property in the event of expulsion or voluntary termination from the group.

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 USDA Rural Development loan proceeds and other funds into a designated bank account which is managed by (INSERT ORGANIZATION NAME) . (Borrower Name) is authorized to approve of all labor, materials, contracts, subcontracts, liens, expenses, taxes, and other costs incurred for building their house. Only (INSERT ORGANIZATION NAME) may request draws on the group member's USDA Rural Development loan account and prepare checks for payment of all costs and charges attributable to construction of the participant's home. All checks shall be included on a Bill Pay Coversheet. The coversheet will provide an at-a-glance summarized list of all checks to be signed. These payments are to be authorized by the designated participants and USDA Rural Development with supporting documentation provided by (INSERT ORGANIZATION NAME). The group members and families agree to execute and deliver to (INSERT ORGANIZATION NAME) 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. (INSERT ORGANIZATION NAME) will not be accountable in any way for these funds.

XI. SUCCESSORS AND ASSIGNEES, JOINT AND SEVERAL LIABILITIES

The parties bind themselves, their spouses, 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 jointly and severally to each signatory.

The undersigned families and group members agree to build according to blueprints and specifications provided by (INSERT ORGANIZATION NAME) and approved by USDA Rural Development. No change will be made in these plans without prior approval of USDA Rural Development.

XII. INSURANCE

Each group member or participant agrees to purchase Builders Risk Insurance as required by USDA 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, (INSERT ORGANIZATION NAME) may require a higher amount if it determines that this is necessary. (INSERT ORGANIZATION NAME) 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 (INSERT ORGANIZATION NAME) or waive the right to do so by signing the Release and Hold Harmless Agreement attached to this agreement. (Addendum #1) (INSERT ORGANIZATION NAME) 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 (INSERT ORGANIZATION NAME). It is agreed that any claims against (INSERT ORGANIZATION NAME) 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 (INSERT ORGANIZATION NAME) by the following conditions:

A. After all members' houses have been completed, received final inspection and approval by USDA 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 (INSERT ORGANIZATION NAME). I further acknowledge that (INSERT ORGANIZATION NAME) 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, _____ (INSERT ORGANIZATION NAME) _____ agrees to all conditions of this. Building Group Membership and Labor Agreement. _____ (INSERT ORGANIZATION NAME) _____ also 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

The above information has been explained to us, and I/we understand and accept these conditions.

NAME	DATE
NAME	DATE
NAME	DATE
NAME	DATE
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NAME	DATE
NAME	DATE

PURCHASE/REPAIR PROGRAM PARTICIPATION AND LABOR AGREEMENT

This agreement is entered into on the_____ day of _____, 20_____, between the Purchase/Repair Participant, Participant Name(s) _____, hereinafter referred to as the "P/R Participant" and (INSERT ORGANIZATION NAME) _____hereinafter referred to as "____." The location of the P/R participant's home is_____(Include Address, City/Town/County, State).

(INSERT ORGANIZATION NAME) is an eligible entity, which provides technical assistance and management services for the P/R Participant under the Self-Help Purchase/Repair Program. ((INSERT ORGANIZATION NAME) is not acting as a "contractor" on behalf of the P/R PARTICIPANT, but as an authorized agent on behalf of P/R Participant, and as a United States Department of Agriculture Rural Development grant manager and technical advisor. The P/R PARTICIPANT, as a homeowner, is acting as their own general contractor. The P/R PARTICIPANT agrees to hold (INSERT ORGANIZATION NAME) harmless for any purchases, even though such purchases may have been made by _____(INSERT ORGANIZATIONNAME) on behalf of the P/R PARTICIPANT.

The following repairs will be completed to the Participant's home:

It is anticipated that the cost savings will be _____ for the above-mentioned repairs.

The purpose of the Agreement is to foster the smooth accomplishment of the P/R PARTICIPANT's goal of the purchase and repair of their home. The P/R PARTICIPANT understands and agrees with _____(INSERT ORGANIZATION NAME) that this Agreement will control the progress of the project. Violation of any portion of this Agreement may result in implementation of Section VI of this Agreement. **USDA Rural Development is not a party to this agreement.**

I. COMMITMENT

_____(INSERT ORGANIZATION NAME) agrees to provide technical assistance to the undersigned P/R PARTICIPANT as follows:

A. Pre-Construction Services

1. Recruit and determine preliminary eligibility of potential participants.
2. Prepare all loan application documents in accordance with Handbook-1-3550 and specifically in Attachment 3-A for submission to USDA Rural Development and work with USDA Rural Development on behalf of the applicants.
3. 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 all necessary repair paperwork to USDA Rural Development.
2. Direct, control, and implement repairs on the participant's house.
3. Teach tasks to the participants as necessary to repair the house according to the plans and specifications, within the allowed budgets.
4. To initiate contracts in the name of the participant for materials and services to be purchased in accordance with the plans and specifications.
5. Provide bookkeeping services to maintain the participant's accounts, and to pay bills on behalf of the participant from this account.
6. Provide or lease power tools and special equipment as required on the job.
7. Present to the P/R PARTICIPANT for approval, bids from outside contractors and suppliers to provide the materials and contracted work necessary to repair the home 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.

II. P/R PARTICIPANT COMMITMENT

The undersigned P/R PARTICIPANT agrees to the following:

A. To work to repair their own home in ___(INSERT ORGANIZATION NAME)'s Purchase/Repair Program, using USDA 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 repair of their home, according to the directions of _____(INSERT ORGANIZATION NAME).

C. To use their best efforts to meet construction goals and objectives established by (INSERT ORGANIZATION NAME) in performance of this agreement.

D. To work at all times in a safe manner, and to follow the Construction Supervisor's instructions in this regard.

E. To work at any job as required by the Construction Supervisor.

F. To cooperate with (INSERT ORGANIZATION NAME) 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 their performance of assigned tasks.

G. To follow the plans, budgets, blueprints, specifications and instructions of (INSERT ORGANIZATION NAME) and USDA Rural Development in the repair of their house. (Change orders will only be allowed in accordance with Handbook 3550-1, Chapter 5, Section 5.24 D.

H. To allow (INSERT ORGANIZATION NAME) to solicit bids and initiate subcontracts.

I. To provide (INSERT ORGANIZATION NAME) written schedules of the hours they are available to work and to work the hours as assigned by the Construction Supervisor.

J. To review requests for payment as submitted by (INSERT ORGANIZATION NAME) and to sign checks for payment, acknowledging that if legitimate bills are not paid, property is subject to liens in accordance with state law.

K. Not to move into or move personal property into the house until approved to do so by (INSERT ORGANIZATION NAME) and USDA Rural Development and/or other appropriate officials.

L. To purchase Homeowners Insurance as required by USDA Rural Development, to be in force beginning with the date of loan closing.

M. To attend all scheduled meetings as directed by (INSERT ORGANIZATION NAME) .

N. To work as directed by the Construction Supervisor.

O. To attend all pre-construction training meetings offered by (INSERT ORGANIZATION NAME) .

P. To convert their loan account within (30) days of final inspection by USDA Rural Development, unless otherwise extended by USDA Rural Development.

Q. To meet all other requirements as set forth in this agreement.

III. CONSTRUCTION RESPONSIBILITIES

A. Labor Exchange Commitment

The P/R Participant agrees to provide work labor in a cooperative manner.

1. I/We agree to contribute labor on my/our home. My total labor will be a minimum of_____ _hours per week to complete the required repairs. There is no maximum limit to the number of hours worked per week.
2. Once I fail to keep up with my committed hours, as established by the Construction Supervisor, I will be issued a written warning by ___(INSERT ORGANIZATION NAME) and must provide a schedule to make up these delinquent hours.
3. If I become delinquent _____20 (suggested # of hours) hours without notification to _____(INSERT ORGANIZATION NAME) , a second written warning will be issued, and a meeting will be set up with ___(INSERT ORGANIZATION NAME) staff.
4. (INSERT ORGANIZATION NAME) may terminate its agreement to work with me if I fail to put in the required hours and tasks.
5. I further understand that failure to meet the above obligations can result in cessation of work on my home.
6. If at any time the Termination Procedure is initiated all invoices for material and labor will be paid up to date. Termination results in the loss of any rights under the terms of this agreement and the loss of building privileges under (INSERT ORGANIZATION NAME) Self-Help Purchase/Repair Program. After termination, the participant must work with USDA Rural Development to determine what options are available to them regarding their loan/grant.
7. The participant will complete a "Weekly Work Availability" form in which they will plan their weekly minimum hour work schedule at the home. Completed schedules will be given to the Construction Supervisor one week or more in advance and all schedules will be posted at the home. 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 participant(s) in order to ensure proper job, contractor and material supplier scheduling. Participant(s) will record their work hours and tasks daily at the home site, under the supervision of the Construction Supervisor, who will maintain records of such hours and jobs. Any conflict over work schedules or hours worked will be resolved by the Construction Supervisor.

8. Each participant agrees to abide by the purchase order system for ordering materials. The only persons authorized to order materials shall be designated by (INSERT ORGANIZATION NAME).
9. If a household becomes 7 (*suggested # of days*) 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 (INSERT ORGANIZATION NAME) has assurance that delinquencies will not reoccur.

IV. GENERAL RULES

A. In consideration of safety issues, children under the age of sixteen shall not be allowed to participate in the repairs without prior approval of the Construction Supervisor for each individual occurrence.

B. Each participant agrees that they may not hire or pay anyone to do their work for them.

C. Hours shall be recorded by the participant with approval of the Construction Supervisor. Any conflict over the number of hours worked will be resolved by the Construction Supervisor.

D. While performing scheduled repairs under this agreement, being under the influence of alcohol or illegal drugs will not 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.

E. The participant 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 participant, and replacement or repair will be paid out of participant construction funds if not covered by insurance.

F. The participants shall pay for all materials and contracted work purchased for the benefit of their home, including extra materials or overruns.

V. GRIEVANCE PROCEDURE

A. Any claim, dispute or question raised by any P/R PARTICIPANT shall be first brought to the attention of the Construction Supervisor.

B. If no resolution can be accomplished through the Construction Supervisor, the following grievance procedure shall be followed.

1. Before and During Construction

   The grievance should be brought to the attention of the Program Manager of

(INSERT ORGANIZATION NAME) in writing. If a resolution is again not reached, then the written grievance shall be referred to (INSERT ORGANIZATION NAME)'s Board of Directors for final resolution.

C. If a claim is brought prior to completion of construction and occupancy of the residence by the participant, the foregoing shall be conditions precedent to arbitration. In any event, any claim, dispute, or question arising between (INSERT ORGANIZATION NAME) and the participant(s) 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. The decision of the arbitrator shall be a condition precedent to the right of any other legal action. The cost of the arbitrator shall be shared equally by all parties to the dispute.

D. (INSERT ORGANIZATION NAME) has agreed to provide technical assistance to the participant in repair of their home. XX does not charge participants for this service, and in return the participants agree that (INSERT ORGANIZATION NAME) shall have no liability for acts and omissions done in good faith. (INSERT ORGANIZATION NAME) shall have no liability of consequential or delay damages resulting from any act, omission, breach of contract, or negligence.

VI. TERMINATION PROCEDURE

Prior to termination, the following items will be reviewed and verified as part of the process. These steps are to be taken to provide justification as well as fairness.

- Timesheets - Verify hours worked during construction.
- Meetings – Verify attendance/participation in group meetings with other participants, both prior to and during construction.
- Workout Plan – If a Workout Plan was developed, review for completion and fulfilment of the obligation.
- Note/Memos – Review and present any notes from staff or other correspondence regarding the issues surrounding the termination.

Violations of the terms of this agreement will result in all expenditures of 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 program will be determined by (INSERT ORGANIZATION NAME). Expulsion results in the loss of any rights under the

terms of this agreement and the loss of building privileges under (INSERT ORGANIZATION NAME)'s Self-Help Purchase-Repair program. After expulsion, the member's rights concerning their house will be determined by USDA Rural Development. In the event a participant fails to meet the requirements of this agreement, the remedies afforded the P/R PARTICIPANT in this agreement are cumulative, and in addition to any other remedies afforded by law or otherwise.

VII. CONTRACTS AND OBLIGATIONS

The participants are bound by the contracts they enter into and agree to the terms thereof. They may not elect to exclude themselves from such contracts but are irrevocably committed to them.

VIII. SUPERVISION OF ACCOUNTS AND PAYMENT OBLIGATIONS

The undersigned participant family agrees to place their USDA Rural Development loan proceeds for repairs into a supervised bank account which is managed by (INSERT ORGANIZATION NAME) . The participant is authorized to approve of all labor, materials, contracts, subcontracts, liens, expenses, taxes, and other costs incurred for the repair of their home. Only (INSERT ORGANIZATION NAME) may request draws on the participant's supervised bank account and prepare checks for payment of all costs and charges attributable to the repair of the participant's home. All checks shall be included on a Bill Pay Coversheet. The coversheet will provide an at-a-glance summarized list of all checks to be signed. These payments are to be authorized by the participant and USDA Rural Development with supporting documentation provided by (INSERT ORGANIZATION NAME) . The participant agrees to execute and deliver to (INSERT ORGANIZATION NAME) any other document necessary to implement this agreement.

IX. SUCCESSORS AND ASSIGNEES, JOINT AND SEVERAL LIABILITIES

The parties bind themselves, their spouses, successors, assignees, partners, and representatives to this agreement. The undersigned members agree that this agreement is jointly and severally binding upon them, and that any liabilities and obligations, rights and duties created hereunder shall be joint and severely to each signatory.

The undersigned person(s) agrees to make repairs according to decisions made by and specifications provided by (INSERT ORGANIZATION NAME) and approved by USDA Rural Development. No change will be made in these plans without prior approval of USDA Rural Development. Change order approval by participant requesting the same hereby holds harmless its agents, employees and officers for any liability resulting there from.

X. INSURANCE

Each participant agrees to purchase Homeowners Insurance as required by USDA Rural Development 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, (INSERT ORGANIZATION NAME) may require a higher amount if it determines that this is necessary. (INSERT ORGANIZATION NAME) shall be given proof (binder) of insurance.

XI. ACCEPTANCE OF HOUSING/RELEASE

At the time of completion of the participant's home repairs, the head-of-household must inspect the home and at that time make any claim against (INSERT ORGANIZATION NAME) or waive the right to do so by signing the Release and Hold Harmless Agreement attached to this agreement. Addendum #1(INSERT ORGANIZATION NAME) will not approve the closing of an account prior to receiving the release. It is agreed that any claims against (INSERT ORGANIZATION NAME) will be made at this time or will be forever barred.

XII. TERMINATION OF AGREEMENT

This agreement shall be terminated with regard to the participant and (INSERT ORGANIZATION NAME) by the following conditions:

A. After the repairs 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 Participant 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 (INSERT ORGANIZATION NAME) . I further acknowledge that (INSERT ORGANIZATION NAME) 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 participant agrees 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.

Date _____ Borrower _____

Date _____ Co-Borrower_____

By signing below, (INSERT ORGANIZATION NAME) agrees to all conditions of this P/R Participation and Labor Agreement. (INSERT ORGANIZATION NAME) also declares that no statements, representations or any express or implied warranties of any nature whatsoever have been made to this participant.

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

_____.
(Address, City/Town/County, State)

I hereby release (INSERT ORGANIZATION NAME) , its agents and employees, of any claim or liability with respect to the repairs of said residence, whether known, or arising in the future. I agree to indemnify and hold (INSERT ORGANIZATION NAME) and its agents and employees harmless for any claim made against them by a third party with respect to the construction repair of said residence.

Dated this _____ day of _____ 20_____.

By: _____

By: _____

OWNER OCCUPIED REHABILITATION PARTICIPATION AND LABOR AGREEMENT

This agreement is entered into on the_____ day of _____, 20_____, between the Owner Occupied/Participant, Participant Name(s) _____, hereinafter referred to as the "O/O Participant" and (INSERT ORGANIZATION NAME) hereinafter referred to as "____." The location of the O/O participant's home is_____(Include Address, City/Town/County, State).

Owner: Owner is a qualified low or very low-income homeowner and entitled to assistance in the rehabilitation of their home.

Project: Owner's home is located at (Insert address) and is described as a __ bedroom, _____ bathroom home of approximately _____square feet herein after referred to as "Project".

Owner's Obligations: Owner agrees and understands that this is a United States Department of Agriculture Rural Development program operated by (INSERT ORGANIZATION NAME) which will supply materials, technical assistance, supervision in the obtaining of permits, adhering to regulations, and supplying voluntary support in the rehabilitation project.

As a qualified participant of this program, Owner agrees to perform that portion of the work as outlined using the Form RD 1924-1, Development Plan or another similar form of the attached list of activities and schedule. If necessary, Owner shall obtain substitute assistance as approved by USDA Rural Development.

_____

(substitute) 's Participation: (INSERT ORGANIZATION NAME) will provide technical assistance, advice, supervision, and voluntary or contract services to assist in the completion of the project.

Insurance and Indemnity. Owner will be responsible for obtaining and maintaininghomeowner's liability insurance during the period of construction. Owner will indemnify and hold _____(INSERT ORGANIZATION NAME) harmless against and from all claims arising from Owner's activities andparties related thereto or hired thereby arising out of the Project.

Waiver: Owner agrees to waive all claims against (INSERT ORGANIZATION NAME) for any damage to person, property, or other person or property during the course of construction arising out of theconstruction.

Licenses: Owner will be responsible for the payment of all permits and licenses for the Project including licenses of contractors hired by Owner for the purposes of fulfilling Owner's obligations under this Agreement. The grantee will provide guidance in this process.

Work and Material Schedules: Attached as an Addendum #4 and made a part hereof are the following schedules:

1) Itemization of the work to be performed and the cost savings on the Project by the Owner; and
2) Materials and supplies necessary for the completion of the Project: (INSERT ORGANIZATION NAME) is not a contractor or builder, but acts as an agent of the Participants and a technical assistance provider. (INSERT ORGANIZATION NAME) makes no warranties with regard to the Project, the material used, or labor performed.

Grievance Procedure:

A. Any claim, dispute or question raised by any PARTICIPANT shall be first brought to the attention of the Construction Supervisor.

B. If no resolution can be accomplished through the Construction Supervisor, the following grievance procedure shall be followed.

1. Before and during construction the grievance should be brought to the attention of the Program Manager of (INSERT ORGANIZATION NAME) in writing. If a resolution is again not reached, then the written grievance shall be referred to the Executive Director of (INSERT ORGANIZATION NAME) . If a resolution is again not reached, then the written shall be referred to _____(INSERT ORGANIZATION NAME) Board of Directors for final resolution.

C. If a claim is brought prior to completion of repairs of the residence by the participant, the foregoing shall be conditions precedent to arbitration. In any event, any claim, dispute, or question arising between (INSERT ORGANIZATION NAME) and the participant 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. (INSERT ORGANIZATION NAME) has agreed to provide technical assistance to the participant in repair of their home. (INSERT ORGANIZATION NAME) does not charge

the participant for this service, and in return the participant agrees that (INSERT ORGANIZATION NAME) shall have no liability for acts and omissions done in good faith. (INSERT ORGANIZATION NAME) shall have no liability of consequential or delay or damages resulting from any act, omission, breach of contract, or negligence.

E. Termination:

Prior to termination, the following items will be reviewed and verified as part of the process. These steps are to be taken to provide justification as well as fairness.

- Timesheets - Verify hours worked during construction.
- Meetings – Verify attendance/participation in group meetings with other participants, both prior to and during construction.
- Workout Plan – If a Workout Plan was developed, review for completion and fulfilment of the obligation.
- Note/Memos – Review and present any notes from staff or other correspondence regarding the issues surrounding the termination.

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 program will be determined by (INSERT ORGANIZATION NAME) . Expulsion results in the loss of any rights under the terms of this agreement and the loss of building privileges under (INSERT ORGANIZATION NAME)'s Self-Help program. After expulsion, the participant's rights concerning their funding will be determined by RD (or other funding source if applicable). In the event a participant fails to meet the requirements of this agreement, the remedies afforded the PARTICIPANT and RD (or other funding source if applicable) in this agreement are cumulative, and in addition to any other remedies afforded by law or otherwise.

Assignment: Neither party may assign their interest in this Agreement without the consent of the other.

Governing Law: This Agreement shall be governed by the laws of any city, county, and the State of_____, or other governmental authority.

Complete Agreement: This Agreement and all other agreements, exhibits, and schedules referred to in this Agreement constitute the final, complete, and exclusive statement of the terms of the agreement

between the parties pertaining to the subject matter of this Agreement and supersede all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

Time of Performance: Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

Dated: _____ Dated: _____

"Owner" "Agency Representative"

_____ _____

LIST OF ADDENDUMS

Addendum #1 Release and Hold Harmless Agreement

Addendum #2 Recommended Tools

Addendum #3 Self-Help Housing Rehabilitation Labor Agreement

Addendum #4 Work and Materials Schedule

ADDENDUM #1

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 (INSERT ORGANIZATION NAME) its agents and 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 (INSERT ORGANIZATION NAME) 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: _____

ADDENDUM #2

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 (decent quality)

Cat’s-paw (nail puller)

ADDENDUM #3

SELF-HELP HOUSING REHABILITATION LABOR AGREEMENT

I understand that my participation in the Self-Help Housing Rehabilitation (SHR) program requires me to provide the labor for my project. I understand that for every $1,000in repair costs I will contribute 10 hours of labor towards my project. I understand that I am required to complete timesheets to track my labor contributions. I understand that any work required to be completed by a licensed professional will be contracted out. I understand that the Self-Help Housing Rehabilitation Representatives are available to provide me with supervision and instruction in completing my project to ensure all work is completed to code standards. I understand the Self-Help Housing Rehabilitation Representatives are not required to provide labor for my project. I understand that if I fail to maintain an acceptable level of participation my project may be discontinued. An acceptable level of participation is defined as meeting tasks and completion dates outlined in the Self-Help Housing Rehab Phase Work Plan. If I fail to finish the phases of my project by the expected completion date, a determination to end the project will be made, and I will be billed for the material used.

Homeowner signature:_____ Date:_____

Homeowner signature:_____ Date:_____

Any person designated by the homeowner as someone who will volunteer their labor is required to sign below.

_____ _____

_____ _____

_____ _____

Construction Supervisor:_____ Date:_____

Program Director:_____ Date:_____

ADDENDUM #4

SAMPLE

WORK & MATERIALS SCHEDULE		
PROJECT FUNDS ALLOTTED	FUNDS USED TO DATE	FUNDS REMAINING
$	$	$
Item	Category	Amount

Appendix 7: Land Analysis Form

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	( )	( )	Tap Fee $_____ Monthly $___
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)$_____

Appendix 8: Land Development Resources

Land Survey Resources

Becoming familiar with RD' building site requirements is the **first** step in the land research process. Rural Development's requirements on buildable sites including site development practices are included in the following documents:

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

The **second** step is contacting the following organizations:

Rural Development Field Office – 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 and Safety Officials, City Engineer – For local housing assistance plan, land use plan, building codes, zoning ordinances, subdivision ordinances, street standards, landscaping, design and development 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, Title Company – 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

Local engineer, architect, planner, realtor, land surveyor or consultant – If your organization is already working with one or more professionals in the area. They can be a reliable source of information for throughout the land research process.

Appendix 9: Sample Job Descriptions

Program Director

The Program Director is directly responsible to the Executive Director or Department Head.

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 organization's management 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 challenges 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.
- Must maintain a valid driver's license and automobile insurance.

Construction Supervisor

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

Duties and Responsibilities

- Trains and .supervises groups of participants in the construction of their homes using the 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.
- Coordinates house plan development, prepares dwelling specifications, cost estimates; schedules subcontractors as required and monitors their work; obtains bids and prepares contracts; orders approved purchases and construction materials.
- Prepares reports and maintains records of construction activities and participants' hours 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 skills 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.
- Attends community meetings and assist with the development of program marketing materials to promote the 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.
- Assist with applications, draws and reports for other leveraged resources (gap financing).
- 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 challenges, and (3) provide information on labor-saving and record keeping devices.
- Prepares reports and 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.
- Understanding of the mortgage financing process. [experience &/or training]
- 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.
- Attention to detail
- Must maintain a valid driver's license and automobile insurance.

Bookkeeper

The 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).
- Responsible for the overall day to day accounting functions and financial tasks.
- 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.
- Works with the accountant on all necessary reports and coordinates the filing of all tax documents.
- 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

Appendix 10: Other Land Financing Resources

SHOP (Self-help Housing Opportunity Program)

This is a program provided by the Department of Housing and Urban Development (HUD). A Request for Proposal is issued annually for an intermediary organization to provide the SHOP funds as a loan to the grantee for land acquisition, site development and rehab in an Acquisition/Rehab program. Grantees apply to the intermediary for their use in the RFP and later, when the program is ready to proceed a loan for an average of $15,000 per lot is issued. When the project is completed, the loan is repaid with the lot or house sale. The grantee repays all or a portion of the loan to the intermediary depending on their program. The grantee is then able to reuse the balance of the revolved loan to assist with down payments or retain the funds for future use of the same type.

Section 523/524 Site Loan Programs

This is a program provide by the United States Department of Agricultural Rural Development. Rural Housing site loans provide two types of loans to purchase and develop housing sites for low- and moderate-income families. The key distinction between Section 523 and Section 524 loans lies in who will build the homes and what methods are used.

• Section 523 loans are direct loans made to nonprofit organizations to acquire and develop land exclusively for homes that will be constructed by families participating in the mutual self-help housing method. These families contribute their own labor toward building each other's homes creating affordable homeownership opportunities through collaboration and sweat equity. The program bridges the gap between site acquisition and self-help construction, ensuring that organizations have access to fully developed and affordable lots, with funds repaid as lots are sold to participating families. Section 523 loans carry a fixed three percent interest rate, are financed from the Self-Help Fund, may be advanced in stages over a period not exceeding eighteen months, and must be repaid within two years, with all developed sites sold only to qualified self-help participants using Section 502 Rural Housing loans as outlined in RD Instruction 1944-I.• Section 524 loans are insured loans made to public or private nonprofit organizations for the purchase and development of housing sites intended for low- and moderate-income families, without restriction on the construction method. These loans provide flexibility for nonprofits to create affordable subdivisions or scattered-site developments that may serve a variety of income-eligible buyers, including those financed through federal, state, or local affordable housing programs. Section 524 loans

are financed through USDA's insured loan funds, carry the current interest rate in effect at either loan approval or closing, and must be repaid within two years, although extensions may be granted when necessary. The funds may be used to acquire and develop land, including roads, utilities, landscaping, and related costs, with all lots sold on a nonprofit basis to qualified low- or moderate-income households or to nonprofit organizations, cooperatives, or public agencies developing housing for these populations, while USDA retains a mortgage lien on the property until repayment through lot sales..

HOME and Community Development Block Grants (CDBG)

These are two more programs originating with HUD that have financed affordable housing and construction over the years. Both have local jurisdiction that receive the block grant of funds which have their own criteria and priorities from a list of eligible uses. These priorities are adopted through public hearings and/or comprehensive planning. In self-help housing the funds have been used to help with land purchase and site development, down payments, construction costs for new and rehab, and might help with auxiliary facilities like a water line needed to complete the site development.

Federal Home Loan Bank - Affordable Housing Program (AHP)

This bank is a membership institution of lenders. Regional offices set priorities and criteria for annual applications. The two most popular programs are Affordable Housing and Down Payment Assistance. The programs are run through a local member bank. Each region has a community advisory board to assist in setting the priorities. The FHLB-AHP is a national program created to assist with the purchase, construction, and rehabilitation of affordable housing.

Community Reinvestment Act (CRA)

The CRA is intended to encourage banks helping to revitalize communities.

Loan Funds

There are several regional and national organizations who can provide predevelopment funding for land acquisition and site development. Two of the T&MA contractors (NCALL and RCAC) can do so in their regions. Rural LISC and the Housing Assistance Council, both national organizations are also in the business of predevelopment lending.

Sources of Land Funding -Contact Information

USDA-RD	www.rd.usda.gov	Rural Housing Site Loans Title 7 → Subtitle B → Chapter XVIII → Subchapter B → Part 1822

		https://www.ecfr.gov/cgi-bin/text-idx?SID=5ad322162a140bd73a7de7eee59ce234&node=pt7.12.1822&rgn=div5 Section 523 Site Loans – Exhibit F https://www.rd.usda.gov/files/1944i.pdf
Federal Home Loan Bank's Affordable Housing Program FHLB-AHP	Council of FHLBANKS 2120 L Street, NW, Suite 208 Washington, DC 20037 (212) 955-0002 www.fhlbanks.com/affordable-housing.html	
Local Initiative Support Corporation Rural LISC	Rural LISC (headquarters) 402 Highway 50 W Fowler, CO 81039 (719) 263-4505 www.lisc.org/rural	Lending, TA, training Rural LISC | LISC Rural LISC
Housing Assistance Council HAC	1025 Vermont Ave. NW, Suite 606 Washington, D.C. 20005 (202) 842-8600 hac@ruralhome.org	Lending, TA, training, research, rural policy Home - Housing Assistance Council (ruralhome.org)
Rural Community Assistance Corporation RCAC	3120 Freeboard Drive, Suite 201 – 2nd Floor West Sacramento, CA 95691 www.rcac.org	Loan Fund
NeighborGood Partners	363 Saulsbury RD Dover, DE 19904 (302) 678-9400 www.neighborgoodpartners.org	Loan Fund- Delmarva Area Info Sheet https://www.neighborgoodpartners.org/loan-fund

Appendix 11: Links to 523 Application Forms and Documents

Self-Help Application Forms and Links

This information comes from the RD Instruction 1944-I, Exhibits G and I, which provides the instructions and required forms for the application process. Only a partial list of the application components are listed below since these are the only sections with forms. Links often expire so if you find a nonworking link, please advise your T&MA contractor.

Checklist Location	Name and Number	Link and Instructions
Tab (1)	Form SF-424-Application for Federal Assistance for Non-Construction Programs Including Intergovernmental Review Response	SF424_2_1 Page 4 (doi.gov) Open file to make it fillable then save. Completed by the applicant.
Tab (6)	House plans, specifications, and detailed cost estimates	http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1924-2.PDF Completed by the applicant.
Tab (9)	Form SF-424A Budget Information (non-construction)	SF424A- (grants.gov) Open file to make it fillable then save. Completed by the applicant.
Tab (14)	Form RD 400-4 Assurance Agreement	RD0400-0004_970300V01.pdf (usda.gov) Completed by the applicant.
Tab (17)	Group Agreement including Exhibit B-2 Labor Tasks	Information on the group agreement can be found in section 1944.411(h) https://www.rd.usda.gov/files/1944i.pdf Group agreement templates are available from your T & MA Contractor. They must include Labor tasks such as those listed in Exhibit B-2 to be completed by the applicant.
Tab (18)	Form RD 1940-1 Request for Obligation of Funds	http://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1940-1.PDF Completed by Rural Development with the cooperation of the grantee.

Tab (19)	RD Instruction 1944-I Exhibit A Self-Help TA Grant Agreement	https://www.rd.usda.gov/files/1944i.pdf Page 30 – Completed by both Rural Development and the grantee after grant approved and obligated at closing. Starts the 24-month clock and compliance with this agreement is an evaluation criteria.
Tab (20)	Form AD-1049 Certification Regarding Drug-Free Workplace	No longer required in the application. This form is required to be completed in SAM. Verification of the form's completion will be conducted by RD.
Tab (21)	Form AD-1047 Certification Regarding Debarments, Suspension, and other Responsibility Matters	No longer required in the application. This form is required to be completed in SAM. Verification of the form's will be conducted by RD.
Tab (22)	RD Instruction 1940-Q Exhibit A-1 Certification Regarding Lobbying	Microsoft Word - RD_Instruction_1940Q_ExhA1.doc (usda.gov)
Tab (23)	Statement of Compliance with 2 CFR 200 Part 400 & 416 if a State or Local government; or Part 400 & 415 if a non-profit	https://www.gpo.gov/fdsys/pkg/CFR-2016-title2-vol1/pdf/CFR-2016-title2-vol1-sec200-400.pdf https://www.gpo.gov/fdsys/pkg/CFR-2016-title2-vol1/pdf/CFR-2016-title2-vol1-sec200-416.pdf https://www.gpo.gov/fdsys/pkg/CFR-2016-title2-vol1/pdf/CFR-2016-title2-vol1-sec200-415.pdf
Tab (24)	Form SF -424B Assurances – Nonconstruction Programs	Y:\\Pam_Ward\\Grant.Gov\\Originals\\Batch 2 - SF424 Family - Core\\SF424B- V1.1.xfd (grants.gov)
Tab (31)	HUD Form 935.2b Fair Housing Marketing Plan	935-2B.pdf (hud.gov) Completed by the applicant per each location where Self-Help activities will take place.
Tab (34)	Form RD 2006-38 2006-P, §2006.754(b)	Completed by RD. Will need information from the organization.
Tab (35)	Compliance Review Form RD 400-8 RD Inst. 1901-E, §1901.204(a) & § 1901.204 (c)(3)	RD400-8.PDF (usda.gov) Completed by RD. Will need information from the organization.

Appendix 12: SAM Registration Information

SAM REGISTRATION

New Administrative Notice (AN) that impacts grantees
RD AN No. 4882 (1940-M) issued on 7/27/2021 clarifies the System for Award Management (SAM) screening and addresses the new requirement for SAM.gov registration by participants of all programs, including loans and guarantees. The AN also clarifies the requirement of screening for suspension and debarment of participants of individual and entity loans (insured and guaranteed), grants, and cooperative agreements in connection with any program administered by RD.

The new AN is **effective for all applications for federal grant funds received on or after October 1, 2021.**
RD will validate SAM registration of the prime recipients (***that's you, grantee!***), other than those exempted (only those participating as natural persons are exempt).

Here's What to Do:
Per 2 CFR § 25.200(b):
(1) Be registered in SAM prior to submitting an application or plan sam.gov;
(2) Maintain an active SAM registration with current information during which it has an active federal award (loan, grant, guarantee, subsidies, etc.) or an application or plan under consideration;
(3) Provide your Unique Entity Identifier (UEI) in each application or plan.
FYI: The Data Universal Numbering System (DUNS) is to be replaced by the Unique Entity Identifier (UEI) number for SAM. GSA and Dun and Bradstreet are working together to ensure continuity of services during the transition to UEI, also known as the SAM Number.
The DUNS will remain the official SAM number until April 2022. New registrants must continue to obtain a DUNS until April 2022.

Prime Recipient Responsibilities
Per 2 CFR §25.200(b)(2) referenced above, prime recipients are required to maintain an active SAM registration with current information during which it has an active loan, grant, or guarantee.

Bottom Line: Ensure your registration is complete within SAM as a grantee receiving federal funds, and review at every grant cycle for updates and/or accuracy.

A link to the full AN is included below
AN 4882 (1940-M) DATED July 27, 2021
System for Award Management Registration and Screening Requirements for Suspension and Debarment