

RD AN No. 4553 (1944-I)  
March 3, 2011

TO: All State Directors

ATTENTION: Rural Housing Program Directors  
Self Help Coordinators

FROM: Tammye Treviño *(Signed by Tammye Treviño)*  
Administrator  
Housing and Community Facilities Programs

SUBJECT: Self-Help Technical Assistance Grants Administration

**PURPOSE/INTENDED OUTCOME:**

This Administrative Notice (AN) provides strict guidance regarding the processing of Self-Help technical assistance grants. The intended outcome is to improve the consistency of processing pre-applications and applications for mutual Self-Help grants. To achieve this outcome it is required that both the pre-application and application processing checklists be strictly adhered to in accordance with RD Instruction 1944-I with emphasis on the importance of a thorough application review by the state office for completeness, accuracy and conformance to program policy and regulations.

**COMPARISON WITH PREVIOUS AN:**

This AN replaces RD AN No. 4387 (1944-I) dated August 28, 2008, which expired September 30, 2009.

EXPIRATION DATE:  
February 29, 2012

FILING INSTRUCTIONS:  
Preceding RD Instruction 1944-I

**IMPLEMENTATION RESPONSIBILITIES:**

Timely and thorough reviews of section 523 technical assistance grant applications are a critical part of application processing. Additionally, applications must be date stamped upon receipt by Rural Development and reviewed for completeness, accuracy, and conformance to program policy and regulations within 30 days of receipt. Upon completion of the initial review by Rural Development, the application will be forwarded to the Regional Technical and Management Assistance (T&MA) provider for review. The T&MA provider will complete a thorough review and return the package to the State Office within 15 calendar days. Applications not date stamped when received and lack of timely initial reviews were found to be a weakness in the FY 2009 Management Control Review.

**Processing Pre-application, Applications, and Completing Grant Dockets:** Pursuant to RD Instruction 1944-I § 1944.410 (b), the District Director, will conduct a thorough review of the Pre-application Form, SF 424 “Application for Federal Assistance”, within 30 days of receipt for completeness, and conformance to program policy and regulations. Incomplete pre-applications will be returned to the applicant for completion. The applicant should be given the name of the regional technical assistance contractor.

The County Supervisor will be contacted regarding the program and the number of Section 502 and Section 504 units to be committed in the proposed area and, if resources are available to the grantee. If the County Office lacks the resources to process the loan requests in a timely manner, the District Director will advise the State Director and recommend a solution. After the District Director has completed the pre-application review, the District Director will forward the applicant case file to the State Director.

**Pre-Application Processing Checklist:** Attachment 1, “Pre-application Processing Checklist,” provides a comprehensive checklist for use by the State, and Area Offices. New grantees to the Self-Help program are required to submit pre-applications following this checklist. It will assist in processing grants and assuring all requirements under RD Instruction 1944-I are met.

**Application Processing Through Grant Closing Checklist:** Attachment 2, “Application Processing Through Grant Closing Checklist,” provides a comprehensive checklist for use by the State, and Area Offices. New applicants and existing grantees applying for another grant are required to submit their application following this checklist.

This checklist will assist in the processing of Self-Help applications and assure all requirements under RD Instruction 1944-I are met. If processing checklists are already in place, they must be reviewed to make sure they are in compliance with the regulations and include the items in Attachments 1 and 2.

The checklists include some items that may not apply to all applicants' situations. 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 your convenience.

The Technical and Management Assistance Provider for your state must conduct a thorough review of each pre-application and application prior to the Agency's eligibility determination of the grant application package.

**Uniform Letter of Conditions:** Attachment 3, "Letter of Conditions," is a letter for use by the state for applicants who have submitted pre-applications and/or a pre-development grant request. Incomplete pre-application packages will be returned to the applicant noting incomplete or insufficient documentation until all requirements of RD Instruction 1944-I, §1944.410(a) have been met. Applicants determined eligible based on their submittal of the required information under these requirements will receive the "Letter of Conditions" from the designated Rural Development authorized official. The attached "Letter of Conditions" should be used but may include additional requirements determined by the state to be needed to demonstrate compliance with RD Instruction 1944-I. For instance, if an applicant lacks the experience and capability to complete the proposed number of houses over the next two years, a recommendation to build fewer houses may be appropriate. The applicant is required to submit the final application in accordance with the requirements of RD Instruction 1944-I, §1944.410(e). If the applicant is determined ineligible by the state, the Rural Development 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.

Attachment 4, "Letter of Conditions-Application Review," is for use by the state for applicants who have submitted their application package in accordance with the requirements of RD Instruction 1944-I, §1944.410(e). This letter of conditions will include information needed before Rural Development will approve the grant request. Incomplete application packages will be returned to the applicant noting incomplete or insufficient documentation until all requirements have been met. If the applicant is unable or unwilling to meet the requirements, the Rural Development authorized official will inform the applicant of the Agency's decision to terminate further processing of the application package. Appropriate review, mediation and appeal rights will be given by attaching Attachment 1-B of HB-1-3550 to the letter informing the applicant of application processing termination.

**Submission of Pre-Applications and Applications:** Pre-applications and applications must be submitted in separate binders, eight position folders, or similar type folders. Each binder/folder must begin with the appropriate checklist followed by a Table of Contents and the application. Each item required by the checklist must be included in the Table of Contents and tabbed accordingly in the application. Applications with funding requests that exceed \$300,000, or the amount of the grant request plus the unexpended funds from a previous grant exceeds \$400,000, must be forwarded to the National Office for review. Both the pre-application and application package must be submitted for new grantees.

This AN must be strictly adhered to in processing of Section 523 Grant applications. State Offices needing further guidance on this AN should contact Akua Assata, Loan Specialist for the Single Family Housing Direct Loan Division at (202) 690-3832 or Carolyn Bell, Branch Chief at (202) 720-1532.

Attachments

**PRE-APPLICATION AND/OR PREDEVELOPMENT PROCESSING CHECKLIST**

Description of Documents	Form/Instruction Number	Tab Position	Date Received/Comments
(1) Application for Federal Assistance	1944.410(a) Form SF-424		
(2) Intergovernmental Review Submittal	1944.409		
(3) Previous Experience	1944.410(a)(1)		
(4) 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)		
(5) Authorized representative of applicant	1944.410(e)(6)		
(6) Information about sponsor (if applicable) (a) Name and address (b) Experience and ability (c) Written agreement to assist	1944.404(b)(2)		
(7) Current Financial Statements for Applicant and any Sponsor	1944.410(a)(3)		

(8) 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 (g) List of low-income person(s) waiting to build self-help housing	1944.410(a)(4)		
(9) Outreach Plan for very-low Income	1944.410(a)(5)		
(10) Budget Information (Non-Construction Programs)	Form SF-424A & Budget Narrative 1944.410(a)(6)		
(11) Determination of TA Grant Amount	1944.407		
(12) Preliminary Land Survey	1944.410(a)(7)		
(13) Other Applicant Activities, if multi-funded: (a) List of other activities (b) Statement of other funding (c) Existing cost allocation plan or existing indirect cost rate	1944.410(a)(8)		
(14) Predevelopment assistance request	1944.410(a)(9)		
(15) HUD Fair Housing Marketing Plan	HUD Form 935.2B 1944.410(a)(10)		
(16) Civil Rights Impact Analysis Certification	Form RD 2006-38 RD Inst. 2006-P, § 2006.754(b)		
(17) Compliance Review (Pre-award)	Form RD 400-8 RD Inst. 1901-E, § 1901.204(a) and § 1901.204(c)(3)		
(18) Self-Help Technical Assistance Grant Predevelopment Agreement	1944.410(d) Exhibit D		
(19) Authorizing resolution	1944.411(d)		

Description of Documents	Form/Instruction Number	Tab Position	Date Received/Comments
(20) Rural Development Manager Or Area Manager Recommendation	See further instructions below		
<p><b>The applicant submits the pre-application containing the above items to the office designated to receive the pre-application in an original and at least one (1) copy. <u>Within 30 days of receipt of the pre-application, the designated official will review for completeness, accuracy, and conformance to program policy and regulations.</u> The designated official will then make a recommendation and forward a copy of the pre-application to the Technical and Management Assistance (T&amp;MA) Contractor for their review. The T&amp;MA Contractor will complete a review within 15 calendar days and submit findings along with the pre-application to the State Director with a copy of the findings to the designated office. The State Director will then complete the review and submit his/her recommendations and necessary documents to the National Office for funding, if a pre-development grant is requested.</b></p>			
(21) T&MA Contractor's Review and Recommendation	Required Under National Office Contract with T&MA Contractor		
(22) OGC Review (if necessary)	1944.410(b)(2)		
(23) Review Action and Letter Of Conditions	1944.410(c)		
(24) Request for Obligation of Funds (predevelopment assistance)	Form RD 1940-1 1944.413(a)(1)		

**APPLICATION PROCESSING THROUGH GRANT CLOSING CHECKLIST**

Description of Documents	Form/Instruction Number	Tab Position	Date Received/Comments
(1) Application for Federal Assistance Non-Construction Programs Including Intergovernmental Review Response	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)		

Description of Documents	Form/Instruction Number	Tab Position	Date Received/Comments
(15) Fidelity Bond Coverage	1944.411(e)		
(16) Evidence of interest bearing checking account and a statement of interest repayment	1944.411(g)		
(17) Group 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 7 CFR Part 3015 & 3019 if a non-profit or, Part 3015 & 3016, if a State of Local government.	1944.411(c)		
(24) Assurances – Non Construction Programs	Form SF-424B 1944.411(f)		
(25) Rural Development Manager's Recommendation	1944.410(b)		
(26) T&MA Contractor's Review and Recommendation	Required Under National Office Contract with T&MA Contractor		
(27) National Office Review (if over \$300,000 or if amount of new grant plus unexpended funds from previous grant total \$400,000)	1944.415(a)		
<p><b>In addition to the above information, existing grantees submitting an application for a new grant should also provide the following information as part of a complete application. Since this information was already provided in the pre-application of a new grantee, they will not be required to duplicate this information:</b></p>			

Description of Documents	Form/Instruction Number	Tab Position	Date Received/Comments
(28) Narrative Statement (h) Amount of request (i) Areas served (j) Number of houses proposed (k) Housing conditions of low-income families (l) Need for self-help housing (m) 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 Fair Housing Marketing Plan	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)		
(35) OGC Review (if necessary)	1944.410(b)(2)		

**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 Rural Development office designated to receive the grant application as determined by the State. Within thirty (30) days of 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 Technical and Management Assistance (T&MA) Contractor for review. The T&MA contractor will make a recommendation and return the package to the State Office within 15 calendar days. The State Office will issue a Letter of Conditions to the Grantee subject to: (1) review of the application package by the National Office, if applicable and (2) subject to submission of any additional items not included with the application.**

LETTER OF CONDITIONS

{GRANTEE NAME AND ADDRESS}

Date: \_\_\_\_\_

RE: Self-Help Technical Assistance Grant {AMOUNT}

Dear {CONTACT PERSON}:

A review has been completed of your pre-application package for a Section 523 Mutual Self-Help Grant. Based upon this review, your organization has been determined eligible to proceed with submitting your final grant application.

This letter establishes your basic eligibility for grant assistance. The amount of the proposed grant is based upon the proposed construction of {PROPOSED NUMBER OF HOUSES TO BE BUILT} houses.

Please develop your final application in accordance with all of the items listed in 7 CFR 1944.410(e). Once you have developed your application and submitted all of the items listed, Rural Development will review these items for completeness. Please provide the following:

1. Names, addresses, number in household, and total annual household income of person(s) who have been contacted by your organization and are interested in participating in a self-help housing project. Community organizations including minority organizations may be used as a source of names of people interested in self-help housing.
2. Proof that the first group of prospective participating self-help person(s) have qualified for financial assistance, (a Section 502 housing loan or other loan using income guidelines like those of the Department of Housing and Urban Development).
3. Evidence that lots are optioned by the prospective participating first self-help group. Evidence that lots are available for the remaining groups.
4. Detailed cost estimates of houses to be built by the mutual self-help method. Plans and specifications should be submitted with the cost estimates.
5. Proposed staffing need, including qualifications, experience, proposed hiring schedule, and availability of any prospective employees.

6. Name, address, and official position of the applicant's representative or representatives authorized to act for the applicant and work with Rural Development, if applicable.
7. Budget information including a detailed budget for the grant period based upon the needs outlined in the proposal. SF-424A will be completed to furnish the budget information.
8. Indirect or direct cost policy and proposed indirect cost rate developed in accordance with 7 CFR Parts 3015 and 3016.
9. Personnel procedures and practices that will be established or are in existence. Forms to be used should be submitted with the application.
10. A proposed monthly activities schedule showing the proposed dates for starting and completing the recruitment, loan processing and construction phases for each group of participants in the self-help project.
11. [Add any additional requirements]

[Note: For applicant organizations also applying for a pre-development grant, insert the following language:

In addition to this action, your pre-development grant request in the amount of \$ \_\_\_\_\_ has been approved. The approval of your pre-development grant is subject to the following conditions:

1. These funds are to be used to develop your final application in accordance with 7 CFR 1944.410(d) and (e). The grant is limited to six months to complete the final application.
2. Must provide a statement of compliance with 7 CFR Part 3015, if a nonprofit organization or, Part 3016, if a State or Local government.
3. Prior to disbursement of any grant funds, Exhibit D to 7 CFR Part 1944, Subpart I, "Self-Help Technical Assistance Grant Predevelopment Agreement", must be fully executed.
4. On a monthly basis, Form SF-270, "Request for Advance or Reimbursement", is to be submitted to Rural Development (Insert appropriate office and address). The request should indicate the amount of funds used during the previous month, amount of unspent funds, projected amount needed for the next 30 days and written justification

if the request exceeds the projected need for the next 30 days. This request should be submitted approximately 15 days prior to the beginning of the month. The request for funds are to be based on the Pre-development Budget submitted in the pre-application.

5. Maintain an interest bearing checking account on which two or more bonded employees will sign checks. Any interest earned in excess of \$250 annually must be submitted to Rural Development quarterly. The use of minority depository institutions is encouraged.
6. Fidelity Bond coverage is required and must be maintained for the duration of the grant. Please submit a complete list of names and the title of each person to be covered by this Bond.]

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&MA Contractor  
Appropriate Rural Development Offices

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, you must establish an interest bearing checking account on which two or more bonded employees will sign checks. Any interest earned in excess of \$250 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 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 7 CFR Part 3017. 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".

7. Certify on Exhibit A of 7 CFR Part 3018 (certification regarding lobbying) that you comply with the provisions therein.
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}

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