Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Rural Decentralized Water System Grant Program

2021 Grant Application Guide
The information requested in these guidelines is being collected and used by the Rural Utilities Service (RUS) to determine eligibility for grants and to meet federal reporting requirements. According to the amended Paperwork Reduction Act, responses to a collection of information are not required unless the collection displays a valid OMB control number. The valid OMB control number for this information collection is **0572-139**. Public burden reporting for this collection of information is estimated to be 130 hours per response, including time to review instructions, search existing data sources, gather and maintain necessary data, and complete and review the collection of information.

**NOTE:** This application guide has been updated with new guidelines and procedures. Global changes include the addition of “wastewater systems” to Decentralized Water System (DWS) grant verbiage. Other changes are highlighted in **bold font**. Please read each section thoroughly.

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1. Postal mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410
2. Fax: (202) 690-7442
3. Email: program.intake@usda.gov

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# The Decentralized Water System Grant Application Guide FY 2021

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Introduction

The U.S. Department of Agriculture (USDA) Rural Utilities Service (RUS) supports the sound development of rural communities and the growth of our economy without endangering the environment. RUS provides financial and technical assistance to help communities bring safe drinking water and sanitary, environmentally-sound waste disposal solutions to rural Americans in greatest need.

The goal of RUS is not only to make funds available to those communities most in need of potable water, but also to ensure that facilities used to deliver drinking water and wastewater services are safe and affordable. The Decentralized Water Systems (DWS) Grant Program is vital to RUS's efforts to reach this goal by serving the many rural Americans who do not have access to public water or wastewater facilities.

A central water system may not be the only – or best – solution to drinking water or wastewater challenges. Distance or physical barriers can make public central water and wastewater systems expensive in remote areas. A significant number of geographically-isolated households without water or wastewater services might need individual wells or wastewater systems rather than connections to new or existing community systems. The DWS Grant Program was established to assist those households that need individual wells and/or wastewater systems.

The DWS Program helps low-income households finance the costs of building or rehabilitating their private wells or wastewater systems. RUS will award nonprofit organizations grants to set up a loan and sub-grant program that lends funds to individuals to finance the costs of household water wells and wastewater systems.

RUS will accept electronic applications for the DWS Program from eligible nonprofit organizations through July 19, 2020. Applications must be submitted electronically through www.grants.gov.

About This Guide

In this guide, you will find information to help you:

- Assess your eligibility for RUS grant assistance
- Understand how and when to apply
- Create a successful application
- Find additional resources about the rules and regulations governing the grant application process
Section 1: The Decentralized Water System Grant Program

1.1 Program Description

The DWS Grant Program was established to help those in households with incomes less than 60 percent of the state non-metro median household income finance the costs of household water wells and wastewater systems they own – or will own – in rural areas. RUS will make grants to qualified private nonprofit organizations to establish lending programs for household water wells, as well as wastewater systems.

A nonprofit organization will use DWS grant funds to establish a lending program that will provide water well and wastewater system loans and sub-grants to individuals. The organization must contribute an amount equal to at least 10 percent of the grant request to capitalize the revolving fund. Individuals can use the loans and sub-grants to construct or upgrade a household water well and / or wastewater system for an existing home. A loan cannot exceed $15,000 and will have a term of up to 20 years at a one percent annual interest rate. A sub-grant, which can be used to maintain reasonable costs, cannot exceed $15,000 per project.

1.2 Authorization

The 2002 Farm Bill (Section 6012 of the Farm Security and Rural Investment Act of 2002, Public Law 107-171) established the DWS Grant Program. The authorizing statute is found in United States Code (7 U.S.C. 1926e). The DWS Grant Program regulations are contained in Title 7, part 1776, of the Code of Federal Regulations (CFR).

The regulation, “Decentralized Water System Grant Program,” will be cited using the title, part, and, when applicable, the section number. Thus, “7 CFR part 1776” refers to title 7, part 1776.

Please read the regulation in conjunction with these guidelines. If any differences result in the interpretation of these guidelines and 7 CFR part 1776, the regulation will take precedence over information contained in this guide.

1.3 Available Funding

The amount of funding available is approximately $10 million.

1.4 Award Information

Funding Instrument Type: Grant
Anticipated Total Priority Area Funding: To be published in the Federal Register
Anticipated Number of Awards: 10
Length of Project Periods: 12-month project
| Assistance Instrument: | Grant Agreement with successful applicants before any grant funds are disbursed. |
1.5 Purpose

The purpose of the DWS Grant Program is to provide funds to nonprofit organizations to help them establish a revolving fund program from which individuals can borrow money for household water well and wastewater systems. Applicants must show that the project will provide technical and financial assistance to eligible individuals to remedy household well and wastewater problems. Priority will be given to nonprofit organizations that:

1. Demonstrate experience in promoting safe, productive uses of household water wells and wastewater systems.
2. Demonstrate significant management experience in making and servicing loans to individuals.
3. Contribute more than 50 percent of the grant amount in cash or other liquid assets in order to capitalize the revolving fund.
4. Previously funded grant recipients must target unserved or underserved areas to be considered for funding under this announcement.

1.6 DWS Grant Program Resources

The RUS Water and Environmental Programs (WEP) staff will administer the DWS Grant Program. We encourage you to contact the WEP staff early in the application process with any questions or ideas concerning your proposal. The staff will provide advice on draft proposals before the application deadline or answer your questions about the application process and program requirements.

Primary point of contact: Taylor Marable
Telephone: (615)-772-8726
Email: taylor.marable@usda.gov

Website:
https://www.rd.usda.gov/programs-services/rural-decentralized-water-systems-grant

1.7 Catalog of Federal Domestic Assistance

The DWS Grant Program is listed in the Catalog of Federal Domestic Assistance (CFDA) under number 10.862. The catalog is available online through the free CFDA website at https://beta.sam.gov. The print edition can be purchased by calling the Superintendent of Documents at 202-512-1800 or toll-free at 866-512-1800. It also can be ordered online at bookstore.gpo.gov.
Section 2: DWS Grant Eligibility — Nonprofit Organizations

2.1 Eligible Organization

An organization is eligible to receive a DWS grant if it:

a. Is a private, nonprofit organization that has tax-exempt status from the Internal Revenue Service (IRS)
b. Is legally established and located within one of the following:
   − a state within the United States
   − the District of Columbia
   − the Commonwealth of Puerto Rico
   − a United States territory
c. Has the legal capacity and authority to carry out the grant purpose
d. Has sufficient expertise and experience in lending activities
e. Has sufficient expertise and experience in promoting the safe and productive use of individually-owned well water and wastewater systems
f. Has no delinquent debt to the Federal Government or no outstanding judgments to repay a federal debt
g. Demonstrates it possesses the financial, technical, and managerial capability to comply with federal and state laws and requirements.
2.2 Basic Eligibility Requirements for a Project

a. **Project Eligibility.** To be eligible for a grant, the project must:

- Be a revolving fund created to provide loans or sub-grants to eligible individuals to construct, refurbish, and service individually-owned decentralized water or wastewater system (see 7 CFR parts 1776.11 and 1776.12)
- Be established and maintained by a private, non-profit organization
- Be located in a rural area, which is defined as “locations other than cities or towns of more than 50,000 people and the adjacent urbanized area of such towns and cities” (see 7 CFR part 1776.3)

b. **Required Matching Contributions.** Cost-sharing contributions are required. Grant applicants must provide written evidence of a cost-sharing contribution of at least 10 percent from sources other than the proceeds of a DWS grant. In-kind contributions will not be considered for the cost-sharing requirement. Please see 7 CFR part 1776.9 for the requirement.

Section 3: Loans and / or Subgrants Eligibility — Individuals

An individual is ineligible to receive a DWS grant. An individual can receive a loan and / or subgrant. To be eligible for a loan and / or subgrant, an individual must:

a. Be a member of a household in which the combined household income of all members does not exceed 60 percent of the median non-metropolitan household income for the state or territory in which the individual lives. Household income is defined as “the total income from all sources received by each adult household member for the most recent 12-month period for which the information is available.” It does not include income earned or received by dependent children under age 18, or other benefits excluded by federal law. The non-metropolitan household income must be based on the most recent Census of the United States.

A list of income exclusions can be found in 7 CFR 3550.54(b). Also, the Department of Housing and Urban Development (HUD) published a list of Federally-Mandated Exclusions from Income in the May 20, 2014 issue of the Federal Register. (See 79 FR 28938.)

b. Own and occupy the home being improved with the proceeds of the DWS loan and / or sub-grant funds, or be purchasing the home to occupy under a legally-enforceable land purchase contract which is not in default by either the seller or the purchaser.

c. Own the home in a rural area as defined in 1776.3
d. Not use the loan or sub-grant for a decentralized water or wastewater system associated with the construction of a new dwelling.

e. Not use the loan or sub-grant to substitute a well for water service available from collective water systems. (For example, funds cannot be used to restore an old well or wastewater system that was abandoned when a dwelling was connected to a public water or wastewater system.)

f. Not be suspended or debarred from participation in federal programs.

Section 4: Funding Restrictions

4.1 Eligible Grant Purposes

The following activities are authorized under the DWS Grant Program:

a. Grant funds must be used to establish and maintain a revolving fund to provide loans or sub-grants to eligible individuals for decentralized water and wastewater systems.

b. Individuals can use the loan or sub-grant funds to construct, refurbish, rehabilitate, or replace decentralized water systems up to the point of entry of a home. Point of entry for the well system is the junction where water enters a home water delivery system after being pumped from a well. For wastewater systems, the point of exit is the junction where wastewater exits out of the home to the wastewater collection system.

c. Grant funds can be used to pay administrative expenses associated with providing DWS loans.

d. Sub-grants can be used to help reduce the cost to construct, refurbish, rehabilitate or replace individually-owned water well systems and / or individually-owned wastewater systems. Ten percent of the total grant funds awarded can be used for sub-grants.

4.2 Ineligible Grant Purposes

The following activities are not authorized under the DWS Grant Program:

a. Administrative expenses in any calendar year that exceed 10 percent of the DWS loans made during the same period do not qualify for reimbursement.

b. Administrative expenses incurred before RUS executes a grant agreement with the recipient do not qualify for reimbursement.

c. Grant funds cannot be used to repay delinquent debt owed to the
Federal Government.
d. DWS funds cannot be used to pay the costs of a water well or wastewater system associated with the construction of a new house.

e. DWS funds cannot be used to pay the costs of a home plumbing system.

Section 5: Content and Form of Application Submission

This section provides an overview of policies affecting application preparation and submission, application forms, application receipt information, and deadlines.

5.1 Electronic Filing of Applications

Applicants must file an application electronically using Grants.gov, the official Federal Government website available at www.grants.gov. RUS will not accept applications received by courier, fax, or email.

5.2 Getting Application Information

The DWS Grant Application Guide (hereafter, “Application Guide”), copies of necessary forms and samples, and the DWS Grant regulation are available electronically from the following sources:

a. Internet for electronic copies: www.grants.gov or, at

5.3 Rules and Guidelines

To be considered for support, you must be an eligible nonprofit organization and submit a complete application by the deadline date. The DWS Grant Program regulation (7 CFR part 1776) and this guide both contain detailed information on each item required. You are strongly encouraged to read and apply using both the regulation and the application guide.

Prepare your application using the provisions of 7 CFR part 1776, subpart B, and applicable USDA regulations including 2 CFR parts 180, 182, 200, 400, and 421, or any successor regulations. You also must demonstrate compliance (or intent to comply) – through certification or other means – with a number of public policy requirements.

Consult the cost principles and general administrative requirements for grants related to your organizational type in order to prepare the budget and complete other parts of the application. Cost principles and general administrative requirements can be found in Office of Management and Budget (OMB) circulars. The OMB circulars can be accessed at the following link: https://www.whitehouse.gov/omb/information-for-agencies/circulars/.
5.4 Checklist of Items in Completed Application Packages

5.4.1 DUNS Number Requirement

The first step in the application process is to ensure your organization has a Dun and Bradstreet Data Universal Numbering System (DUNS) number. The application process requires a DUNS number. You must provide it on the SF-424, Application for Federal Assistance, which is part of the application package. To verify your organization has a DUNS number, or to receive one from D&B at no cost, call the dedicated toll-free request line at 1-866-705-5711, or visit https://fedgov.dnb.com/webform/.

If your organization does not have a DUNS number, you will need the following information when requesting one:

- Legal Name: the name used when filing a return or making a payment to the IRS
- Headquarters name and mailing address of the organization
- Doing business as (dba) or other name by which the organization is commonly recognized
- Physical address
- Mailing address (if separate from headquarters and/or physical address)
- Telephone number
- Contact name and title
- Number of employees at the physical location

5.4.2 SAM Registration Requirement

In the second step prior to applying, you must register in the System for Award Management (SAM), available at www.sam.gov/SAM/. Your SAM registration must remain active with current information while RUS considers your application, and throughout the time a Federal Grant Award or loan is active. The applicant must review and update the information in the SAM database annually from the date of initial registration, or from the date of the last update. The information in the database must be current, accurate, and complete. Applicants also must ensure they complete the Financial Assistance General Certifications and Representations section in SAM.

Setting up a SAM listing is a one-time procedure that requires annual updates. If your organization is already registered, it must update or renew the registration at least once each year to maintain active status. If you are planning to submit a grant application for the first time, your organization must register using its legal business name and name used with the IRS. SAM allows you to establish roles and user names for representatives that will use Grants.gov to submit electronic grant applications. NOTE: New registrations can take 3 – 5 business days to process in SAM, but the turn-time for updating or renewing an already-active registration is
about 24 hours.

If your organization fails to update or renew its SAM registration, the Grants.gov registration will lapse and keep the application from being accepted. The DUNS number, Taxpayer Identification Number (TIN), and name and address of the applicant organization must match SAM data files. SAM registers your organization, housing your organizational information and allowing Grants.gov to use the information to verify your identity. However, registration does not guarantee that a grant will be awarded.

5.4.3 Application Items

The electronic application process requires forms with the prefixes “RD” (Rural Development) and “SF” (Standard Form) as well as supporting documents and certifications. Completed applications must include the items found in this table:

<table>
<thead>
<tr>
<th>Application Items</th>
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<tbody>
<tr>
<td>1. SF-424, “Application for Federal Assistance”</td>
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<tr>
<td>2. SF-424A, “Budget Information—Non-Construction Programs”</td>
</tr>
<tr>
<td>3. SF-LLL, “Disclosure of Lobbying Activity”</td>
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<tr>
<td>4. Form RD 400-1, “Equal Opportunity Agreement”</td>
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<tr>
<td>5. Project Proposal:</td>
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<tr>
<td>- Project Summary,</td>
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<td>- Needs Assessment,</td>
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<tr>
<td>8. Evidence of Legal Authority and Existence</td>
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<tr>
<td>9. List of Directors and Officers</td>
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<tr>
<td>10. Documentation of private nonprofit status and IRS Tax Exempt Status</td>
</tr>
<tr>
<td>11. Financial information and sustainability (narrative)</td>
</tr>
<tr>
<td>12. Assurances and Certifications of Compliance with Other Federal Statutes</td>
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</tbody>
</table>
The forms found in items 1 – 4 must be completed and signed where appropriate by an official of your organization who has authority to legally obligate the organization. RD forms are used by programs under the RD mission area. SFs are used government-wide.

5.4.4 Compliance with Federal Statutes and Regulations

RUS Programs make grants in accordance with specific federal rules and regulations found in the most recent version of the Code of Federal Regulations located at www.ecfr.gov.

The applicant must provide evidence of compliance with other federal statutes and regulations, among them:

a. Program Regulations

- 7 CFR part 1776 — Decentralized Water System Grant Program

b. Administrative Provisions:

- 7 CFR part 3015 — Uniform Federal Assistance Regulations

- 7 CFR part 3019 — Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Nonprofit Organizations

- 2 CFR part 417 — Government-wide Debarment and Suspension (Non-procurement) or any successor regulations

  If it applies, you must disclose debarment and suspension information in accordance with 2 CFR, Part 417.

- 7 CFR part 3018 — New Restrictions on Lobbying

- Subpart B of 2 CFR part 421, which adopts the Government-wide implementation of the Drug-free Workplace Act

  You must identify all of your organization's known workplaces by including the actual address of buildings (or parts of buildings) or other sites where work under the award takes place. Workplace identification is required under Drug-free Workplace Act requirements in accordance with subpart B of 2 CFR part 421.
c. **Federal Cost Principles:**

- OMB Circular No. A-122, *Cost Principles for Nonprofit Organizations* (other than institutions of higher education)

**d. Audits:**

- 7 CFR part 3052, *Audits of States, Local Governments, and Nonprofit Organizations* or any successor regulations.

**e. Civil Rights Requirements:**

- 7 CFR part 15, subpart A — *Nondiscrimination in Federally-Assisted Programs of the Department of Agriculture — Effectuation of Title VI of the Civil Rights Act of 1964*. Title VI of the Civil Rights Act of 1964
- *Title IX of the Education Amendments of 1972*
- *Section 504 of the Rehabilitation Act of 1973*, as amended
- *Age Discrimination Act of 1975*
- *Fair Housing Act, Title VIII of the Civil Rights Act of 1968*

Those who do not speak English as their primary language and are limited in their ability to read, speak, write, or understand English can be considered “Limited English Proficient” (LEP). These individuals may be entitled to language assistance, free of charge. You must take reasonable steps to ensure Limited English Proficiency (LEP) applicants receive the language assistance necessary to have meaningful access to the DWS program, information and services your organization provides. See important policy guidance on providing meaningful access to LEP individuals, as explained in Title VI of the *Civil Rights Act of 1964*. For information on LEP and agency-specific guidance, see [www.LEP.gov](http://www.LEP.gov).

**f. Equal Credit Opportunity:**

- *Federal Equal Credit Opportunity Act*
- *Truth in Lending Act*
g. Appeals
• 7 CFR part 1900, subpart B — *Adverse Decisions and Administrative Appeals*

5.5 Electronic Filing of Applications

The application must be submitted electronically through Grants.gov. Paper, faxed, and emailed applications or supporting documentation will not be accepted.

5.6 Submitting Electronic Applications

You must file an electronic application at [http://www.grants.gov](http://www.grants.gov). Applications will not be accepted by fax transmission or electronic mail. Your application must be received by **midnight Eastern Standard Time on July 19, 2021**. Applications received after this date will not be considered.

If you have not used Grants.gov, you will need to register with the SAM and the Credential Provider. See sections 5.4.1 & 2 for instructions. You must be registered with Grants.gov before you can submit a grant application.

You will need a DUNS number to access or register at any of the services. In addition to the DUNS number required of all grant applicants, your organization must be registered with System for Award Management (SAM). The SAM stores your organizational information, allowing Grants.gov to verify your identity and to pre-fill organizational information on your grant applications. See section 5.4.1 for instructions.

The Credential Provider gives you or your representative a username and password – as part of the Federal Government’s e-Authentication – to ensure a secure transaction. You will need that username and password when you register with Grants.gov or use Grants.gov to submit your application. You must register with the Credential Provider through Grants.gov at: [apply07.grants.gov/apply/login.faces?userType=applicant&cleanSession=1](http://apply07.grants.gov/apply/login.faces?userType=applicant&cleanSession=1)

**RUS recommends that you obtain your organization’s DUNS number and SAM listing well in advance of the application deadline.**

Grants.gov contains full instructions on all required passwords, credentialing, and software. Follow the instructions at Grants.gov for registering and submitting an electronic application. RUS may later request original signatures on electronically-submitted documents. If a system problem or technical difficulty occurs with an electronic application, please use the customer support resources available at the Grants.gov website. To use Grants.gov:

1. Follow the instructions on the website to find grant information
2. Download a copy of an application package
3. Complete the package off-line
4. Upload and submit the application using the Grants.gov website

5.7 Deadline for Grant Applications

The deadline for the DWS Grant Program is July 19, 2021.

To be considered, all applications must time-stamped electronically on or prior to midnight Eastern Standard Time on the deadline date. If a deadline date falls on a weekend, it will be extended to the following Monday. If the date falls on a federal holiday, it will be extended to the next business day.

Section 6: Application Review Information

6.1 Criteria

This section contains instructions and guidelines on preparing the project proposal, work plan, and budget sections of the application. Also, guidelines are provided on the additional information required for RUS to determine eligibility and financial feasibility.

6.2 Project Proposal

Your project proposal must outline the project in detail sufficient enough to provide a reader with a full understanding of your proposed loan program. The proposal must explain what you will accomplish by lending funds to individual well and wastewater owners. You must demonstrate the feasibility of the proposed revolving program in meeting the objectives of the DWS grant program. Your proposal must cover the following elements:

6.2.1 Project Summary

Present a brief project overview. Explain the purpose of the project, how it relates to RUS's purposes, how the project will be executed, what the project will produce, and who will direct it.

6.2.2 Needs Assessment

To show why the project is necessary, clearly identify economic, social, financial, or other problems that require solutions. Demonstrate the well and / or wastewater system owners’ need for financial and technical assistance. Quantify the number of prospective borrowers or provide statistical or narrative evidence that a sufficient number of borrowers will exist to justify the grant award. Describe the service area. Provide information on the household income of the area and other demographical information. Address community needs.

6.2.3 Project Goals and Objectives
Clearly state the project goals. The objectives must clearly describe those goals and be concrete and specific enough to be quantitative or observable. They must also be feasible, and relate to the purpose of the grant and loan program.

6.2.4 Project Narrative

Your narrative must cover in more detail the items briefly described in the Project Summary. Demonstrate your experience and expertise in promoting the safe and productive use of individually-owned household water well systems and/or wastewater systems. In describing what the project will achieve, tell if it also will have a broader influence. Your narrative must address the following points:

a. Document your ability to manage and service a revolving fund. The narrative must describe the systems that are in place for the full life cycle of a loan, from loan origination through servicing. If a servicing contractor will service the loan portfolio, that arrangement and the services provided must be discussed.

b. Show evidence of the availability of funds from sources other than the DWS grant. Describe the contributions the project will receive from your organization, state agencies, local government, other federal agencies, non-government organizations, private industry, and individuals. The documentation must describe how the contributions will be used to pay your operational costs and provide financial assistance for projects.

c. Demonstrate that your organization has secured commitments of significant financial support from other funding sources.

d. List the fees and charges borrowers will be assessed.

6.3 Work Plan

The work plan or scope of work must describe the tasks and activities that will be accomplished with available resources during the grant period. It must show the work you plan to do to achieve the anticipated outcomes, goals, and objectives set out for the DWS Program. Describe any unusual or unique features of the project, such as innovations, reductions in cost or time, or extraordinary community involvement. The plan must:

a. Describe the work to be performed by each person.

b. Give a schedule or timetable of work to be done.

c. Show evidence of previous experience with the techniques to be used, or illustrate their successful use by others.

d. Outline the revolving program to include the following: specific loan and sub-grant purposes, the application process, priorities, borrower
eligibility criteria, limitations, fees, interest rates, terms, and collateral requirement.

e. **Outline the criteria for awarding sub-grants,** including specific sub-grant purposes, the sub-grant application process, priorities, sub-grantee eligibility, and limitations.

f. **Provide a marketing plan.**
g. Explain the mechanics of how you will transfer funds to individual borrowers.

h. Describe follow-up or ongoing activities that will occur after project completion, such as monitoring and reporting borrowers’ accomplishments.

i. In line with project objectives, describe how project results will be evaluated.

j. List all personnel responsible for administering this program along with a statement of their qualifications and experience.

6.4 Budget and Budget Justification

Your budget will be reviewed for compliance with governing cost principles found in OMB Circular A-122, Cost Principles for Non-Profit Organizations, and requirements in the DWS regulation. Use the Form SF-424A, Budget Information – Non-Construction Programs, to show your budget cost elements. Also provide a narrative budget justification that describes how categorical costs are derived for all capital and administrative expenditures, the matching contribution, and other sources of funds necessary to complete the project. Discuss the necessity, reasonableness, and allocability of the proposed costs.

The Form SF-424A summarizes resources as federal and non-federal funds and costs. "Federal" refers only to the DWS grant. "Non-federal" refers to resources from your organization, state agencies, local government, non-government organizations, private industry, and individuals. These represent the required matching contributions. Both federal and non-federal resources must be detailed and justified in the budget and narrative justification.

The total costs requested in your budget must include allowable direct costs, and allowable administrative costs (indirect costs). Costs charged to the grant must be allowable and consistently applied regardless of the source of funds.

Below are tips for completing Form SF-424A:

6.4.1 Section A — Budget Summary

Enter on Line 1 under Column (a), “DWS Program.” In column (b) enter “10.862.” Leave columns (c) and (d) blank. In columns (e), (f), and (g) enter the appropriate amounts of funds needed to support the project during the grant period. Lines 2 through 4 do not contain any information. On Line 5, show the totals for all columns used.

6.4.2 Section B — Budget Categories

In the column headings (1) through (4) enter titles of the program, functions, or activities of your project if necessary. Fill in the total requirements for funds (both
federal and non-federal) by object class for each program, function, or activity.
**Line 6a. Personnel.** Enter the salary costs of all personnel dedicating effort to the project. The salary of secretarial or clerical staff normally are treated as administrative costs. However, if the individuals involved can be *specifically identified* with the project or activity with a high degree of accuracy, then those costs can be reflected as a direct cost. In the budget justification, please be specific about the costs.

**Line 6b. Fringe Benefits.** These costs are allowable as a direct cost in proportion to the salary charged to the grant to the extent the payments are made under formal organizational policies.

**Line 6c. Travel.** Travel costs can be charged on an actual cost basis, or on a per diem or mileage basis in lieu of actual costs incurred, or a combination of the two. The costs must be consistent with established travel policies of the organization, and adhere to the established federal cost principles. The budget narrative must clearly state how the travel is related directly to the proposed project.

**Line 6d. Equipment.** Equipment is defined as an item of property that costs $5,000 or more (unless your organization has established lower levels), and it has an expected service life greater than one year. General purpose equipment must not be listed as a direct cost. Examples include desktop computers, laptops, office equipment and furnishings, telephone networks, reproduction and printing equipment, and motor vehicles.

**Line 6e. Supplies.** Include only materials and supplies that will actually be used for the performance of the project.

**Line 6f. Contractual.** Enter the amount for services that will benefit the project. You must demonstrate that all procurement transactions will be conducted in a manner to provide, to the maximum extent practical, open and free competition. Recipients must justify any anticipated procurement action expected to be awarded without competition and exceed the simplified acquisition threshold fixed at 41 USC 403(11) (currently set at $100,000).

**Line 6g. Construction.** Construction costs are not allowed.

**Line 6h. Other.** Include direct costs for other items that relate specifically to the performance of the project, but do not appear in other categories. Examples include advertising, marketing, or publication costs for the program.

**Line 6i. Total Direct Charges.** Enter the sum of lines 6a-h.

**6j. Indirect Charges.** Administrative costs typically are treated as “indirect” or “overhead costs.” Indirect costs are costs that cannot specifically be identified with a single award, project, or service. These are costs that support all of an organization’s programs, incurred for common or joint objectives. Indirect costs can be classified under four categories: (1) depreciation, (2) operation and maintenance (3) interest, and (4) general administration and general expenses.
Examples in this category include central offices such as the director's office, the office of finance, business services, budget and planning, personnel, safety and risk management, general counsel, management information systems, and library. Other examples include the payment of necessary and reasonable office expenses such as office rental, supplies, utilities, telephone services, and equipment. If you will use a servicing contractor, the fees can be reimbursed as an administrative expense as provided in 7 CFR 1776.13. These fees must be discussed in the budget narrative.

Note: The DWS Program has a 10 percent cap to administrative expenses that can be claimed for reimbursement under a grant. DWS grant applicants or recipients cannot use a percentage of the grant or total project costs to calculate the reimbursable administrative expenses. You can use only a percentage of loans made during a calendar year. You must calculate 10 percent of loans made during a calendar year and limit their administrative expenses to the calculated amount. The DWS grant period typically starts on October 1. Most grant recipients perform start-up and marketing activities during the first quarter of the grant when no loans can be made. Without loans, the administrative expenses will not be reimbursed with DWS grant funds.

If you have an indirect cost rate approved by the Department of Agriculture or another cognizant federal agency (a federal agency that, on behalf of all federal agencies, establishes final indirect cost rates, forward pricing rates, and cost accounting standards for all contracts in a business unit) enclose a copy of the current rate agreement. If you are in the process of developing or renegotiating a rate, you must submit your indirect cost proposal to the cognizant agency immediately after you are advised an award will be made. In no event shall the indirect cost proposal be submitted later than three months after the effective date of the award. Consult OMB Circular A-122 for information about indirect costs.

Line 7. Subgrant Award. Enter Line item for subgrant to be awarded.

Line 8. Program Income. Enter the estimated amount of income, if any, expected to be generated from this project.

6.4.3 Section C — Non-federal Resources

Enter amounts of matching funds and other non-federal resources that will be used on the grant according to the sources in columns (b) through (d).

6.4.4 Section D—Forecasted Cash Needs

Enter the amount of cash needed by quarter during the first year:

- On Line 13, from RUS
- On Line 14, from all other sources
6.4.5 Section E — Budget Estimates of Federal Funds Needed for Balance of the Project.

It is not necessary to fill in this section, as the DWS Grant Program is expected to be completed in 12 months.

6.5 Required Information Not Found on Standard Application Forms

In addition to completing the standard application forms, you must submit the following supplementary materials:

6.5.1 Evidence of Legal Existence

Provide satisfactory documentation that your organization is legally-recognized under state and federal law as a private non-profit organization. The documentation also must show you have the authority to enter into a grant agreement with RUS and to perform the activities proposed under the grant application. Among other things, satisfactory documentation includes certificates from the Secretary of State, copies of state statutes or laws establishing your organization, and copies of your organization’s articles of incorporation and bylaws. Letters from the IRS awarding tax-exempt status are not considered adequate evidence.

6.5.2 List of Directors and Officers

Submit a certified list of directors and officers with their respective terms.

6.5.3 IRS Tax Exempt Status

Submit evidence of tax-exempt status from the IRS.

6.5.4 Financial Information and Sustainability

Submit the following financial statements:

- Pro forma balance sheets, income statements, and cash flow statements for the last three years, along with projections for three years
- The most recent audit of your organization

If your organization was formed fewer than three years ago, submit financial statements from inception-to-present.
6.6 Optional Information Not Found on Standard Application Forms

You can present additional information to describe and support your plan for achieving grant objectives. The information can be regarded as essential for understanding and evaluating your project. Examples include letters of support, resolutions, and/or policies. Supplemental information can be presented in appendices to your proposal.

Section 7: Evaluation Criteria

7.1 Scoring

Complete, eligible grant applications will be scored competitively based on criteria in the chart on page 23.

7.2 Possible RUS Actions on the Application

RUS may determine your application is:

- Eligible and selected for funding
- Eligible but offered fewer funds than requested
- Eligible but not selected for funding
- Ineligible for the grant
Scoring Criteria

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<td>Up to 20 points</td>
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<td>(a) 0 to 9 percent</td>
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<td>(b) 10 to 25 percent</td>
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<td>(c) 26 to 30 percent</td>
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<td>(d) 31 to 50 percent</td>
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<td>(e) 51 percent or more</td>
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<td>Up to 20 points</td>
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Creative outreach ideas for marketing DWS loans to rural residents. Factors include:
1. Directs loans and sub-grants to rural areas where, according to the American Community Survey, data by county show that at least 20 percent of the population is living in poverty. This emphasis supports Rural Development’s goal of providing 20 percent of its funding to these areas of need.
2. Directs loans and sub-grants to areas that lack running water, flush toilets, and modern wastewater disposal systems, and areas with open sewers or high rates of disease caused by poor sanitation, in particular, Colonia or Substantially-Underserved Trust Areas.
3. Directs loans and sub-grants to drought-stricken areas.
7.3 Review Standards

a. Incomplete applications as of the deadline for submission will not be considered. If an application is determined to be incomplete, the applicant will be notified in writing and the application will be returned with no further action.

b. Ineligible applications will be returned to the applicant with an explanation.

c. Complete, eligible applications will be evaluated competitively by a review team of at least two RUS employees selected from RD’s Water and Environmental Programs. They will make overall recommendations based on the program elements found in 7 CFR part 1776 and the review criteria presented in this guide. They will award points as described in the scoring criteria in 7 CFR part 1776.9 and in this notice. Each application will receive a score based on the averages of the reviewers’ scores along with discretionary points awarded by the Rural Utilities Service Administrator.

d. Applications will be ranked – and grants awarded – based upon scoring results and funding availability.

e. Regardless of the score an application receives, if RUS determines the project is technically infeasible, RUS will notify the applicant, in writing, and the application will be returned with no further action.

Section 8: Award Administration Information

8.1 Award Notices

After any applicable modifications or updates are made to the funding package, RUS will notify a successful applicant by an award letter accompanied by a grant agreement. The grant agreement contains the terms and conditions for the grant. The applicant must execute and return the grant agreement, accompanied by any additional items required by the award letter or grant agreement.

8.2 Administrative and National Policy Requirements

This notice, the 7 CFR part 1776, and DWS Grant Program Application Guide cover appropriate administrative and national policy requirements. Grant recipients are subject to the requirements in 7 CFR 1776.

8.3 Faith-based Organizations

Direct federal grants, sub-award funds, or contracts under the DWS Grant Program must not be used to fund inherently religious activities, such as worship, religious instruction, or proselytization. Organizations that receive direct USDA assistance must take steps to separate, in time or location, inherently religious activities from the services funded under the DWS Grant Program.

8.4 Appeals Process

In accordance with 7 CFR part 1900, subpart B, you generally have the right to appeal adverse decisions. Some adverse decisions cannot be appealed. For example, if you are denied RUS funding due to a lack of funds available for the grant program, this decision cannot be appealed.

However, you can make a request to the National Appeals Division (NAD) for a determination of the appealability of a specific adverse decision. The appeal must be in writing and filed at the appropriate Regional Office, which can be found at [www.nad.usda.gov](http://www.nad.usda.gov) or by calling 1-877-487-3262.

8.5 Reporting

8.5.1 Performance Reporting

All DWS Grant recipients must provide quarterly performance activity reports to RUS until the project is complete and the funds are expended. A final performance report also is required. The final report can serve as the last annual report. The final report must include an evaluation of the success of the project.

8.5.2 Financial Reporting

All DWS grant recipients must provide an annual audit, beginning with the first year in which a portion of the financial assistance is expended. The grantee will provide an audit report or financial statements as follows:

a. Grantees expending $750,000 or more in federal funds per fiscal year will submit an audit conducted in accordance with 2 CFR part 200 (or successor) guidance. The audit will be submitted within nine months after the grantee’s fiscal year. Additional audits may be required if the project period covers more than one fiscal year.

b. Grantees expending less than $750,000 will provide annual financial statements covering the grant period. These must include the organization’s statement of income and an expense and balance sheet signed by an appropriate official of the organization. Financial statements must be submitted within 90 days after the grantee's fiscal year.
Section 9: Agency Contacts

For additional information on the DWS Grant Program:

- Primary point of contact:

  Taylor Marable, Community Programs Specialist Water and Environmental Programs
  Rural Utilities Service
  Phone: 615-772-8726
  Email: taylor.marable@usda.gov

- Website:
  https://www.rd.usda.gov/programs-services/rural-decentralized-water-systems-grant