

RD AN No. 4828 (1944-I)  
March 27, 2017

TO: All State Directors

ATTENTION: Single Family Housing Program Directors  
Self Help Coordinators

FROM: Richard A. Davis /s/ *Joyce Allen* for  
Acting Administrator  
Housing and Community Facilities Programs

SUBJECT: Self-Help Technical Assistance Grant Application Processing

**PURPOSE/INTENDED OUTCOME:**

This Administrative Notice (AN) provides guidance for the processing of mutual self-help technical assistance grant applications. The intended outcome is to improve the consistency of processing applications for mutual self-help grants. To achieve this outcome it is required that both the application processing checklists be strictly adhered to in accordance with Rural Development (RD) Instruction 1944-I, with emphasis on the importance of a thorough application review by the RD State Office and regional Technical and Management Assistance provider (T&MA) for completeness, accuracy and conformance to program policy and regulations.

**COMPARISON WITH PREVIOUS AN:**

This AN replaces RD AN No. 4553 (1944-I) dated March 3, 2011, which expired February 29, 2012.

**IMPLEMENTATION RESPONSIBILITIES:**

Timely and thorough reviews of section 523 technical assistance grant applications are a critical part of application processing. Applicants should first contact the regional T&MA provider for assistance in completing a grant request. The T&MA provider will assess the viability of the applicant's proposal and assist the applicant in completing an application package. T&MA contractors will complete a thorough review and submit the package to the state office with recommendation 15 calendar days from receipt.

EXPIRATION DATE:  
March 31, 2018

FILING INSTRUCTIONS:  
Preceding RD Instruction 1944-I

Applications must be date stamped upon receipt by RD and reviewed for completeness, accuracy, and conformance to program policy and regulations within 30 days of receipt. States will provide their recommendation to National Headquarters, in narrative form, ensuring the Do Not Pay (DNP) Registry is checked for applicant debarment prior to submission. DNP will be verified for a second time prior to grant closing.

In accordance with 1944-I, §1944.407 RD must provide section 523 grant recipients with the average cost or equivalent value of a modest homes for the area (typically called “Cost of Contractor Built Homes”) in order for the grant applicant to calculate the maximum amount of Technical Assistance (TA) for which they may apply. This average cost should be based on state appraisal data from recently closed loans; however, in the event that adequate information is not available, then information can be derived from Marshall and Swift for the cost of construction and added to the cost of an average lot values for the area. States should issue an annual policy outlining the cost of contractor built homes for use by 523 applicants in calculating 1944-I, § 1944.407 (a) and (b). The cost of contractor built homes should always be established by RD, not by the T&MA provider or the grant applicant. Under no circumstances should the RD area loan limit be used unless there is sufficient documentation to support it.

The Technical Assistance grant amount depends on the skill and capability of the applicant and is justified based on the number of families to be assisted. To determine the grant amount for any grant period refer to RD Instruction 1944-I §1944.407, Limitations. Each application for a Section 523 grant must show in written detail how the grant amount was calculated as indicated in RD Instruction §1944.407 and Attachment 1.

**Processing Applications and Completing Grant Dockets:** Pre-applications are not required so applicants may bypass the pre-application stage described in RD Instruction 1944-I and opt to submit a full application package with the required documents outlined in Attachment 2 “Application Processing Checklist.”

Two copies of the Pre-applications and/or Applications are required and must be submitted in separate binders, eight position folders, or similar type folders. Each binder/folder must begin with the appropriate checklist followed by the application docket. Each item required by the checklist must be included and tabbed accordingly in the application. The T&MA Provider for the state must conduct a thorough review of the application prior to the Agency’s eligibility determination of the grant application package. A review of an existing grantees’ performance is required in both the T&MA and RD recommendations. Applications will be forwarded by the State Office to National Headquarters for final review and funding.

The application checklist was developed to assist in the processing of Self-Help applications and ensure all requirements under RD Instruction 1944-I are met. If state processing checklists are already in place, they must be reviewed to ensure they are in compliance with the regulations and include the items in Attachments 2. The checklists include some items that may not apply to all applicants. For instance, some applicants will not have a sponsor. Other differences may include the requirements for private nonprofit agencies versus public bodies. If a line item is not applicable, it should be marked "N/A." Specific procedural references are provided for convenience.

The Area Director who oversees the applicants proposed service area will be contacted by the RD approval official regarding the program and the number of Section 502 and/or Section 504 units to be achieved. If the RD Office lacks the resources to process the loan requests in a timely manner, the RD approval official will advise the State Director and recommend a solution. After the RD approval official has completed the application review, the docket along with recommendation will be forwarded to National Headquarters for approval.

If the applicant is determined ineligible by the state, the RD authorized official will prepare a denial letter. Appropriate review, mediation and appeal rights will be given by attaching Attachment 1-B of HB-1-3550.

**Uniform Letter of Conditions:** Attachment 3, "Letter of Conditions -Application Review (LOC)," is a letter for use by the state's authorized approval official for applicants who have been determined eligible based on their submittal of the required information in accordance with RD Instruction 1944-I, §1944.410(e). The attached LOC should be used but will be altered on a case-by-case base to include only the applicable items as well as any additional requirements determined by the state as necessary to demonstrate compliance with RD Instruction 1944-I. For instance, if an applicant is in the process of negotiating an indirect cost rate, the application may be submitted and/or closed 'subject to' the finalizing of the indirect rate. If the applicant is unable or unwilling to meet the requirements, the RD authorized official will inform the applicant of the Agency's decision to terminate further processing of the application package.

**Grant Funding and Closing:** Once funds have been obligated, National Headquarters will issue an approval letter to the state containing the dollar amount of the obligation and outlining any additional condition that must be met. Additionally, states should update the LOC to reflect any final conditions to the grant closing and issue it with the grant agreement. This final LOC must be part of the grant docket and no funds should be released to the grantee prior to receiving back the executed grant agreement. Once the grant is closed, a copy of the fully executed grant agreement and LOC must be provided to the T&MA contractor.

States are reminded that proper notification through the Legislative and Public Affairs (LAPAS) process must be completed prior to announcing the award. Additionally, there is no requirement for the grant application to either remain in a binder or be placed in a file folder; however, States may wish to establish separate case files for quarterly reports and draw-requests.

This AN must be strictly adhered to in processing of Section 523 Grant applications. State Offices needing further guidance on this AN should contact Andria Hively, Finance & Loan Analyst for the Single Family Housing Direct Loan Division at 360-753-7724.

Attachments

**Attachment 1**  
**RD AN No. 4828 (1944-1)**

Requested Grant Amount \$500,000 (\$23,810 X 21 = \$500,010)

**Method A**

Equivalent Value of modest homes built in area-	\$ 160,000
Number of homes built under the grant proposal-	21
Max allowed TA cost per house-	\$ 24,000
Requested TA per house-	\$ 23,810
Actual Percentage of equivalent value-	14.88%

**Method B**

Average mortgage of participating families \$134,000 minus \$1000

(TA cost equivalent per unit of no more than 15% of modest home built in area)

Calculation A		Calculation B	
Grant amount	\$ 500,000	Average Mortgage of families	\$134,000
No. of homes built	$\div 21$		
Requested TA amount	23,810 *		
EV modest home built in area	$\div \$ 160,000$		
Percentage of equivalent value	14.88%		
EV modest home built in area	\$160,000	EV of modest home built in area	\$160,000
15% of EV	$\times 15\%$		\$26,000
Maximum allowed TA cost	\$24,000		<u>-\$134,000 (Avg Mtg)</u>
			\$ 26,000
			<u>-\$ 1,000</u>
			\$ 25,000 (Difference)*

\*The requested TA amount of (\$23,810) does not exceed the difference (\$25,000) between EV of modest home and Average Mortgage of participating families.

**APPLICATION PROCESSING CHECKLIST**

<b>Description of Documents</b>	<b>Form/ Instruction Number</b>	<b>Tab Position</b>	<b>Date Received/Comments</b>
(1) Application for Federal Assistance Non-Construction Programs Including Intergovernmental Review Response (as available)	Form SF-424 1944.410(e)		
(2) Waiting List of Participants	1944.410(e)(1)		
(3) Proof that the participants in the first group have qualified for assistance	1944.410(e)(2)		
(4) Lot options for first group	1944.410(e)(3)		
(5) Evidence of lot availability for remaining groups	1944.410(e)(3)		
(6) House plans, specifications and detailed cost estimates	1944.410(e)(4)		
(7) Staffing needs and hiring schedule	1944.410(e)(5)		
(8) Authorized representative of applicant	1944.410(e)(6)		
(9) Budget Information –Non-Construction Programs	Form SF-424A & Budget Narrative 1944.410(e)(7)		
(10) Indirect or direct cost policy and proposed indirect cost rate	1944.410(e)(8)		
(11) Monthly activities schedule	1944.410(e)(10)		
(12) Personnel practices and procedures	1944.410(e)(9)		
(13) Authorizing resolution	1944.411(d)		
(14) Assurance Agreement	Form RD 400-4 1944.411(d)		
(15) Fidelity Bond Coverage	1944.411(e)		

<b>Description of Documents</b>	<b>Form/ Instruction Number</b>	<b>Tab Position</b>	<b>Date Received/Comments</b>
(16) Evidence of interest bearing checking account and a statement of interest repayment (as applicable)	1944.411(g)		
(17) Group and/or Participation Agreement including Exhibit B-2 of 1944-I	1944.411(h)		
(18) Request for Obligation of Funds	Form RD 1940-I 1944.412		
(19) Self-Help Technical Assistance Grant Agreement	Exhibit A of 1944-I 1944.412		
(20) Certification Regarding Drug- Free Workplace	Form AD-1049 RD Inst. 1940- M, §1940.606 (b)(2)		
(21) Certification Regarding Debarments, Suspension, and other Responsibility Matters	Form AD-1047 RD Inst. 1940- M, § 1940.606(b)(1)		
(22) Certification Regarding Lobbying	Exhibit A-1 of RD Inst. 1940- Q and §1940.810		
(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	1944.411(c)		
(24) Assurances – Non Construction Programs	Form SF-424B 1944.411(f)		
(25) Rural Development Manager’s Recommendation *Do Not Pay (Checked at submission and again prior to closing)	1944.410(b) 1940-M §1940.606(b)		

<b>Description of Documents</b>	<b>Form/ Instruction Number</b>	<b>Tab Position</b>	<b>Date Received/Comments</b>
(26) T&MA Contractor's Review and Recommendation	Required Under National Office Contract with T&MA Contractor		
(27) National Office Review	1944.415(a)		
(28) Narrative Statement (a) Amount of request (b) Areas served (c) Number of houses proposed (d) Housing conditions of low-income families (e) Need for self-help housing (f) Evidence of Community Support	1944.410(a)(4)		
(29) Current Financial Statements for Applicant and any Sponsor	1944.410(a)(3)		
(30) Outreach Plan for very low- Income	1944.410(a)(5)		
(31) HUD Affirmative Fair Housing Marketing Plan (AFHM)	HUD Form 935.2B 1944.410 (a)(10)		
(32) Determination of TA Grant Amount	1944.407		
(33) Intergovernmental Review Submittal	1944.409		
(34) Civil Rights Impact Analysis Certification	Form RD 2006-38 2006-P, §2006.754(b)		



Description of Documents	Form/ Instruction Number	Tab Position	Date Received/Comments
(35) Compliance Review (Pre-award)	Form RD 400-8 RD Inst. 1901-E, §1901.204(a) & § 1901.204 (c)(3)		
(36) OGC Review (if necessary)	1944.410(b)(2)		
(37) Previous Experience	1944.410(a)(1)		
(38) Organizational Papers (a) Reference to State Law (b) Certified copies of Articles of Incorporation and Bylaws, or other evidence of corporate existence (c) Certificate of incorporation for other than public bodies (d) Evidence of Good Standing from the State (e) Names and addresses of Board of Directors, officers and members (plus principal business of any member that is an organization) (f) Copy of 501(c)(3), if non-Profit	1944.410(a)(2) 1944.404(d) (1-4)		

**Applicants and existing Self-Help grantees applying for a new grant should submit their applications in an original and one copy containing the above applicable items to the Technical and Management Assistance (T&MA) Contractor for review. The T&MA contractor will make a recommendation and submit the package to the State Office within 15 calendar days. Within thirty (30) days of the agency's receipt of the application, the designated official will review the application for completeness, accuracy and conformance to program policy and regulations. The designated official should then make a recommendation and forward along with a copy of the grantee's package to the National Office.**

LETTER OF CONDITIONS – APPLICATION REVIEW

Grantee Name and Address

Re: Self-Help Technical Assistance Grant {AMOUNT}

Dear {CONTACT PERSON}:

A review has been made of the items submitted in connection with your application for a Section 523 Mutual Self-Help grant to your organization. Based on your submittal of items required listed under 7 CFR 1944.410(e)(1) through (10), your application package is determined complete and grant approval can be considered.

This letter establishes conditions which must be understood and agreed to before your grant is approved. The amount of this grant is based upon the construction of {PROPOSED NUMBER OF HOUSES TO BE BUILT} houses. Please provide the following information to Rural Development within 30 days so that your grant can be approved. The items are as follows:

1. A signed statement from the Board of Directors stating the applicant has or can hire, or contract directly or indirectly with qualified people to carry out its responsibilities in administering the grant.
2. Provide a copy of the resolution adopted by (The Board of Directors or other Governing Body if public body ) authorizing the appropriate official to execute Exhibit A, “Self-Help Technical Assistance Grant Agreement” of 7 CFR Part 1944, subpart I and Form RD 400-4, “Assurance Agreement”.
3. Provide a completed SF-424B, “Assurances Non-Construction Programs,” agreeing to establish a recordkeeping system that a certified public accountant will certify as meeting the requirements of the Grant Agreement.
4. By grant closing, {UNLESS EXEMPTED BY 2 CFR 200 §200.305(8)} you must establish an interest bearing checking account on which two or more bonded employees will sign checks. Any interest earned in excess of \$500 annually must be submitted to Rural Development quarterly. (The use of minority depository institutions is encouraged.)
5. Provide a copy of the agreement which will be signed by you and the self-help participants setting forth exactly what is expected of each and incorporates Exhibit B-2 of 7 CFR Part 1944, subpart I, clearly showing what labor tasks are required by the participating families.
6. Certify on Exhibit A of 1940-Q and §1940.810 (certification regarding lobbying) that you comply with the provisions therein.

7. Certify by signing Form AD-1049, "Certification Regarding Drug-Free Workplace" and Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions" that you will comply with the provisions of 2 CFR Part 200 Part 400 & 416 if a State or Local government; or Part 400 & 415 if a non-profit. Provide a copy of the statement given all employees in accordance with Appendix C of that part. All persons/entities doing business with you must sign AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transactions".
8. You are encouraged to utilize the Technical and Management Assistance Regional Contractor ({INSERT NAME AND ADDRESS}) for any needed technical assistance in complying with these requirements.
9. {ADD ANY ADDITIONAL REQUIREMENTS}

***[Note: If the grant will be closed 'subject to' any item(s) the final LOC should begin with the following language instead of the above.]***

A review has been made of the items submitted in connection with your application for a Section 523 Mutual Self-Help grant to your organization. Based on your submittal of items required listed under 7 CFR 1944.410(e)(1) through (10), your application package is determined complete and the amount of this grant is based upon the construction of {PROPOSED NUMBER OF HOUSES TO BE BUILT} has been approved.

This letter establishes conditions which must be understood and agreed to in conjunction with the grant requirements outlined in 1944-I Exhibit A 'Self-Help Technical Assistance Grant Agreement.' This grant is being closed subject to the following conditions which, if not met, may result in the denial of grant draw request and potential termination of the grant:

1. {LIST CONDITIONS WITH TIMEFRAMES FOR COMPLETION.}

If you have any questions concerning these conditions, please contact Rural Development for assistance at {SERVICING OFFICE TELEPHONE NUMBER}.

Sincerely,

Rural Development Authorized Official

Attachments

cc: Appropriate T&M Contractor  
Appropriate Rural Development Offices