

**RHS, RBS, RUS, FSA, USDA**

**Pt. 1944**

been approved by the Office of Management and Budget and have been assigned OMB control number 0575-0120.

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AUTHORITY: 5 U.S.C. 301; 42 U.S.C. 1480.

EDITORIAL NOTE: Nomenclature changes to part 1944 appear at 80 FR 9885, Feb. 24, 2015.

### Subpart A [Reserved]

### Subpart B—Housing Application Packaging Grants

SOURCE: 58 FR 58643, Nov. 3, 1993, unless otherwise noted.

#### § 1944.51 Objective.

This subpart states the policies and procedures for making grants under section 509 of the Housing Act of 1949, as amended (42 U.S.C. 1479). Grants reimburse eligible organizations for part or all of the costs of conducting, administering, and coordinating an effective housing application packaging program in colonias and designated

counties. Eligible organizations will aid very low- and low-income individuals and families in obtaining benefits from Federal, State, and local housing programs. The targeted groups are very low- and low-income families without adequate housing who will receive priority for recruitment and participation and nonprofit organizations able to propose rental or housing rehabilitation assistance benefitting such families. These funds are available only in the areas defined in exhibit D of this subpart. Participants will assist very low- and low-income families in solving their housing needs. One way of assisting is to package single family housing applications for families wishing to buy, build, or repair houses for their own use. Another way is to package applications for organizations wishing to develop rental units for lower income families. The intent is to make Rural Development housing assistance programs available to very low- and low-income rural residents in colonias and designated counties. Rural Development will reimburse eligible organizations packaging loan/grant applications without discrimination because of race, color, religion, sex, national origin, age, familial status, or handicap if such an organization has authority to contract.

#### § 1944.52 Definitions.

References in this subpart to County, District, State, National and Finance Offices, and to County Supervisor, District Director, State Director, and Administrator refer to Rural Development offices and officials and should be read as prefaced by Rural Development. Terms used in this subpart have the following meanings:

*Colonias.* As defined in exhibit C of subpart L of part 1940 of this chapter.

*Complete application package (hereafter called package).* The package submitted to the appropriate Rural Development office which is considered acceptable in accordance with exhibit C of this subpart.

*Cost reimbursement.* Amount determined by the Administrator that equals the customary and reasonable costs incurred in preparing a package for a loan or grant. These amounts are included in exhibit B of this subpart.

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*Designated counties.* These counties are listed in exhibit D of this subpart. The counties meet the following criteria:

(1) Twenty percent or more of the county population is at or below the poverty level based on the most recent 5-year survey of the American Community Survey of the Census Bureau or other Census Bureau data if needed; and

(2) Ten percent or more of the occupied housing units are substandard based on the most recent decennial Census of the United States.

*Organization.* Any of the following entities which are legally authorized to work in designated counties and/or colonias and are:

(1) A State, State agency, or unit of general local government or;

(2) A private nonprofit organization or corporation that is owned and controlled by private persons or interests, is organized and operated for purposes other than making gains or profits for the corporation, and is legally precluded from distributing any gains or profits to its members.

*Packager.* Any eligible organization which is reimbursed with Housing Application Packaging Grants (HAPG) funds.

*Technical assistance.* Any assistance necessary to carry out housing efforts by or for very low- and low-income individuals/families to improve the quality and/or quantity of housing available to meet their needs. Such assistance must include, but is not limited to:

(1) Contacting and assisting very low- and low-income families in need of adequate housing by:

(i) Implementing an organized outreach program using available media and personal contacts;

(ii) Explaining available housing programs and alternatives to increase the awareness of very low- and low-income families and to educate the community as to the benefits from improved housing;

(iii) Assisting very low- and low-income families in locating adequate housing; and

(iv) Developing and packaging loan/grant applications for new construction

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tion and/or rehabilitation, or repair of existing housing.

(2) Contacting and assisting eligible applicants to develop multi-family housing loan/grant applications for new construction, rehabilitation, or repair to serve very low- and low-income families.

[58 FR 58643, Nov. 3, 1993, as amended at 80 FR 9885, Feb. 24, 2015]

**§ 1944.53 Grantee eligibility.**

An eligible grantee is an organization as defined in §1944.52 of this subpart and has received a current "Certificate of Training" pertaining to the type of application being packaged. In addition, the grantee must:

(a) Have the financial, legal, and administrative capacity to carry out the responsibilities of packaging housing applications for very low- and low-income applicants. To meet this requirement it must have the necessary background and experience with proven ability to perform responsibly in the field of housing application packaging, low-income housing development, or other business or administrative ventures which indicate an ability to perform responsibly in this field of housing application packaging.

(b) Legally obligate itself to administer grant funds, provide adequate accounting of the expenditure of such funds, and comply with Rural Development regulations.

(c) If the organization is a private nonprofit corporation, be a corporation that:

(1) Is organized under State and local laws.

(2) Is qualified under section 501(c)(3) of the Internal Revenue Code of 1986.

(3) Has as one of its purposes assisting very low- and low-income families to obtain affordable housing.

**§§ 1944.54-1944.61 [Reserved]**

**§ 1944.62 Authorized representative of the applicant.**

RHS or its successor agency under Public Law 103-354 will deal only with authorized representatives designated by the applicant. The authorized representatives must have no pecuniary interest in the award of the architectural or construction contracts, the

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purchase of equipment, or the purchase of the land for the housing site.

[58 FR 58643, Nov. 3, 1993, as amended at 61 FR 39851, July 31, 1996]

**§ 1944.63 Authorized use of grant funds.**

Grant funds may only be used to reimburse a packager for delivered packages. Payment will be made for each complete package received and accepted in accordance with exhibit C of this subpart.

**§§ 1944.64–1944.65 [Reserved]**

**§ 1944.66 Administrative requirements.**

The following policies and regulations apply to grants made under this subpart:

(a) Grantees must comply with all provisions of the Fair Housing Act of 1988 and subpart E of part 901 of this chapter which states in part, that no person in the United States shall, on the grounds of race, color, national origin, sex, religion, familial status, handicap, or age, be excluded from participating in, be denied the benefits of, or be subject to discrimination in connection with the use of grant funds.

(b) The policies and regulations contained in RD Instruction 1940–Q (available in any Agency office), Departmental Regulation 2400–5, 2 CFR part 200 as adopted by USDA through 2 CFR part 400 apply to grantees under this subpart.

(c) Grants made under the subpart must be in compliance with the environmental review requirements in accordance with 7 CFR part 1970.

(d) The grantee will retain records for 3 years from the date Standard Form (SF)-269A, “Financial Status Report (Short Form),” is submitted. These records will be accessible to RHS and other Federal officials in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(e) Annual audits will be completed if the grantee has received more than \$25,000 of Federal assistance in the year in which HAPG funds were received. These audits will be due 13 months after the end of the fiscal year in which funds were received.

(1) States, State agencies, or units of general local government will complete

an audit in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400 and OMB Circular A-128.

(2) Nonprofit organizations will complete an audit in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(f) Performance reports, as required, will be submitted in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

[58 FR 58643, Nov. 3, 1993, as amended at 61 FR 39851, July 31, 1996; 79 FR 76008, Dec. 19, 2014; 81 FR 11031, Mar. 2, 2016]

**§ 1944.67 Ineligible activities.**

The packager may not charge fees or accept compensation or gratuities directly or indirectly from the very low- and low-income families being assisted under this program. The packager may not represent or be associated with anyone else, other than the applicant, who may benefit in any way in the proposed transaction. If the packager is compensated for this service from other sources, then the packager is not eligible for compensation from this source except as permitted by Agency. Grantees who are funded to do Self-Help Housing, may not be reimbursed for packaging applications for participation in the Self-Help Housing effort.

[58 FR 58643, Nov. 3, 1993, as amended at 61 FR 39851, July 31, 1996]

**§ 1944.68 [Reserved]**

**§ 1944.69 Agency point of contact.**

Grantees must submit packages to the appropriate Agency office serving the designated county and/or colonias. Packages for Single Family Housing loans/grants are submitted to the appropriate County Office. All other packages are submitted to the appropriate District Office. The applicable forms required to develop a package can be obtained in any District or County Office. Packers should coordinate their packaging activity with the appropriate District and County Offices.

[58 FR 58643, Nov. 3, 1993, as amended at 61 FR 39851, July 31, 1996]

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### § 1944.70 Targeting of HAPG funds to States.

(a) HAPG funds will be distributed administratively by the Administrator to achieve the success of the program. Allocations will be distributed to States as set forth in Attachment 2 of exhibit A of subpart L of part 1940 of this chapter.

(b) The State Director will determine based on the housing funds available and the personnel available, how many applications can be processed for each program during the fiscal year in each Agency office serving a designated county and/or colonias. The number of applications will be published in the advertisement required under § 1944.72 of this subpart.

[58 FR 58643, Nov. 3, 1993, as amended at 61 FR 39851, July 31, 1996]

### § 1944.71 Term of grant.

(a) For Single Family Housing loans/grants, HAPG funds will be specifically available for designated counties. Packages may be submitted after the annual housing application packaging orientation and training is held. The grant period will end when sufficient packages are received for each designated county or colonia or on September 30, of the fiscal year, whichever is earlier. The State Director must send notification, in the form of a letter, to all packagers who attended the packaging orientation and training that the number of applications specified in the advertisement required under § 1944.72 of this subpart have been received. Any packages submitted after this date will be paid for only if the grantee can demonstrate the package was prepared in good faith and prior to receipt of the above notification.

(b) For Multi-Family Housing loans/grants, HAPG funds will be available for designated areas or colonias to the extent specified in Rural Development's advertisement. Preapplications approved in one fiscal year, for which grant funds were obligated, may have the balance disbursed in a later fiscal year when the application is submitted and approved.

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### § 1944.72 Application packaging orientation and training.

Agency approval officials will orient and train organizations on how to package. A newspaper advertisement will be published by Agency offices serving designated counties and/or colonias after October 1. The advertisement will announce that application packaging services are being requested and specify the date of the certification training. All eligible organizations may attend this training. This date will be no more than 30 days after the advertisement appears in the newspaper and no later than December 31 of any year. The advertisement will include the estimated number of packages needed by loan type, *i.e.*, Single Family, Multi-Family, etc. Exhibit A of this subpart (available in any Agency office) is an example of an appropriate advertisement. "Certificates of Training" as required under § 1944.53 of this subpart will be signed by the State Director and given after completion of the training. Efforts will be made by the appropriate Agency office to complete this training process and certify packagers as quickly as possible. Grantees must attend this training each year in order to qualify for assistance.

[58 FR 58643, Nov. 3, 1993, as amended at 61 FR 39851, July 31, 1996]

### § 1944.73 Package submission.

(a) When submitting its first package to a Rural Development office, in addition to the item in paragraph (b) of this section and the information set forth in exhibit C of this subpart, the organization must submit the following. A file of these documents will be established in the Rural Development office and retained in accordance with RD Instruction 2033-A (available in any Rural Development office).

(1) Proof of their nonprofit status under section 501(c)(3) or section 501(c)(4) of the Internal Revenue Code of 1986 or of their existence as a state agency or unit of general local government legally authorized to work in the designated county and/or colonias. If the Rural Development approval official is in doubt about the legal status of the organization, the evidence will

be sent to the State Director. The State Director may, if needed, submit the above documents with any comments or questions to the Office of General Counsel (OGC) for an opinion as to whether the applicant is a legal organization of the type required by these regulations.

(2) An original and copy of Forms RD 400-1, "Equal Opportunity Agreement," and RD 400-4, "Assurance Agreement."

(3) A copy of a current "Certificate of Training" pertaining to the type of application package submitted.

(b) All packages must contain a signed statement which states, "Neither the organization nor any of its employees have charged, received or accepted compensation from any source other than Rural Development for packaging this application and are not associated with or represent anyone other than the applicant in this transaction."

(c) Form SF-270, "Request for Advance or Reimbursement" will be submitted with each application package for the amount authorized for the specific loan type in exhibit B of this subpart.

(d) The Rural Development approval official will review each package for completeness, accuracy, and conformance to program policy and regulations. Cost reimbursement will be made in accordance with exhibit B of this subpart. Packagers that submit "incomplete" packages for sections 502 and 504 loans/grants will be sent a letter within 5 working days after submission of the "incomplete" package advising of additional information needed. Payment will be held until all the information is received. Packagers for sections 502 loans and 504 loans/grants will not be paid for packages submitted on applicants who are obviously ineligible for the programs. For example, a grantee would not be reimbursed for submitting a package for a section 502 loan applicant with an adjusted income exceeding the limits of Appendix 9 of HB-1-3550 (available in any Rural Development office) or who already owns adequate housing. Likewise, a grantee would not be reimbursed for submitting a package for a section 504 loan/grant when the adjusted family income exceeds the very low-income limits of

Appendix 9 of HB-1-3550 (available in any Rural Development office) or when the applicant does not own and occupy his/her property, or for a section 504 grant when the applicant is not 62 years of age or older.

(e) Submissions for sections 514/516, 515, and 524 loans/grants will be reviewed and, if incomplete, a letter sent within 15 working days advising of additional information required.

(f) Form SF-269A, will be submitted within 15 days of the end of the fiscal year.

[58 FR 58643, Nov. 3, 1993, as amended at 67 FR 78328, Dec. 24, 2002]

#### § 1944.74 Debarment or suspension.

Certified packagers whose actions or acts warrant they not be allowed to participate in the program are to be investigated in accordance with agency procedures (available in any Rural Development office).

[70 FR 7651, Feb. 15, 2005]

#### § 1944.75 Exception authority.

The Administrator may, in individual cases, make an exception to any requirement or provision of this subpart which is not inconsistent with the authorizing statute or other applicable law if the Administrator determines that the Government's interest would be adversely affected. The Administrator will exercise this authority only at the request of the State Director and recommendation of the Deputy Administrator, Single Family Housing. Requests for exceptions must be in writing by the State Director and supported with documentation to explain the adverse effect on the Government's interest and/or impact on the applicant, borrower, or community, proposed alternative courses of action, and show how the adverse effect will be eliminated or minimized if the exception is granted.

[58 FR 58643, Nov. 3, 1993, as amended at 67 FR 78328, Dec. 24, 2002]

#### §§ 1944.76-1944.99 [Reserved]

#### § 1944.100 OMB control number.

The reporting and recordkeeping requirements contained in this regulation have been approved by the Office

of Management and Budget and have been assigned OMB control number 0575-0157. Public reporting burden for this collection of information is estimated to vary from 30 minutes to five hours per response, with an average of 3 hours per response including time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0575-0157), Washington, DC 20503.

EXHIBIT A TO SUBPART B OF PART 1944  
[RESERVED]

EXHIBIT B TO SUBPART B OF PART 1944—  
HOUSING APPLICATION PACKAGING  
GRANT (HAPG) FEE PROCESSING

The Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 approval official will execute and distribute Form FmHA or its successor agency under Public Law 103-354 1940-1, "Request for Obligation of Funds," in accordance with the Forms Manual Insert (FMI). HAPG funds will be used for the fees except as otherwise noted in paragraphs II (A) and (B) of this exhibit. Funds for all loan and/or grant application packages will be paid as follows.

I. For all Single Family Housing loans (Sections 502, 504, and 514 ("on" farm labor housing only) of the Housing Act of 1949, checks will be ordered when complete application packages as defined in §1944.73 of this subpart and exhibit C of this subpart are received. The fees are as follows:

(A) Section 502 Single Family Housing Loans—\$500

(B) Section 504 Rural Housing Loans and Grants—\$500

(C) Section 514 "On" Farm Labor Housing Loans—\$500

II. For all Multi-Family Housing loans and grants (sections 514/516, 515, 524, and 533 of the Housing Act of 1949), the entire amount of the fee coming from HAPG funds will be obligated when the packager has met all the requirements of the preapplication stage, however, payments will be made in accordance with the following schedules:

(A) Sections 514/516 Farm Labor Housing Loans and Grants

"Off" farm labor housing loans/grants—fees paid in accordance with the schedule for section 515 Rural Rental Housing loans.

(B) Section 515 Rural Rental Housing Loans.

(1) The scale for packaging fees is based on the percentage of the total development cost as follows:

Up to \$400,000—1.6 percent

For additional amounts between:

\$400,001 and \$800,000—add 1.2 percent

\$800,001 and \$1,200,000—add 1.0 percent

\$1,200,001 and \$1,600,000—add .7 percent

\$1,600,001 and \$2,000,000—add .5 percent

Over \$2,000,001—No additional amount

(2) Twenty-five percent paid from HAPG funds when Form AD-622, "Notification of Preapplication Review Action," is sent inviting submission of a complete application.

(3) Twenty percent paid from HAPG funds when a complete application is filed including plans and specifications.

(4) The 55 percent balance paid when the loan is approved. Funds for this 55 percent will be drawn from loan funds in accordance with 7 CFR 3560.53 (o).

(C) Section 524 Rural Housing Site Loans—total fee is 1 percent of the loan amount payable in two installments.

(1) Thirty percent paid after FmHA or its successor agency under Public Law 103-354's review of the preapplication under §1822.271(a) of subpart G of part 1822 of this chapter (paragraph XI A of FmHA Instruction 444.8).

(2) Seventy percent paid upon the completion of the docket in accordance with §1822.271(c) of subpart G of part 1822 of this chapter (paragraph XI C of FmHA Instruction 444.8).

(D) Section 533 Housing Preservation Grants—total fee is 2 percent of the grant amount paid in two installments.

(1) Forty percent will be paid when the Form AD-622, inviting submission of a complete application, is sent.

(2) Sixty percent will be paid after grant closes.

[58 FR 58643, Nov. 3, 1993, as amended at 69 FR 69104, Nov. 26, 2004]

EXHIBIT C TO SUBPART B OF PART 1944—  
REQUIREMENTS FOR HOUSING APPLI-  
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A package will consist of the following requirements for the respective program.

A. Section 502—Complete application packages will be submitted in accordance with the requirements of 7 CFR part 3550. The package must also include the following:



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Form RD 410-9—"Statement Required by the Privacy Act"

Form RD 1910-11—"Applicant Certification Federal Collection Policies for Consumer or Commercial Debts"

Form RD 1944-3—"Budget and/or Financial Statement"

B. Section 504—Complete application packages will be submitted in accordance with 7 CFR part 3550. The package must include the forms listed in paragraph A. of this exhibit and the following:

The appropriate Agency application form for Rural Housing assistance (non-farm tract) (available in any Rural Development office).

The appropriate Agency form to request verification of employment (available in any Rural Development office).

The appropriate Agency Rural Housing Loan application package (available in any Rural Development office).

Evidence of ownership in accordance with 7 CFR part 3550.

Cost estimates or bid prices for removal of health or safety hazards in accordance with 7 CFR part 3550.

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C. Section 514/516—Complete application packages will be submitted in accordance with the Notice of Funding Availability that will be published in the FEDERAL REGISTER each Fiscal Year.

D. Section 515—Complete application packages will be submitted in accordance with the Notice of Funding Availability that will be published in the FEDERAL REGISTER each Fiscal Year.

E. Section 524—Complete application packages will be submitted in accordance with §1822.271(a) of subpart G of part 1822 of this chapter (paragraph XI.A. of RD Instruction 444.8). After Rural Development's review and as instructed, the application should be completed in accordance with §1822.271(c) of subpart G of part 1822 of this chapter (paragraph XI.C. of RD Instruction 444.8).

F. Section 533—Complete application packages will be submitted in accordance with the requirements of subpart N of part 1944 of this chapter.

[69 FR 69104, Nov. 26, 2004]

EXHIBIT D TO SUBPART B OF PART 1944—DESIGNATED COUNTIES FOR HOUSING APPLICATION PACKAGING GRANTS

Exhibit D of Subpart B - Designated Counties for Housing Application Packaging Grants

Alabama (2)	Alaska (4)	Arizona (8)	Arkansas (1)
Perry	Bethel Census Area	Apache County	Newton County
Wilcox	Dillingham Census Area	Coconino County	
	Wade Hampton Census Area	Graham County	
	Yukon-Koyukuk	La paz County	
		Navajo County	
		Pinal County	
		Santa Cruz County	
		Yuma County	

  

California (7)	Colorado (2)	Florida (3)	Georgia (2)
Alpine	Costilla County	DeSota County	Candler County
Fresno	Saguache County	Hardee County	Hancock County
Imperial County		Hendry County	
Kings County			
Merced County			
Sutter County			
Tulare County			

  

Idaho (1)	Louisiana (1)	Mississippi (10)	Montana (2)
Madison County	Plaquemines Parish	Benton County	Big Horn County
		Bolivar County	Glacier County
		Claiborne County	
		Holmes County	
		Humpheys County	
		Issaquena County	
		Noxubee County	
		Scott County	
		Sharkey County	
		Sunflower County	

  

Nebraska (1)	New Mexico (8)	North Dakota (3)	South Dakota (9)
Thurston County	Cibola County	Benson County	Bennett County
	Dona Ana County	Rolette County	Buffalo County
	Luna County	Sioux County	Corson County
	McKinley County		Dewey County
	Mora County		Jackson County
	Otero County		Mellette County
	Sandoval County		Shannon County
	San Juan County		Todd County
			Ziebach County

RHS, RBS, RUS, FSA, USDA

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Texas (39)	Utah (1)	Washington (1)	Wisconsin (1)
Atascosa County	San Juan County	Yakima County	Menominee County
Bee County			
Brooks County			
Cameron County			
Crosby County			
Dawson County			
Crosby County			
Dawson County			
Deaf Smith County			
Dimmit County			
Duval County			
Edwards County			
El Paso County			
Floyd County			
Frio County			
Gaines County			
Hall County			
Hidalgo County			
Hudspeth County			
Jim Hogg County			
Jim Wells County			
Kinney County			
Kleberg County			
La Salle County			
Lynn County			
McMullen County			
Maverick County			
Pecos County			
Presidio County			
Reeves County			
San Patricio County			
Starr County			
Uvalde County			
Val Verde County			
Webb County			
Willacy County			
Zapata County			

Designated Counties for Housing Application Packaging Grants

American Samoa (4)	North Marianas (3)	Puerto Rico (64)	Virgin Islands (2)
Eastern District	Rota Municipality	Adjuntas Municipio	St. Croix Island
Manu'a District	Saipan Municipality	Aguas Buenas Municipio	St. Thomas Island
Swains Island	Tinian Municipality	Albonito Municipio	
Western District		Atasco Municipio	
		Arecibo Municipio	
		Arroyo Municipio	
		Barramqiotas Municipio	
		Cabo Rojo Municipio	
		Cagias Municipio	
		Camuy Municipio	
		Canvanas Municipio	
		Carolina Municipio	
		Cayey Municipio	
		Ceiba Municipio	
		Ciales Municipio	
		Cidra Municipio	
		Coamo Municipio	
		Comerfo Municipio	
		Corozal Municipio	
		Culebra Municipio	
		Fajardo Municipio	
		Florida Municipio	
		Gubnica Municipio	
		Guayama Municipio	
		Guayanilla Municipio	
		Gurabo Municipio	
		Hatillo Municipio	
		Humacao Municipio	
		Isabela Municipio	
		Jayuya Municipio	
		Juana Dfaz Municipio	
		Juncos Municipio	
		Lajas Municipio	
		Lares Municipio	
		Las Marfas Municipio	
		Las Marfas Municipio	
		Las Piedras Municipio	
		Lofza Municipio	
		Luquillo Municipio	

Designated Counties for Housing Application Packaging Grants

Puerto Rico (64) (continued)		
		Manaff Municipio
		Maricao Municipio
		Maunabo Municipio
		Mayaguez Municipio
		Moca Municipio
		Morovis Municipio
		Neguabo Municipio
		Orocovis Municipio
		Patillas Municipio
		Petuelas Municipio
		Ponce Municipio
		Quebradillas Municipio
		Rfo grande Municipio
		Sabana Grande Municipio
		Salinas Municipio
		San German Municipio
		San Lorenzo Municipio
		San Sebastiban Municipio
		Santa Isabel Municipio
		Utua Municipio
		Vega Alta Municipio
		Vieques Municipio
		Villalba Municipio
		Yabucoa Municipio
		Yauco Municipio

[70 FR 29927, May 25, 2005]

**Subparts C–E [Reserved]**

**Subpart F—Congregate Housing Services Program**

SOURCE: 61 FR 42943, 42949, Aug. 19, 1996, unless otherwise noted.

**§ 1944.251 Purpose.**

The requirements of this subpart augment the requirements of section 802 of the National Affordable Housing Act of 1990 (approved November 28, 1990, Public Law 101–625) (42 U.S.C. 8011), (hereinafter, section 802), as amended by the Housing and Community Development Act of 1992 (Public Law 102–550, approved October 28, 1992), which authorizes the Congregate Housing Services Program (hereinafter, CHSP or Program).

**§ 1944.252 Definitions.**

In addition to the definitions in section 802(k), the following definitions apply to CHSP:

*Activity of Daily Living (ADL)* means an activity regularly necessary for personal care.

(1) The minimum requirements of ADLs include:

(i) Eating (may need assistance with cooking, preparing or serving food, but must be able to feed self);

(ii) Dressing (must be able to dress self, but may need occasional assistance);

(iii) Bathing (may need assistance in getting in and out of the shower or tub, but must be able to wash self);

(iv) Grooming (may need assistance in washing hair, but must be able to take care of personal appearance);

(v) Getting in and out of bed and chairs, walking, going outdoors, using the toilet; and

(vi) Household management activities (may need assistance in doing housework, grocery shopping or laundry, or getting to and from one location to another for activities such as going to the doctor and shopping, but must be mobile. The mobility requirement does not exclude persons in wheelchairs or those requiring mobility devices.)

(2) Each of the Activities of Daily Living noted in paragraph (1) of this definition includes a requirement that a person must be able to perform at a specified minimal level (e.g., to satisfy the eating ADL, the person must be able to feed himself or herself). The determination of whether a person meets this minimal level of performance must include consideration of those services that will be performed by a person's spouse, relatives or other attendants to be provided by the individual. For example, if a person requires assistance with cooking, preparing or serving food plus assistance in feeding himself or herself, the individual would meet the minimal performance level and thus satisfy the eating ADL, if a spouse, relative or attendant provides assistance with feeding the person. Should such assistance become unavailable at any time, the owner is not obligated at any time to provide individualized services beyond those offered to the resident population in general. The Activities of Daily Living analysis is relevant only with regard to determination of a person's eligibility to receive *supportive services* paid for by CHSP and is not a determination of eligibility for occupancy;

*Adjusted income* means adjusted income as defined in 24 CFR parts 813 or 913.

*Applicant* means a State, Indian tribe, unit of general local government, public housing authority (PHA), Indian housing authority (IHA) or local non-profit housing sponsor. A State, Indian tribe, or unit of general local government may apply on behalf of a local nonprofit housing sponsor or a for-profit owner of eligible housing for the elderly.

*Area agency on aging* means the single agency designated by the State Agency on Aging to administer the program described in Title III of the Older

Americans Act of 1965 (45 CFR chapter 13).

*Assistant Secretary* means the HUD Assistant Secretary for Housing-Federal Housing Commissioner or the HUD Assistant Secretary for Public and Indian Housing.

*Case management* means implementing the processes of: establishing linkages with appropriate agencies and service providers in the general community in order to tailor the needed services to the program participant; linking program participants to providers of services that the participant needs; making decisions about the way resources are allocated to an individual on the basis of needs; developing and monitoring of case plans in coordination with a formal assessment of services needed; and educating participants on issues, including, but not limited to, supportive service availability, application procedures and client rights.

*Eligible housing for the elderly* means any eligible project including any building within a mixed-use project that was designated for occupancy by elderly persons, or persons with disabilities at its inception or, although not so designated, for which the eligible owner or grantee gives preference in tenant selection (with HUD approval) for all units in the eligible project (or for a building within an eligible mixed-use project) to eligible elderly persons, persons with disabilities, or temporarily disabled individuals. For purposes of this subpart, this term does not include projects assisted under the Low-Rent Housing Homeownership Opportunity program (Turnkey III (24 CFR part 905, subpart G)).

*Eligible owner* means an owner of an eligible housing project.

*Excess residual receipts* mean residual receipts of more than \$500 per unit in the project which are available and not committed to other uses at the time of application to HUD for CHSP. Such receipts may be used as matching funds and may be spent down to a minimum of \$500/unit.

*For-profit owner of eligible housing for the elderly* means an owner of an eligible housing project in which some part of the project's earnings lawfully inure to the benefit of any private shareholder or individual.

*Grantee* or *Grant recipient* means the recipient of funding under CHSP. Grantees under this Program may be states, units of general local government, Indian tribes, PHAs, IHAs, and local nonprofit housing sponsors.

*Local nonprofit housing sponsor* means an owner or borrower of eligible housing for the elderly; no part of the net earnings of the owning organization shall lawfully inure to the benefit of any shareholder or individual.

*Nonprofit* includes a public housing agency as that term is defined in section 3(b)(6) of the United States Housing Act of 1937.

*Person with disabilities* means a household composed of one or more persons, at least one of whom is an adult who has a disability.

(1) A person shall be considered to have a disability if such person is determined under regulations issued by the Secretary to have a physical, mental, or emotional impairment which:

(i) Is expected to be of long-continued and indefinite duration;

(ii) Substantially impedes his or her ability to live independently; and

(iii) Is of such a nature that the person's ability could be improved by more suitable housing conditions.

(2) A person shall also be considered to have a disability if the person has a developmental disability as defined in section 102(5) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001-7). Notwithstanding the preceding provisions of this paragraph, the terms *person with disabilities* or *temporarily disabled* include two or more persons with disabilities living together, one or more such persons living with another person who is determined (under regulations prescribed by the Secretary of HUD) to be essential to their care or well-being, and the surviving member or members of any household where at least one or more persons was an adult with a disability who was living, in a unit assisted under this section, with the deceased member of the household at the time of his or her death.

*Program participant* (participant) means any project resident as defined in section 802(e)(1) who is formally accepted into CHSP, receives CHSP serv-

ices, and resides in the eligible housing project served by CHSP grant.

*Qualifying supportive services* means those services described in section 802(k)(16). Under this Program, *health-related services* mean non-medical supervision, wellness programs, preventive health screening, monitoring of medication consistent with state law, and non-medical components of adult day care. The Secretary concerned may also approve other requested supportive services essential for achieving and maintaining independent living.

*Rural Housing Service* (RHS) means a credit agency for rural housing and rural development in the U.S. Department of Agriculture (USDA).

*Secretary concerned* means (1) The Secretary of Housing and Urban Development, with respect to eligible federally assisted housing administered by HUD; and

(2) The Secretary of Agriculture with reference to programs administered by the Administrator of the Rural Housing Service.

*Service coordinator* means CHSP staff person responsible for coordinating Program services as described in section 1944.130.

*Service provider* means a person or organization licensed or otherwise approved in writing by a State or local agency (e.g., Department of Health, Department of Human Services or Welfare) to provide supportive services.

*State agency* means the State or an agency or instrumentality of the State.

*State agency on aging* means the single agency designated by the Governor to administer the program described in Title III of the Older Americans Act of 1965 (See 45 CFR part 13).

**§ 1944.253 Notice of funding availability, application process and selection.**

(a) *Notice of funding availability.* A Notice of Funding Availability (NOFA) will be published periodically in the FEDERAL REGISTER by the Secretary concerned containing the amounts of funds available, allocation or distribution of funds available among eligible applicant groups, where to obtain and submit applications, the deadline for submissions, and further explanation of

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the selection criteria, review and selection process. The Secretary concerned will designate the maximum allowable size for grants.

(b) *Selection criteria* are set forth in section 802(h)(1) and shall include additional criteria specified by the Secretary concerned.

### § 1944.254 Program costs.

(a) *Allowable costs.* (1) Allowable costs for direct provision of supportive services includes the provision of supportive services and others approved by the Secretary concerned for:

(i) Direct hiring of staff, including a service coordinator;

(ii) Supportive service contracts with third parties;

(iii) Equipment and supplies (including food) necessary to provide services;

(iv) Operational costs of a transportation service (e.g., mileage, insurance, gasoline and maintenance, driver wages, taxi or bus vouchers);

(v) Purchase or leasing of vehicles;

(vi) Direct and indirect administrative expenses for administrative costs such as annual fiscal review and audit, telephones, postage, travel, professional education, furniture and equipment, and costs associated with self evaluation or assessment (not to exceed one percent of the total budget for the activities approved); and

(vii) States, Indian tribes and units of general local government with more than one project included in the grant may receive up to 1% of the total cost of the grant for monitoring the projects.

(2) Allowable costs shall be reasonable, necessary and recognized as expenditures in compliance with OMB Cost Policies, *i.e.*, OMB Circular A-87, 24 CFR 85.36, and OMB Circular A-128.

(b) *Nonallowable costs.* (1) CHSP funds may not be used to cover expenses related to any grantee program, service, or activity existing at the time of application to CHSP.

(2) Examples of nonallowable costs under the program are:

(i) Capital funding (such as purchase of buildings, related facilities or land and certain major kitchen items such as stoves, refrigerators, freezers, dishwashers, trash compactors or sinks);

(ii) Administrative costs that represent a non-proportional share of costs charged to the Congregate Housing Services Program for rent or lease, utilities, staff time;

(iii) Cost of supportive services other than those approved by the Secretary concerned;

(iv) Modernization, renovation or new construction of a building or facility, including kitchens;

(v) Any costs related to the development of the application and plan of operations before the effective date of CHSP grant award;

(vi) Emergency medical services and ongoing and regular care from doctors and nurses, including but not limited to administering medication, purchase of medical supplies, equipment and medications, overnight nursing services, and other institutional forms of service, care or support;

(vii) Occupational therapy and vocational rehabilitation services; or

(viii) Other items defined as unallowable costs elsewhere in this subpart, in CHSP grant agreement, and OMB Circular A-87 or 122.

(c) *Administrative cost limitation.* Grantees are subject to the limitation in section 802(j)(4).

### § 1944.255 Eligible supportive services.

(a) Supportive services or funding for such services may be provided by state, local, public or private providers and CHSP funds. A CHSP under this section shall provide meal and other qualifying services for program participants (and other residents and non-residents, as described in §1944.125(a)) that are coordinated on site.

(b) Qualifying supportive services are those listed in section 802(k)(16) and in section 1944.105.

(c) Meal services shall meet the following guidelines:

(1) *Type of service.* At least one meal a day must be served in a group setting for some or all of the participants; if more than one meal a day is provided, a combination of a group setting and carry-out meals may be utilized.

(2) *Hot meals.* At least one meal a day must be hot. A hot meal for the purpose of this program is one in which the principal food item is hot at the time of serving.



(3) *Special menus.* Grantees shall provide special menus as necessary for meeting the dietary needs arising from the health requirements of conditions such as diabetes and hypertension. Grantees should attempt to meet the dietary needs of varying religious and ethnic backgrounds.

(4) *Meal service standards.* Grantees shall plan for and provide meals which are wholesome, nutritious, and each of which meets a minimum of one-third of the minimum daily dietary allowances as established by the Food and Nutrition Board of the National Academy of Sciences-National Research Council (or State or local standards, if these standards are higher). Grantees must have an annual certification, prepared and signed by a registered dietitian, which states that each meal provided under CHSP meets the minimum daily dietary allowances.

(5) *Food stamps and agricultural commodities.* In providing meal services grantees must apply for and use food stamps and agricultural commodities as set forth in section 802(d)(2)(A).

(6) *Preference for nutrition providers:* In contracting for or otherwise providing for meal services grantees must follow the requirements of section 802(d)(2)(B). These requirements do not preclude a grantee or owner from directly preparing and providing meals under its own auspices.

**§ 1944.256 Eligibility for services.**

(a) *Participants, other residents, and nonresidents.* Such individuals are eligible either to participate in CHSP or to receive CHSP services, if they qualify under section 802(e)(1), (4) and (5). Under this paragraph, temporarily disabled persons are also eligible.

(b) *Economic need.* In providing services under CHSP, grantees shall give priority to very low income individuals, and shall consider their service needs in selecting program participants.

**§ 1944.257 Service coordinator.**

(a) Each grantee must have at least one service coordinator who shall perform the responsibilities listed in section 802(d)(4).

(b) The service coordinator shall comply with the qualifications and

standards required by the Secretary concerned. The service coordinator shall be trained in the subject areas set forth in section 802(d)(4), and in any other areas required by the Secretary concerned.

(c) The service coordinator may be employed directly by the grantee, or employed under a contract with a case management agency on a fee-for-service basis, and may serve less than full-time. The service coordinator or the case management agency providing service coordination shall not provide supportive services under a CHSP grant or have a financial interest in a service provider agency which intends to provide services to the grantee for CHSP.

(d) The service coordinator shall:

(1) Provide general case management and referral services to all potential participants in CHSP. This involves intake screening, upon referral from the grantee of potential program participants, and preliminary assessment of frailty or disability, using a commonly accepted assessment tool. The service coordinator then will refer to the professional assessment committee (PAC) those individuals who appear eligible for CHSP;

(2) Establish professional relationships with all agencies and service providers in the community, and develop a directory of providers for use by program staff and program participants;

(3) Refer proposed participants to service providers in the community, or those of the grantee;

(4) Serve as staff to the PAC;

(5) Complete, for the PAC, all paperwork necessary for the assessment, referral, case monitoring and reassessment processes;

(6) Implement any case plan developed by the PAC and agreed to by the program participant;

(7) Maintain necessary case files on each program participant, containing such information and kept in such form as HUD and RHS shall require;

(8) Provide the necessary case files to PAC members upon request, in connection with PAC duties;

(9) Monitor the ongoing provision of services from community agencies and keep the PAC and the agency providing

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the supportive service informed of the progress of the participant;

(10) Educate grant recipient’s program participants on such issues as benefits application procedures (e.g. SSI, food stamps, Medicaid), service availability, and program participant options and responsibilities;

(11) Establish volunteer support programs with service organizations in the community;

(12) Assist the grant recipient in building informal support networks with neighbors, friends and family; and

(13) Educate other project management staff on issues related to “aging-in-place” and services coordination, to help them to work with and assist other persons receiving housing assistance through the grantee.

(e) The service coordinator shall tailor each participant’s case plan to the individual’s particular needs. The service coordinator shall work with community agencies, the grantee and third party service providers to ensure that the services are provided on a regular, ongoing, and satisfactory basis, in accordance with the case plan approved by the PAC and the participant.

(f) Service coordinators shall not serve as members of the PAC.

**§ 1944.258 Professional assessment committee.**

(a) *General.* (1) A professional assessment committee (PAC), as described in this section, shall recommend services appropriate to the functional abilities and needs of each eligible project resident. The PAC shall be either a voluntary committee appointed by the project management or an agency in the community which provides assessment services and conforms to section 802(e)(3)(A) and (B). PAC members are subject to the conflict of interest provisions in section 1944.175(b).

(2) The PAC shall utilize procedures that ensure that the process of determining eligibility of individuals for congregate services affords individuals fair treatment, due process, and a right of appeal of the determination of eligibility, and shall ensure the confidentiality of personal and medical records.

(3) The dollar value of PAC members’ time spent on regular assessments after initial approval of program par-

ticipants may be counted as match. If a community agency discharges the duties of the PAC, staff time is counted as its imputed value, and if the members are volunteers, their time is counted as volunteer time, according to sections 1944.145(c)(2) (ii) and (iv).

(b) *Duties of the PAC.* The PAC is required to:

(1) Perform a formal assessment of each potential elderly program participant to determine if the individual is frail. To qualify as frail, the PAC must determine if the elderly person is deficient in at least three ADLs, as defined in section 1944.105. This assessment shall be based upon the screening done by the service coordinator, and shall include a review of the adequacy of the informal support network (*i.e.*, family and friends available to the potential participant to assist in meeting the ADL needs of that individual), and may include a more in-depth medical evaluation, if necessary;

(2) Determine if non-elderly disabled individuals qualify under the definition of person with disabilities under section 1944.105. If they do qualify, this is the acceptance criterion for them for CHSP. Persons with disabilities do not require an assessment by the PAC;

(3) Perform a regular assessment and updating of the case plan of all participants;

(4) Obtain and retain information in participant files, containing such information and maintained in such form, as HUD or RHS shall require;

(5) Replace any members of the PAC within 30 days after a member resigns. A PAC shall not do formal assessments if its membership drops below three, or if the qualified medical professional leaves the PAC and has not been replaced.

(6) Notify the grantee or eligible owner and the program participants of any proposed modifications to PAC procedures, and provide these parties with a process and reasonable time period in which to review and comment, before adoption of a modification;

(7) Provide assurance of non-discrimination in selection of CHSP participants, with respect to race, religion, color, sex, national origin, familial status or type of disability;

(8) Provide complete confidentiality of information related to any individual examined, in accordance with the Privacy Act of 1974;

(9) Provide all formal information and reports in writing.

(c) *Prohibitions relating to the PAC.* (1) At least one PAC member shall not have any direct or indirect relationship to the grantee.

(2) No PAC member may be affiliated with organizations providing services under the grant.

(3) Individuals or staff of third party organizations that act as PAC members may not be paid with CHSP grant funds.

(d) *Eligibility and admissions.* (1) Before selecting potential program participants, each grantee (with PAC assistance) shall develop a CHSP application form. The information in the individual's application is crucial to the PAC's ability to determine the need for further physical or psychological evaluation.

(2) The PAC, upon completion of a potential program participant's initial assessment, must make a recommendation to the service coordinator for that individual's acceptance or denial into CHSP.

(3) Once a program participant is accepted into CHSP, the PAC must provide a supportive services case plan for each participant. In developing this plan, the PAC must take into consideration the participant's needs and wants. The case plan must provide the minimum supportive services necessary to maintain independence.

(e) *Transition-out procedures.* The grantee or PAC must develop procedures for providing for an individual's transition out of CHSP to another setting. Transition out is based upon the degree of supportive services needed by an individual to continue to live independently. If a program participant leaves the program, but wishes to retain supportive services, he or she may do so, as long as he or she continues to live in an eligible project, pays the full cost of services provided, and management agrees (section 802(e)(4) and (5)). A participant can be moved out of CHSP if he or she:

(1) Gains physical and mental health and is able to function without sup-

portive services, even if only for a short time (in which case readmission, based upon reassessment to determine the degree of frailty or the disability, is acceptable);

(2) Requires a higher level of care than that which can be provided under CHSP; or

(3) Fails to pay services fees.

(f) *Procedural rights of participants.* (1) The PAC must provide an informal process that recognizes the right to due process of individuals receiving assistance. This process, at a minimum, must consist of:

(i) Serving the participant with a written notice containing a clear statement of the reasons for termination;

(ii) A review of the decision, in which the participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and

(iii) Prompt written notification of the final decision to the participant.

(2) Procedures must ensure that any potential or current program participant, at the time of initial or regular assessment, has the option of refusing offered services and requesting other supportive services as part of the case planning process.

(3) In situations where an individual requests additional services, not initially recommended by the PAC, the PAC must make a determination of whether the request is legitimately a needs-based service that can be covered under CHSP subsidy. Individuals can pay for services other than those recommended by the PAC as long as the additional services do not interfere with the efficient operation of the program.

#### § 1944.259 Participatory agreement.

(a) Before actual acceptance into CHSP, potential participants must work with the PAC and the service coordinator in developing supportive services case plans. A participant has the option of accepting any of the services under the case plan.

(b) Once the plan is approved by the PAC and the program participant, the participant must sign a participatory agreement governing the utilization of

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the plan's supportive services and the payment of supportive services fees. The grantee annually must renegotiate the agreement with the participant.

### § 1944.260 Cost distribution.

(a) *General.* (1) Grantees, the Secretary concerned, and participants shall all contribute to the cost of providing supportive services according to section 802(i)(A)(i). Grantees must contribute at least 50 percent of program cost, participants must contribute fees that in total are at least 10 percent of program cost, and the Secretary concerned will provide funds in an amount not to exceed 40 percent.

(2) Section 802(i)(1)(B)(ii) creates a cost-sharing provision between grantee and the Secretary concerned if total participant fees collected over a year are less than 10 percent of total program cost. This provision is subject to availability of appropriated grant funds. If funds are not available, the grantee must assume the funding shortfall.

(b) *Prohibition on substitution of funds and maintenance of existing supportive services.* Grantees shall maintain existing funding for and provision of supportive services prior to the application date, as set forth in section 802(i)(1)(D). The grantee shall ensure that the activities provided to the project under a CHSP grant will be in addition to, and not in substitution for, these previously existing services. The value of these services do not qualify as matching funds. Such services must be maintained either for the time the participant remains in CHSP, or for the duration of CHSP grant. The grantee shall certify compliance with this paragraph to the Secretary concerned.

(c) *Eligible matching funds.* (1) All sources of matching funds must be directly related to the types of supportive services prescribed by the PAC or used for administration of CHSP.

(2) Matching funds may include:

(i) Cash (which may include funds from Federal, State and local governments, third party contributions, available payments authorized under Medicaid for specific individuals in CHSP, Community Development Block Grants or Community Services Block Grants, Older American Act programs

or excess residual funds with the approval of the Secretary concerned),

(ii) The imputed dollar value of other agency or third party-provided direct services or staff who will work with or provide services to program participants; these services must be justified in the application to assure that they are the new or expanded services of CHSP necessary to keep the program participants independent. If services are provided by the state, Indian tribe, unit of general local government, or local nonprofit housing sponsor, IHA, PHA, or for-profit or not-for-profit owner, any salary paid to staff from governmental sources to carry out the program of the grantee and any funds paid to residents employed by the Program (other than from amounts under a contract under section 1944.155) is allowable match.

(iii) In-kind items (these are limited to 10 percent of the 50 percent matching amount), such as the current market value of donated common or office space, utility costs, furniture, material, supplies, equipment and food used in direct provision of services. The applicant must provide an explanation for the estimated donated value of any item listed.

(iv) The value of services performed by volunteers to CHSP, at the rate of \$5.00 an hour.

(d) *Limitation.* (1) The following are not eligible for use as matching funds:

(i) PHA operating funds;

(ii) CHSP funds;

(iii) Section 8 funds other than excess residual receipts;

(iv) Funds under section 14 of the U.S. Housing Act of 1937, unless used for service coordination or case management; and

(v) Comprehensive grant funds unless used for service coordination or case management;

(2) Local government contributions are limited by section 802(i)(1)(E).

(e) *Annual review of match.* The Secretary concerned will review the infusion of matching funds annually, as part of the program or budget review. If there are insufficient matching funds available to meet program requirements at any point after grant start-up, or at any time during the term of the grant (*i.e.*, if matching funds from

sources other than program participant fees drop below 50 percent of total supportive services cost), the Secretary concerned may decrease the federal grant share of supportive services funds accordingly.

**§ 1944.261 Program participant fees.**

(a) *Eligible program participants.* The grantee shall establish fees consistent with section 1944.145(a). Each program participant shall pay CHSP fees as stated in paragraphs (d) and (e) of this section, up to a maximum of 20 percent of the program participant's adjusted income. Consistent with section 802(d)(7)(A), the Secretary concerned shall provide for the waiver of fees for individuals who are without sufficient income to provide for any payment.

(b) *Fees shall include:* (1) Cash contributions of the program participant;

(2) Food Stamps; and

(3) Contributions or donations to other eligible programs acceptable as matching funds under section 1944.145(c).

(c) *Older Americans Act programs.* No fee may be charged for any meals or supportive services under CHSP if that service is funded under an Older Americans Act Program.

(d) *Meals fees:* (1) For full meal services, the fees for residents receiving more than one meal per day, seven days per week, shall be reasonable and shall equal between 10 and 20 percent of the adjusted income of the project resident, or the cost of providing the services, whichever is less.

(2) The fees for residents receiving meal services less frequently than as described in paragraph (d)(1) of this section shall be in an amount equal to 10 percent of the adjusted income of the project resident, or the cost of providing the services, whichever is less.

(e) *Other service fees.* The grantee may also establish fees for other supportive services so that the total fees collected from all participants for meals and other services is at least 10 percent of the total cost of CHSP. However, no program participants may be required to pay more than 20 percent of their adjusted incomes for any combination of services.

(f) *Other residents and nonresidents.* Fees shall be established for residents

of eligible housing projects (other than eligible project residents) and for non-residents who receive meals and other services from CHSP under section 1944.125(a). These fees shall be in an amount equal to the cost of providing the services.

**§ 1944.262 Grant agreement and administration.**

(a) *General.* HUD will enter into grant agreements with grantees, to provide congregate services for program participants in eligible housing projects, in order to meet the purposes of CHSP.

(b) *Term of grant agreement and reservation of amount.* A grant will be for a term of five years and the Secretary concerned shall reserve a sum equal to the total approved grant amount for each grantee. Grants will be renewable at the expiration of a term, subject to the availability of funds and conformance with the regulations in this subpart, except as otherwise provided in section 1944.160.

(c) *Monitoring of project sites by governmental units.* States, Indian tribes, and units of general local government with a grant covering multiple projects shall monitor, review, and evaluate Program performance at each project site for compliance with CHSP regulations and procedures, in such manner as prescribed by HUD or RHS.

(d) *Reports.* Each grantee shall submit program and fiscal reports and program budgets to the Secretary concerned in such form and at such times, as the Secretary concerned requires.

(e) *Enforcement.* The Secretary concerned will enforce the obligations of the grantee under the agreement through such action as may be necessary, including terminating grants, recapturing grant funds, and imposing sanctions.

(1) These actions may be taken for:

(i) A grantee's non-compliance with the grant agreement or HUD or RHS regulations;

(ii) Failure of the grantee to provide supportive services within 12 months of execution of the grant agreement.

(2) Sanctions include but are not limited to the following:

(i) Temporary withholding of reimbursements or extensions or renewals under the grant agreement, pending

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correction of deficiencies by the grantee;

(ii) Setting conditions in the contract;

(iii) Termination of the grant;

(iv) Substitution of grantee; and

(v) Any other action deemed necessary by the Secretary concerned.

(f) *Renewal of grants.* Subject to the availability of funding, satisfactory performance, and compliance with the regulations in this subpart:

(1) Grantees funded initially under this subpart shall be eligible to receive continued, non-competitive renewals after the initial five-year term of the grant.

(2) Grantees will receive priority funding and grants will be renewed within time periods prescribed by the Secretary concerned.

(g) *Use of Grant Funds.* If during any year, grantees use less than the annual amount of CHSP funds provided to them for that year, the excess amount can be carried forward for use in later years.

### § 1944.263 Eligibility and priority for 1978 Act recipients.

Grantees funded initially under 42 U.S.C. 8001 shall be eligible to receive continued, non-competitive funding subject to its availability. These grantees will be eligible to receive priority funding under this subpart if they comply with the regulations in this part and with the requirements of any NOFA issued in a particular fiscal year.

### § 1944.264 Evaluation of Congregate Housing Services Programs.

(a) Grantees shall submit annually to the Secretary concerned, a report evaluating the impact and effectiveness of CHSPs at the grant sites, in such form as the Secretary concerned shall require.

(b) The Secretaries concerned shall further review and evaluate the performance of CHSPs at these sites and shall evaluate the Program as a whole.

(c) Each grantee shall submit a certification with its application, agreeing to cooperate with and to provide requested data to the entity responsible for the Program's evaluation, if

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requested to do so by the Secretary concerned.

### § 1944.265 Reserve for supplemental adjustment.

The Secretary concerned may reserve funds subject to section 802(o). Requests to utilize supplemental funds by the grantee shall be transmitted to the Secretary concerned in such form as may be required.

### § 1944.266 Other Federal requirements.

In addition to the Federal Requirements set forth in 24 CFR part 5, the following requirements apply to grant recipient organizations in this program:

(a) *Office of Management and Budget (OMB) Circulars and Administrative Requirements.* The policies, guidelines, and requirements of OMB Circular No. A-87 and 24 CFR part 85 apply to the acceptance and use of assistance under this program by public body grantees. The policies, guidelines, and requirements of OMB Circular No. A-122 apply to the acceptance and use of assistance under this program by non-profit grantees. Grantees are also subject to the audit requirements described in 24 CFR part 44 (OMB Circular A-128).

(b) *Conflict of interest.* In addition to the conflict of interest requirements in OMB Circular A-87 and 24 CFR part 85, no person who is an employee, agent, consultant, officer, or elected or appointed official of the applicant, and who exercises or has exercised any function or responsibilities with respect to activities assisted with CHSP grant funds, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or any proceeds thereunder, either for himself or herself or for those with whom he or she has family or business ties during his or her tenure, or for one year thereafter. CHSP employees may receive reasonable salary and benefits.

(c) *Disclosures required by Reform Act.* Section 102(c) of the HUD Reform Act of 1989 (42 U.S.C. 3545(c)) requires disclosure concerning other government

assistance to be made available with respect to the Program and parties with a pecuniary interest in CHSP and submission of a report on expected sources and uses of funds to be made available for CHSP. Each applicant shall include information required by 24 CFR part 12 on form HUD-2880 "Applicant/Recipient Disclosure/Update Report," as required by the FEDERAL REGISTER Notice published on January 16, 1992, at 57 FR 1942.

(d) *Nondiscrimination and equal opportunity.* (1) The fair housing poster regulations (24 CFR part 110) and advertising guidelines (24 CFR part 109);

(2) The Affirmative Fair Housing Marketing Program requirements of 24 CFR part 200, subpart M, and the implementing regulations at 24 CFR part 108; and

(3) Racial and ethnic collection requirements—Recipients must maintain current data on the race, ethnicity and gender of program applicants and beneficiaries in accordance with section 562 of the Housing and Community Development Act of 1987 and section 808(e)(6) of the Fair Housing Act.

(e) *Environmental requirements.* Support services, including the operating and administrative expenses described in section 1944.115(a), are categorically excluded from the requirements of the National Environmental Policy Act (NEPA) of 1969. These actions, however, are not excluded from individual compliance requirements of other environmental statutes, Executive Orders, and agency regulations where appropriate. When the responsible official determines that any action under this subpart may have an environmental effect because of extraordinary circumstances, the requirements of NEPA shall apply.

### Subparts G–H [Reserved]

### Subpart I—Self-Help Technical Assistance Grants

SOURCE: 55 FR 41833, Oct. 16, 1990, unless otherwise noted.

#### § 1944.401 Objective.

This subpart sets forth the policies and procedures and delegates authority

for providing Technical Assistance (TA) funds to eligible applicants to finance programs of technical and supervisory assistance for self-help housing, as authorized under section 523 of the Housing Act of 1949. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to Rural Development employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with a Rural Development employee. This financial assistance may pay part or all of the cost of developing, administering, or coordinating programs of technical and supervisory assistance to aid needy very low- and low-income families in carrying out self-help housing efforts in rural areas. Very low-income families must receive a priority for recruitment and participation and may not comprise less than the percentage stated in subpart L of part 1940 of this chapter of those assisted in any grant. The primary purpose is to fund organizations that are willing to locate and work with families that otherwise do not qualify as homeowners. Generally, these are families below 50 percent of median incomes, living in substandard housing, and/or lacking the skills to be good homeowners. Grantees will comply with the nondiscrimination regulation subpart E of part 1901 of this chapter which states that no person in the United States shall, on the grounds of race, color, national origin, sex, religion, marital status, mental or physical handicap, or age, be excluded from participating in, be denied the benefits of, or be subject to discrimination in connection with the use of grant funds and all provisions of the Fair Housing Act of 1988.

[55 FR 41833, Oct. 16, 1990, as amended at 58 FR 227, Jan. 5, 1993]

#### § 1944.402 Grant purposes.

Rural Development may contract or make a grant to an organization to:

(a) Give technical and supervisory assistance to eligible very low- and low-income families as defined in Appendix 9 of HB-1-3550 (available in any Rural

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Development office), in carrying out self-help housing efforts.

(b) Assist other organizations to provide technical and supervisory assistance to eligible families.

(c) Develop a final application, recruit families and related activities necessary to participate under paragraph (a) of this section.

[55 FR 41833, Oct. 16, 1990, as amended at 67 FR 78328, Dec. 24, 2002]

### § 1944.403 Definitions.

(a) *Agreement*. The Self-Help Technical Assistance Agreement, which is a document signed by Rural Development and the grantee, sets forth the terms and conditions under which TA funds will be made available. (Exhibit A of this subpart).

(b) *Agreement period (or grant period)*. The period of time for which an agreement is in force. Generally, the period will not exceed 24 months.

(c) *Date of completion*. The date when all work under a grant is completed or the date in the TA grant agreement, or any supplement or amendment to it, when Federal assistance ends.

(d) *Direct costs*. Those costs that are specifically identified with a particular project or activity. Grantees receiving funds from a single grant source would consider all costs as direct costs.

(e) *Disallowed costs*. Those charges to a grant which Rural Development determines cannot be authorized.

(f) *Equivalent units*. Equivalent units represent the “theoretical number of units” arrived at by adding the equivalent percentage of completion figure for each family in the self-help program (pre-construction and actual construction) together at any given date during program operations. The sum of the percentage of completion figures for all participant families represent the total number of “theoretical units” completed at any point in time. Equivalent units are useful in measuring progress during the period of the grant and are not a measurement of actual accomplishments. The number of equivalent units for any group can never exceed the number of planned or completed houses for that group.

(g) *Equivalent value of a modest house*. The equivalent value of a modest house is the typical cost of a recent con-

tractor-built Rural Development financed home in the area plus the actual or projected costs of an acceptable site and site development. If Rural Development has not financed a contractor-built house during the last twelve months, the value will be established by use of the Marshall and Swift cost handbook or a similar type of handbook. Equivalent value of a modest house is established by Rural Development.

(h) *Indirect costs*. Those costs that are incurred for common or joint objectives and therefore, cannot be readily and specifically identified with a particular project or activity, e.g., self-help.

(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.

(j) *Organization*. (1) A State, political subdivision, or public nonprofit corporation (including Indian tribes or Tribal corporations); or

(2) A private nonprofit corporation that is owned and controlled by private persons or interests and is organized and operated for purposes other than making gains or profits for the corporation and is legally precluded from distributing any gains or profits to its members.

(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 handicap, age, race, color, national origin, religion, family status, or sex of the head of household. The participating family must be approved for a section 502 RH loan or similar loans from other Federal, state, and private lenders that uses income guidelines 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 the 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.

(1) *Self-help.* The construction method by which an individual family utilizes their labor to reduce the construction cost of their home without an exchange of labor between participating families. Unless otherwise authorized by the District Director, this method is only funded for repair and rehabilitation type construction.

(m) *Sponsor.* An existing entity that is willing and able to assist an applicant, with or without charge, in applying for a grant and in carrying out responsibilities under the agreement. Examples of sponsors are local rural electric cooperatives, institutions of higher education, community action agencies and other self-help grantees. Also, when available, regional technical and management assistance contractors may qualify to serve as a sponsor at no charge.

(n) *Technical assistance.* The organizing and supervising 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 developing 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 contracting 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.

(o) *Termination of a grant.* The cancellation of Federal assistance, in whole or in part, at any time before the date of completion.

#### § 1944.404 Eligibility.

To receive a grant, the applicant must:

(a) Be an organization as defined in § 1944.403(j) of this subpart.

(b) Have the financial, legal, administrative, and actual capacity to assume and carry out the responsibilities imposed by the Agreement. To meet the requirement of actual capacity it must either:

(1) Have necessary background and experience with proven ability to perform responsibly in the field of mutual self-help or other business management or administrative ventures which indicate an ability to perform responsibility in the field of mutual self-help; or

(2) Be sponsored by an organization with background experience, and ability, which agrees in writing to help the applicant to carry out its responsibilities.

(c) Legally obligate itself to administer TA funds, provide adequate accounting of the expenditure of such funds, and comply with the Agreement and Rural Development regulations.

(d) If the organization is a private nonprofit corporation, be a corporation that:

(1) Is organized under State and local laws.

(2) Is qualified under section 501(c)(3) of the Internal Revenue Code of 1986.

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(3) Has as one of its purposes the production of affordable housing.

(4) Has a Board of Directors which consist of not less than five.

### § 1944.405 Authorized use of grant funds.

(a) Payment of salaries of personnel as authorized in the Agreement.

(b) Payment of necessary and reasonable office expenses such as office rental, office utilities, and office equipment rental. The purchase of office equipment is permissible when the grantee determines it to be more economical than renting. As a general rule, these types of expenses would be classified as indirect costs in multiple funded organizations.

(c) Purchase of office supplies such as paper, pens, pencils, and trade magazines.

(d) Payment of necessary employee benefit costs including but not limited to items such as Worker's Compensation, employer's share of social security, health benefits, and a reasonable tax deferred pension plan for permanent employees.

(e) Purchase, lease, or maintenance of power or specialty tools such as a power saw, electric drill, sabre saw, ladders, and scaffolds, which are needed by the participating families. The participating families, however, are expected to provide their own hand tools such as hammers and handsaws.

(f) Payment of liability insurance and special purpose audit costs associated with self-help activities. These would be considered direct costs, even though the grantee's general liability insurance cost and the cost of audits for the organization are generally indirect costs.

(g) Payment of reasonable fees for training of grantee personnel including board members. This may include the cost of travel and per diem to attend in or out-of-State training as authorized by the board of directors and, when necessary, for the employee to do the current job. These costs are generally direct costs.

(h) Payment of services rendered by a sponsor or other organization after the grant is closed and when it is determined the sponsor can provide the necessary services which will result in an

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overall reduction in the cost of assistance. Typically, this will be limited to new grantees and an existing grantee for the period of time that its size or activity does not justify a full staff. A full staff is a full or part-time director, project worker, secretary-bookkeeper, and a construction supervisor. This type of cost is generally direct.

(i) Payment of certain consulting and legal costs required in the administration of the grant if such service is not available without cost. This does not include legal expenses for claims against the Federal Government. (Legal costs that may be incurred by the organization for the benefit of the participating families may be paid with prior approval of the State Director).

(j) Payments of the cost of an accountant to set up an accounting system and perform audits that may be required. Generally, these costs are indirect.

(k) Payments of reasonable expenses of board members for attending regular or special board meetings. These costs are indirect.

### § 1944.406 Prohibited use of grant funds.

(a) Hiring personnel specifically for the purpose of performing any of the construction work for participating families in the self-help projects.

(b) Buying real estate or building materials or other property of any kind for participating families.

(c) Paying any debts, expenses, or costs which should be the responsibility of the participating families in the self-help projects.

(d) Paying for training of an employee as authorized by 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(e) Paying costs other than approved indirect (including salaries) that are not directly related to helping very low- and low-income families obtain housing consistent with the objectives of this program.

[55 FR 41833, Oct. 16, 1990, as amended at 79 FR 76009, Dec. 19, 2014]

### § 1944.407 Limitations.

The amount of the TA grant depends on the experience and capability of the

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applicant and must be justified based on the number of families to be assisted. As a guide, the maximum grant amounts for any grant period will be limited to:

(a) An average TA cost per equivalent unit of no more than 15 percent of the cost of equivalent value of modest homes built in the area. (Upon request, the County Supervisor will provide the grantee the average cost of modest homes for the area); or

(b) An average TA cost per equivalent unit that does not exceed the difference between the equivalent value of modest homes in the area and the average mortgage of the participating families minus \$1,000; or

(c) A TA per equivalent unit cost that does not exceed an amount established by the State Director. The State Director may authorize a greater TA cost than paragraph (a) or (b) of this section when needed to accomplish a particular objective, such as requiring the grantee to serve very low-income families, remote areas, or similar situations; or

(d) A negotiated amount for repair and rehabilitation type proposals. At a minimum, applicants applying for repair and rehabilitation grants must include information on the proximity of the houses in a project, the typical needed repairs, and the cost savings between self-help and contractor rehabilitation and repair.

[55 FR 41833, Oct. 16, 1990; 56 FR 19253, Apr. 26, 1991]

**§ 1944.408 [Reserved]**

**§ 1944.409 Executive Order 12372.**

The self-help program is subject to the provision of Executive Order 12372 which requires intergovernmental consultation with State and local officials. These requirements are set forth in U. S. Department of Agriculture regulations 7 CFR 3015, subpart V and RD Instruction 1970-I, 'Intergovernmental Review,' available in any Agency office or on the Agency's Web site, new applicants for the self-help program must submit their Statement of Activities to the State single point of contact prior to submitting their preapplication to

Agency. The name of the point of contact is available from the State Office.

[55 FR 41833, Oct. 16, 1990, as amended at 61 FR 39851, July 31, 1996; 76 FR 80730, Dec. 27, 2011]

**§ 1944.410 Processing preapplications, applications, and completing grant docket.**

(a) *Form SF-424, "Application for Federal Assistance."* Form SF-424 in an original and one copy must be submitted by the applicant to the District Director. It will be used to establish communication between the applicant and RHS, determine the applicant's eligibility, determine how well the project can compete with similar applications from other organizations and eliminate any proposals which have little or no chance for Federal funding before applicants incur significant expenditures for preparing an application. In addition, the following information will be attached to and become a part of the preapplication:

(1) Complete information about the applicant's previous experience and capacity to carry out the objective of the agreement.

(2) If the applicant organization is already formed, a copy of or an accurate reference to the specific provisions of State law under which the applicant is organized; a certified copy of the applicant's Articles of Incorporation and Bylaws or other evidence of corporate existence; certificate of incorporation for other than public bodies; evidence of good standing from the State when the corporation has been in existence 1 year or more; the names and addresses of the applicant's members, directors, and officers; and, if another organization is a member of the applicant-organization, its name, address, and principal business. If the applicant is not already formed, attach copies of the proposed organizational documents demonstrating compliance with § 1944.404(d) of this subpart.

(3) A current (no more than 12 months old) dated and signed financial statement showing the amounts and specific nature of assets and liabilities together with information on the repayment schedule and status of any debt owed by the applicant. If the applicant is being sponsored by another

organization, the same type of financial statement also must be provided by the applicant's sponsor.

(4) A narrative statement which includes information about the amount of the grant funds being requested, area(s) to be served, need for self-help housing in the area(s), the number of self-help units proposed to be built, rehabilitated or repaired during the agreement period, housing conditions of low-income families in the area and reasons why families need self-help assistance. Evidence should be provided that the communities support the activity and that there are low-income families willing to contribute their labor in order to obtain adequate housing. Evidence of community support may be letters of support from local officials, individuals and community organizations. The pre-application may contain information such as census materials, local planning studies, surveys, or other readily available information which indicates a need in the area for housing of the type and cost to be provided by the proposed self-help TA program.

(5) A plan of how the organization proposes to reach very low-income families living in houses that are deteriorated, dilapidated, overcrowded, and/or lacking plumbing facilities.

(6) A proposed budget which will be prepared on SF-424A, "Budget Information (Non-Construction Programs)" will be completed to address applicable assurances as outlined in 2 CFR part 200 as adopted by USDA through 2 CFR part 400. State and local Government will include an assurance that the grantee shall comply with all applicable Federal statutes and regulations in effect with respect to the periods for which it receives grant funding. The State and local governments shall also comply with 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(7) A preliminary survey as to the availability of lots and projected cost of the sites.

(8) A list of other activities the applicant is engaged in and expects to continue, and a statement as to other sources of funding and whether it will have sufficient funds to assure continued operation of the other activities for at least the period of the agree-

ment. If multi-funded, its cost allocation plan or indirect cost rate must be part of the pre-application.

(9) Whether assistance under paragraph (d) of this section is requested and a brief narrative identifying the need, amount of funds needed, and projected time period.

(10) If a project is planned for five or more housing lots or units, an Affirmative Fair Marketing Plan is required. The plan will be in effect until the completion of the project.

(b) *Preapplication review.* (1) The District Director, within 30 days of receipt of the preapplication, Form SF-424, and all other required information and material will complete a thorough review for completeness, accuracy, and conformance to program policy and regulations.

Incomplete preapplications will be returned to the applicant for completion. The applicant should be given the name of the regional technical assistance contractor. The County Supervisor in the prospective county will be contacted as to the need for the program in the proposed area and if the necessary resources are available to the grantee. This will include a discussion of the number of 502 and 504 units that will need to be committed to the grantee and the potential work impact on the office during the grant period. If it is determined that the County Office lacks the resources (either personnel or funds) to process all loan requests in a timely manner, the District Director must communicate this need to the State Director along with a recommended solution. (Lack of resources at the county level are not grounds to deny a request). After the District Director has determined that the preapplication is complete and accurate, the District Director will assemble the material in an applicant case file and forward it to the State Director. The case file, as a minimum, must contain the following:

- (i) Form SF-424,
- (ii) Documentation required in accordance with 7 CFR part 1970.
- (iii) Eligibility recommendations, and
- (iv) HUD Form 935.2 "Affirmative Fair Housing Marketing Plan", if applicable.

(2) The State Director may, if needed, submit the organizational documents with any comments or questions to the Office of General Counsel (OGC) for a preliminary opinion as to whether the applicant is or will be a legal organization of the type required by these regulations and for advice on any other aspects of the preapplication.

(3) The State Director, if unable to determine eligibility or qualifications with the advice of the OGC, may submit the preapplication to the National Office for review. The preapplication will contain all memoranda from OGC giving the results of its review. The State Director will identify in the transmittal memorandum to the National Office the specific problem and will recommend possible solutions and any information about the applicant which would be helpful to the National Office in reaching a decision.

(4) After an eligibility determination has been made, which should be completed within 30 days unless OGC is involved, the State Director will:

(i) If the applicant is eligible, contact the National Office as to the availability of funds or submit the proposal to the National Office for authorization if the requested amount exceeds the State Director's approval authority. If funds are available, the final review officer, either the State Director or the Assistant Administrator, Housing will issue a letter of conditions that the applicant must meet and direct the District Director to issue Form AD-622, "Notice of Preapplication Review Action."

(ii) If the applicant is determined not eligible, the State Director will direct the District Director to issue Form AD-622.

(c) *Form AD-622, "Notice of Preapplication Review Action."* (1) If the applicant is eligible and after the State Director has returned the pre-application information and, as appropriate, the environmental review documentation required in 7 CFR part 1970 to the Area Office, the Area Director will, within 10 days, prepare and issue Form AD-622. The original Form AD-622 will be signed and delivered to the applicant along with the letter of conditions, a copy to the applicant's case

file, a copy to the County Supervisor, and a copy to the State Director.

(2) If the applicant is not eligible and after the State Director has returned the preapplication information, the District Director will within 5 days notify the applicant on Form AD-622. The notification will inform the applicant that an appeal of the decision may be made to the National Appeals Staff under subpart B of part 1900 of this chapter.

(3) If the applicant is eligible and no grant or loan funds are available, the State Director will return the preapplication information to the District Director who will, within 10 days, notify the applicant on Form AD-622. The notification will explain the facts concerning the lack of funding and that Rural Development will notify them when funding will be available. This is not an appealable decision.

(d) *Self-help technical assistance grant predevelopment agreement.* If the grantee requested predevelopment assistance and the State Director determines that the applicant lacks the financial resources to meet the conditions of grant approval, a grant of up to \$10,000 and for up to six months will be made in order for the applicant to provide what is required by paragraph (e) of this section. Exhibit D of this subpart will be used for this purpose. Existing grantees proposing to operate in an area different from the area that they are currently funded to operate are eligible for this grant. However, this grant is available only once for a defined area. This grant is available only after the letter of conditions has been issued. Denial of this assistance is an appealable decision under subpart B of part 1900 of this chapter.

(e) *Form SF-424, "Application for Federal Assistance."* The applicant will submit Form SF-424 in an original and one copy to the District Director. The application should provide a detailed proposal of its goals including:

(1) Names, addresses, number in household, and total annual household income of families who have been contacted by the applicant and are interested in participating in a self-help housing project. Community organizations including minority organizations

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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 families have qualified for financial assistance.

(3) Evidence that lots are optioned by the prospective participating self-help families for the first 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.

(7) Budget information including a detailed budget for the Agreement 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 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(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 participant families.

[55 FR 41833, Oct. 16, 1990, as amended at 61 FR 39851, July 31, 1996; 79 FR 76009, Dec. 19, 2014; 81 FR 11031, Mar. 2, 2016]

### § 1944.411 Conditions for approving a grant.

A grant may be approved for an eligible applicant when the conditions in the letter of conditions are met and the following conditions are present:

(a) The applicant has or can hire, or contract directly or indirectly with, qualified people to carry out its responsibilities in administering the grant.

(b) The applicant has met all of the conditions listed in § 1944.410(e) of this subpart.

(c) The grantee furnishes a signed statement that it complies with the requirements of the Departmental Regulations found in 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(d) A resolution has been adopted by the board of directors which authorizes the appropriate officer to execute exhibit A of this subpart and Form RD 400-4, "Assurance Agreement."

(e) The grantee has fidelity bonding as covered in 2 CFR part 200 as adopted by USDA through 2 CFR part 400 if a nonprofit organization or, if a State or local government, to the extent required in 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(f) The grantee has agreed by completing SF-424B, "Assurances-Non Construction Programs," that it will establish a recordkeeping system that is certifiable by a certified public accountant that it adequately meets the Agreement.

(g) The grantee has established an interest bearing checking account on which at least two bonded officials will sign all checks issued and understands that interest earned in excess of \$250.00 annually must be submitted to Rural Development quarterly. (The use of minority depository institutions is encouraged.)

(h) The grantee has developed an agreement to be executed by the grantee and the self-help participants which clearly sets forth what is expected of each and has incorporated exhibit B-2 of this subpart which clearly shows what work is expected of the participating family.

[55 FR 41833, Oct. 16, 1990; 56 FR 19253, Apr. 26, 1991; 79 FR 76010, Dec. 19, 2014]

### § 1944.412 Docket preparation.

When the application and all items required for the complete docket have been received, the District Director will thoroughly examine it to insure the application has been properly and accurately prepared and that it includes the required dates and signatures. The docket items will be assembled and distributed by the District Director in the following order:

Form No.	Name of form or document	Total No. of copies	Signed by applicant	No. for agreement docket	Copy for applicant
SF-424 .....	Application for Federal Assistance .....	3	1	1-O and 1C	1-C
AD-622 .....	Notice of Preapplication Review Action .....	2	.....	1-C	1-O
RD 1940-1 ....	Request for Obligation of Funds .....	4	2	3-O and 2C	1-C
RD 400-4 .....	Assurance Agreement .....	2	1	1-O	1-C
	HUD Form 935.2, Affirmative Fair Housing Marketing Plan ....	3	1	1-O and 1C	1-C
	Certified Copy Authorizing Resolution .....	1	1	1-O	-
	Self-Help Technical Assistance Grant Agreement (Exhibit A)	2	1	1-O	1-C
	Any Personnel Forms to be used .....	2	.....	1-O	1-C

O = Original.  
C = Copy.

**§ 1944.413 Grant approval.**

(a) *Approval of grant.* Within 30 days of the grantee meeting the conditions of § 1944.411 of this subpart or, if applicable, signing exhibit D, the approving official will:

(1) Execute and distribute Form RD 1940-1 in accordance with the Forms Manual Insert (FMI).

(2) After the Finance Office acknowledges that funds are obligated, request an initial advance of funds on Form RD 440-57, "Acknowledgment of Obligated Funds/Check Request," in accordance with the FMI. The amount of this request should cover the applicant's needs for the remainder of the month in which the grant is closed plus the next month. Subsequent advances will cover only a one-month period.

(b) *Cancellation of an approved grant.* An approved grant may be canceled before closing if the applicant is no longer eligible, the proposal is no longer feasible, or the applicant requests cancellation. Cancellation will be accomplished as follows:

(1) The District Director will prepare Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation," according to the FMI and send it to the State Director with the reasons for cancellation. If the State Director approves the request, Form RD 1940-10 will be returned to the District Office for processing in accordance with the FMI.

(2) The District Director will notify the applicant of the cancellation and the right to appeal under subpart B of part 1900 of this chapter. If the applicant requested the cancellation, no appeal rights are provided, but the applicant will still be notified of the cancellation.

(c) *Disapproval of grant.* If a grant is disapproved after the docket has been developed, the approving official will state the reason on the original Form RD 1940-1, or in a memorandum to the District Director. The District Director will notify the applicant in writing of the disapproval and the reason for disapproval. Also, the notification will inform the applicant of its appeal rights under subpart B of part 1900 of this chapter.

**§ 1944.414 [Reserved]**

**§ 1944.415 Grant approval and other approving authorities.**

(a) The State Director is authorized to approve or disapprove TA grants under this subpart. For a grant in excess of \$300,000, or in the case of a grant amendment when the amount of the grant plus any unexpended funds from a previous grant will exceed \$400,000, prior written consent of the National Office is required. In such cases, the docket, along with the State Director's recommendations, must be submitted to the National Office for review.

(b) The State Director may approve a grant not to exceed \$10,000 to an eligible organization under § 1944.410(d) of this subpart. The grant must be limited to 6 months and funds must be used for the development of the final application, family recruitment, and related activities as explained in § 1944.410(e) of this subpart. The amount of this grant will not be included in figuring TA cost per units.

(c) The authority to contract for services is limited to the Administrator of Rural Development.

(d) Monthly expenditures of the grantee will normally be approved by the District Director unless:

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(1) The grantee operates in only one county, in which case the authority may be delegated to the County Supervisor.

(2) The grantee operates in more than one Rural Development District, in which case the State Director will designate the approving official.

(3) The grantee operates in more than one State Director's jurisdiction, in which case the Administrator will designate the approving official.

(4) The expenditure is under contract authority, in which case the Contracting Official Representative will approve the monthly expenditure.

### § 1944.416 Grant closing.

The grant is closed on the date the Agreement is executed as defined in § 1944.403(a) by the applicant and the Government. Funds may not be advanced prior to the signing of the Agreement. The District Director or Assistant District Director are authorized to execute the Agreement for Rural Development. Person(s) authorized by resolution may sign for the applicant.

### § 1944.417 Servicing actions after grant closing.

Rural Development has a responsibility to help the grantee be successful and help the grantee avoid cases of fraud and abuse. Servicing actions also include correlating activities between the grantee and Rural Development to the benefit of the participating families. The amount of servicing actions needed will vary in accordance with the experience of the grantee, but as minimum the following actions are required:

(a) Monthly, the grantee will provide the District Director with a request for additional funds on Form SF-270, "Request for Advance or Reimbursement." This request need only show the amount of funds used during the previous month, amount of unspent funds, projected need for the next 30 days, and written justification if the request exceeds the projected need for the next 30 days. This request must be in the District Director's office fifteen days prior to the beginning of the month. Upon receipt of the grantee's request, the District Director will:

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(1) If the request appears to be in order, process Form RD 440-57 so that delivery of the check will be possible on the first of the next month.

(2) If the request does not appear to be in order, immediately contact the grantee to resolve the problem. After the contact:

(i) If the explanation is acceptable, process Form RD 440-57 so delivery may be possible by the first of the next month, or

(ii) If the explanation is not acceptable, immediately notify the grantee and request the amount of funds that appear reasonable for the next 30 days on Form RD 440-57, so that delivery may be possible by the first of the next month. Unapproved funds that are later approved will be added to the next month's request.

(b) Quarterly, the grantee will submit exhibit B of this subpart in an original and three copies to the County Supervisor on or before January 15, April 15, July 15, and October 15 which will verify its progress toward meeting the objectives stated in the Agreement and the application. The County Supervisor will immediately complete the County Office review part and forward the report to the District Office. After exhibit B is received in the District Office, a meeting should be scheduled between the grantee, District Director, and the County supervisor since this is an opportune time for both the grantee and Rural Development to review progress to date and make necessary adjustments for the future. This meeting is required if the grantee was previously identified as a problem grantee or will be identified as a problem grantee at this time. Regardless of whether a meeting will be held, the following will be done:

(1) Exhibit B and other information will be evaluated to determine progress made to date. The District Director will comment on exhibit B as to whether the grantee is ahead or behind schedule in each of the following areas:

(i) *Assisting the projected number of families.*

(ii) *Serving very low-income applicants.* Is the grantee reaching a minimum of very low-income families as required in exhibit A, attachment 2 to subpart L of



part 1940 of this chapter (available in any Rural Development office).

(iii) *Equivalent units (EUs)*. Is the number of EUs completed representative of lapse in time of the grant? For example, if 25 percent of the grant period has elapsed, are 25 percent of the number of EUs completed?

(iv) *Labor contributions by the family*. Are the families working together and are they completing the labor tasks as established on exhibit B-2?

(2) The District Director will submit exhibit B to the State Director who will evaluate the quarterly report along with the District Director's comments. If the State Director determines the grantee is progressing satisfactorily, the State Director will sign and forward exhibit B to the National Office. However, if the State Director determines the grantee is not performing as expected, the State Director will notify the grantee that it has been classified a "High Risk" grantee. The notice will specify the deficiencies and inform the grantee of proposed remedies for noncompliance. The notice will advise the grantee that Rural Development is available to assist and provide the name and address of an organization that is under contract with Rural Development to assist them. The State Director will forward a copy of exhibit B, District Directors comments, and the reasons for classifying them as "High Risk" to the National Office, Single Family Housing, Special Programs Branch. When the period of time provided for corrective action has expired, an assessment will be made of the progress by the grantee toward correcting the situation. If the State Director determines:

(i) The situation has been corrected or reasonable progress has been made toward correcting the situation, the "High Risk" status will be lifted and the grantee so notified.

(ii) The situation has not been corrected but it is correctable if additional time is granted, an extension will be issued.

(iii) The situation has not been corrected and it is unlikely to be corrected if given additional time, the

grant will be terminated under § 1944.426(b)(1) of this subpart.

[55 FR 41833, Oct. 16, 1990; 56 FR 19253, Apr. 26, 1991]

#### § 1944.418 [Reserved]

#### § 1944.419 Final grantee evaluation.

Near the end of the grant period but prior to the last month, an evaluation of the grantee will be conducted by Rural Development. The State Director may use Rural Development employees or an organization under contract to Rural Development to provide the evaluation. The evaluation is to determine how successful the grantee was in meeting goals and objectives as defined in the agreement, application, this regulation, and any amendments.

(a) This is a quantitative evaluation of the grantee to determine if it met its goals in:

(1) Assisting the project number of families in obtaining adequate housing.

(2) Meeting the goal of assisting very low-income families.

(3) Meeting the family labor requirement in § 1944.411(h) and exhibit B-2 of this subpart.

(4) Keeping costs within the guides set in § 1944.407.

(5) Meeting order objectives in the Agreement.

(b) The evaluation is a narrative addressed to the State Director with a copy of the National Office, Single Family Housing Processing Division. It will be in 3 parts, namely; findings, recommendations, and an overall rating. The rating will be either unacceptable, acceptable, or outstanding, as follows:

(1) Outstanding if the grantee met or exceeded all of the goals in paragraph (a) of this section.

(2) Acceptable if the grantee met or exceeded all of the goals as defined in paragraph (a) except two.

(3) Unacceptable if the grantee failed to obtain an acceptable rating.

(c) After the State Director has reviewed the evaluation, a copy will be mailed to the grantee. The grantee may request a review of the evaluation with the District Director. This review is for clarification of the material and to dispute the findings if they are known to be wrong. The rating is not

## § 1944.420

open for discussion except to the extent it can be proven that the findings do not support the rating. If this is the case, the District Director will file an amendment to the State Director.

### § 1944.420 Extension or revision of the grant agreement.

The State Director may authorize the District Director to execute on behalf of the Government, exhibit C of this subpart, at any time during the grant period provided:

(a) The extension period is for no more than one year from the final date of the existing Agreement.

(b) The need for the extension is clearly justified.

(c) If additional funds are needed, a revised budget is submitted with complete justification, and

(d) The grantee is within the guidelines in § 1944.407 of this subpart or the State Director determines that the best interest of the Government will be served by the extension.

### § 1944.421 Refunding of an existing grantee.

Grantees wishing to continue with self-help efforts after the end of the current grant plus any extensions should file Form SF-424, in accordance with § 1944.410(e). It is recommended that it be filed at least 6 months before the end of the current grant period. Funds from the existing grant may be used to meet the conditions of a new grant to serve the same or redefined geographic area. If the grantee is targeting a different geographic area, a new preapplication must be submitted in accordance with § 1944.410 and the grantee may apply for a predevelopment grant in accordance with § 1944.410(d). In addition to meeting the conditions of an applicant as defined in § 1944.411 of this subpart, the grantee must also have received or will receive an acceptable rating on its current grant unless an exception is granted by the State Director. The State Director may grant an exception to the rating if it is determined that the reasons causing the previous unacceptable rating have been removed or will be removed with the approval of this grant.

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### § 1944.422 Audit and other report requirements.

The grantee must submit an audit to the appropriate Rural Development District Office annually (or biennially if a State or local government with authority to do a less frequent audit requests it) and the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the grantee's audit period. The audit, conducted by the grantee's auditors, is to be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), using the publication "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" developed by the Comptroller General of the United States in 1981, and any subsequent revisions. In addition, the audits are also to be performed in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400 and Rural Development requirements as specified in this subpart. Audits of borrower loan funds will be required. The number of borrower accounts audited will be determined by the auditor. In incidences where it is difficult to determine the appropriate number of accounts to be audited, auditors should be authorized by the State Director to audit the lesser of 10 loans or 10 percent of total loans.

(a) *Nonprofit organizations and others.* If determined necessary, these organizations are to be audited in accordance with Rural Development requirements in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400. These requirements also apply to public hospitals, public colleges, and universities if they are excluded from the audit requirements of paragraph (b) of this section.

(1) An audit conducted by the grantee's auditor shall be supplied to the Rural Development District Director as soon as possible but in no case later than ninety (90) days following the period covered by the grant agreement.

(2) Auditors shall promptly notify United States Department of Agriculture's Office of the Inspector General Regional Inspector General and the Rural Development District Office, in writing, of any indication of fraud, abuse, or illegal acts in grantees use of

## RHS, RBS, RUS, FSA, USDA

## § 1944.424

grant funds or in the handling of borrowers accounts.

(3) Nonprofit organizations that receive less than \$25,000 a year in Federal financial assistance need not be audited.

(b) *State and local governments and Indian tribes.* These organizations are to be audited in accordance with this subpart and 2 CFR part 200 as adopted by USDA through 2 CFR part 400. The grantee will forward completed audits to the appropriate Federal Cognizant agency and a copy to the Rural Development District Director. "Cognizant agency" for audits is defined at 2 CFR 200.18 as the Federal agency designated to carry out the responsibilities described in §200.513 Responsibilities, paragraph (a). The cognizant agency for audit is not necessarily the same as the cognizant agency for indirect costs. A list of cognizant agencies for audit may be found at the FAC Web site. Within USDA, the OIG shall fulfill cognizant agency responsibilities. Smaller grantees not assigned a cognizant agency by OMB should contact the Federal agency that provided the most funds. When USDA is designated as the cognizant agency or when it has been determined by the borrower that Rural Development provided the major portion of Federal financial assistance, the State Director will contact the appropriate USDA OIG Regional Inspector General. Rural Development and the borrower shall coordinate all proposed audit plans with the appropriate USDA OIG.

(1) State and local governments and Indian tribes that receive \$25,000 or more a year in Federal financial assistance shall have an audit made in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(2) State and local and Indian tribes that receive less than \$25,000 a year in Federal financial assistance shall be exempt from 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(3) Public hospitals and public colleges and universities may be excluded by the State Director from OMB Circular A-128 audit requirements. If such entities are excluded, audits shall be

made in accordance with paragraph (a) of this section.

[55 FR 41833, Oct. 16, 1990; 56 FR 19253, Apr. 26, 1991, as amended at 79 FR 76010, Dec. 19, 2014; 81 FR 7698, Feb. 16, 2016]

### § 1944.423 Loan packaging and 502 RH application submittal.

A grantee is required to assist 502 RH applicants in submitting their application for a RH loan. Loan packaging will be performed in accordance with 7 CFR part 3550; therefore, it is important that the grantee be trained at an early date in the packaging of RH loans. Typically, this training should take place before the first applications are submitted to the County Office and before the grant is closed. A grantee should become very knowledgeable of Rural Development's eligibility requirements but must understand that only Rural Development can approve or deny an applicant assistance. Grantee must work cooperatively with Rural Development in the 502 loan approval process and must work within the regulations for the 502 program and recognize Rural Development's ultimate decision making authority to approve or deny loans. However, the grantee may ask for clarification that may be helpful in working with future applicants. Grant funds may not be used to pay any expense in connection with an appeal that the applicant may file or pursue.

[55 FR 41833, Oct. 16, 1990, as amended at 67 FR 78328, Dec. 24, 2002]

### § 1944.424 Dwelling construction and standards.

All construction will be performed in accordance with subpart A of part 1924 of this chapter. The planned work must meet the building requirements of 7 CFR part 3550 and meet the Development Standards as defined in subpart A of part 1924 of this chapter and in any local codes. Sites and site developments must conform to the requirements of subpart C of part 1924 of this chapter.

[55 FR 41833, Oct. 16, 1990, as amended at 67 FR 78328, Dec. 24, 2002]

**§ 1944.425 Handling and accounting for borrower loan funds.**

Grantees will be required to administer borrower loan funds during the construction phases. The extent of their involvement will depend on the experience of the grantee and the amount of authority delegated to them by the District Director in accordance with § 1924.6(c) of subpart A of part 1924 of this chapter. Training should include Rural Development's non-discrimination policies in receiving applications.

**§ 1944.426 Grant closeout.**

(a) *Grant purposes completed.* Promptly after the date of completion, grant closeout actions will be taken to allow the orderly discontinuance of grantee activity.

(1) The grantee will immediately refund to Rural Development any balance of grant funds that are not committed for the payment of authorized expenses.

(2) The grantee will furnish Form SF-269A, "Financial Status Report (short form)" to Rural Development within 90 days after the date of completion of the grant. All other financial, performance, and other reports required as a condition of the grant also will be completed.

(3) After the grant closeout, Rural Development retains the right to recover any disallowed costs which are discovered as a result of the final audit. 7 CFR part 3550 will be used by Rural Development to recover any unauthorized expenditures.

(4) The grantee will provide Rural Development an audit conforming to those requirements established in this part, including audits of self-help borrower accounts.

(5) Upon request from the recipient, any allowable reimbursable cost not covered by previous payments shall be promptly paid by Rural Development.

(b) *Grant purposes not completed—(1) Notification of termination.* The State Director will promptly notify the grantee and the National Office in writing of the termination action including the specific reasons for the decision and the effective date of the termination. The notification to the grantee will specify that if the grantee

believes the reason for the proposed termination can be resolved, the grantee should, within 15 calendar days of the date of this notification, contact the State Director in writing requesting a meeting for further consideration. The meeting will be an informal proceeding at which the grantee will be given the opportunity to provide whatever additional information it believes should be considered in reaching a decision concerning the case. The grantee may have an attorney or any other person present at the meeting if desired. Within 7 calendar days of the meeting, the State Director will determine what action to take.

(i) If the State Director determines that termination is not necessary, the grantee will be informed by letter along with the District Director.

(ii) If the State Director determines that termination of the grant is appropriate, he/she will promptly inform the grantee by the use of exhibit B-3 of subpart B of part 1900 of this chapter.

(2) *National Office review.* (i) Upon receipt of a request from a grantee that the decision of the State Director be reconsidered, the National Office will make a preliminary decision concerning the continued funding of the grantee during the appeal period. Written notification of the decision will be given to the State Director and grantee.

(ii) The National Office will then obtain a comprehensive report on the matter from the State Office. This information will be considered together with any additional information that may be provided by the grantee.

(c) *Grant suspension.* When the grantee has failed to comply with the terms of the agreement, the District Director will promptly report the facts to the State Director. The State Director will consider termination or suspension of the grant usually only after a Grantee has been classified as "high risk" in accordance with § 1944.417(b)(2). When the State Director determines that the grantee has a reasonable potential to correct deficiencies the grant may be suspended. The State Director will request written authorization from the National Office to suspend a grantee. The suspension will adhere to 2 CFR part 200 as adopted by USDA through 2

CFR part 400. The grantee will be notified of the grant suspension in writing by the State Director. The State Director will also promptly inform the grantee of its rights to appeal the decision by use of Exhibit B-3 of Subpart B of part 1900 of this chapter.

(d) *Grant termination.* The State Director may terminate the grant agreement whenever Rural Development determines that the grantee has failed to comply with terms of the Agreement. The reasons for termination may include, but are not limited to, such problems as listed in paragraph (e)(3)(i) of exhibit A of this subpart. The State Director may also withhold further disbursement of grant funds and prohibit the grantee from incurring additional obligations of grant funds with written approval of the National Office. Rural Development will allow all necessary and proper costs which grantee could not reasonably avoid.

(1) *Termination for cause.* The grant agreement may be terminated in whole, or in part, at any time before date of completion, whenever Rural Development determines that the grantee has failed to comply with terms of the Agreement. The State Director will notify the grantee in writing giving the reasons for the action and inform the grantee of its rights of appeal by use of exhibit B-3 of subpart B of part 1900 of this chapter.

(2) *Termination for convenience.* FmHA or its successor agency under Public Law 103-354 or the grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the grant would not produce beneficial results. The two parties will agree in writing to the termination conditions including the effective date. No notice of rights of appeal will be issued by Rural Development.

[55 FR 41833, Oct. 16, 1990, as amended at 67 FR 78328, Dec. 24, 2002; 68 FR 61331, Oct. 28, 2003; 79 FR 76010, Dec. 19, 2014]

**§ 1944.427 Grantee self-evaluation.**

Annually or more often, the board of directors will evaluate their own self-help program. Exhibit E of this subpart is provided for that purpose. 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.

**§§ 1944.428-1944.449 [Reserved]**

**§ 1944.450 OMB control number.**

The reporting and recordkeeping requirements contained in this regulation have been approved by the Office of Management and Budget and have been assigned OMB control number 0575-0043. Public reporting burden for this collection of information is estimated to vary from 10 minutes to 18 hours per response, with an average of 1.17 hours per response including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB# 0575-0043), Washington, DC 20503.

**EXHIBIT A TO SUBPART I OF PART 1944—  
SELF-HELP TECHNICAL ASSISTANCE  
GRANT AGREEMENT**

THIS GRANT AGREEMENT dated \_\_\_\_\_, 19\_\_\_\_, is between \_\_\_\_\_

\_\_\_\_\_ a nonprofit corporation (“Grantee”), organized and operating under \_\_\_\_\_

\_\_\_\_\_ (authorizing State statute)

and the United States of America acting through the Farmers Home Administration, Department of Agriculture (“FmHA”) or its successor agency under Public Law 103-354.

In consideration of financial assistance in the amount of \$\_\_\_\_\_ (called “Grant Funds”) to be made available by FmHA or its successor agency under Public Law 103-354 to Grantee under section 523(b)(1)(A) of the Housing Act of 1949 to be used in (specify area to be served) \_\_\_\_\_ for the purpose of providing a program of technical and supervisory assistance which will aid low-income families in carrying out mutual self-help housing efforts. Grantee will provide such a program in accordance with the terms of this

Agreement and FmHA or its successor agency under Public Law 103-354 regulations.

## DEFINITIONS:

*Date of Completion* means the date when all work under a grant is completed or the date in the TA Grant Agreement, or any supplement or amendment thereto, on which Federal assistance ends.

*Disallowed costs* are those charges to a grant which the FmHA or its successor agency under Public Law 103-354 determines cannot be authorized.

*Grant Closeout* is the process by which the grant operation is concluded at the expiration of the grant period or following a decision to terminate the grant.

*Termination* of a grant means the cancellation of Federal assistance, in whole or in part, under a grant at any time prior to the date of completion.

## TERMS OF AGREEMENT:

(a) This Agreement shall terminate \_\_\_\_\_ years from this date unless extended or sooner terminated under paragraphs (e) and (f) of this Agreement.

(b) Grantee shall carry out the self-help housing activity described in the application docket which is attached to and made a part of this Agreement. Grantee will be bound by the conditions set forth in the docket, 7 CFR part 1944, subpart I, and the further conditions set forth in this Agreement. If any of the conditions in the docket are inconsistent with those in the Agreement or subpart I of part 1944, the latter will govern. A waiver of any condition must be in writing and must be signed by an authorized representative of FmHA or its successor agency under Public Law 103-354.

(c) Grantee shall use grant funds only for the purposes and activities specified in FmHA or its successor agency under Public Law 103-354 regulations and in the application docket approved by FmHA or its successor agency under Public Law 103-354 including the approved budget. Any uses not provided for in the approved budget must be approved in writing by FmHA or its successor agency under Public Law 103-354 in advance.

(d) If Grantee is a private nonprofit corporation, expenses charged for travel or per diem will not exceed the rates paid FmHA or its successor agency under Public Law 103-354 employees for similar expenses. If Grantee is a public body, the rates will be those that are allowable under the customary practice in the government of which Grantee is a part; if none are customary, the FmHA or its successor agency under Public Law 103-354 rates will be the maximum allowed.

(e) Grant closeout and termination procedures will be as follows:

(1) Promptly after the date of completion or a decision to terminate a grant, grant closeout actions are to be taken to allow the orderly discontinuation of Grantee activity.

(i) Grantee shall immediately refund to FmHA or its successor agency under Public Law 103-354 any uncommitted balance of grant funds.

(ii) Grantee will furnish to FmHA or its successor agency under Public Law 103-354 within 90 days after the date of completion of the grant a "Financial Status Report", Form SF-269A. All financial, performance, and other reports required as a condition of the grant will also be completed.

(iii) Grantee shall account for any property acquired with technical assistance (TA) grant funds, or otherwise received from FmHA or its successor agency under Public Law 103-354.

(iv) After the grant closeout, FmHA or its successor agency under Public Law 103-354 retains the right to recover any disallowed costs which may be discovered as a result of any audit.

(2) When there is reasonable evidence that Grantee has failed to comply with the terms of this Agreement, the State Director may determine Grantee as "high risk". A "high risk" Grantee will be supervised to the extent necessary to protect the Government's interest and to help Grantee overcome the deficiencies.

(3) Grant termination will be based on the following:

(i) *Termination for cause.* This grant may be terminated in whole, or in part, 90 days after a Grantee has been classified as "high risk" if the State Director determines that Grantee has failed to correct previous deficiencies and is unlikely to correct such items if additional time is allowed. The reasons for termination may include, but are not limited to, such problems as:

(A) Actual TA costs significantly exceeding the amount stipulated in the proposal.

(B) The number of homes being built is significantly less than proposed construction or is not on schedule.

(C) The cost of housing not being appropriate for the self-help program.

(D) Failure of Grantee to only use grant funds for authorized purposes.

(E) Failure of Grantee to submit adequate and timely reports of its operation.

(F) Failure of Grantee to require families to work together in groups by the mutual self-help method in the case of new construction.

(G) Serious or repetitive violation of any of the provisions of any laws administered by FmHA or its successor agency under Public Law 103-354 or any regulation issued under those laws.

(H) Violation of any nondiscrimination or equal opportunity requirement administered

by FmHA or its successor agency under Public Law 103-354 in connection with any FmHA or its successor agency under Public Law 103-354 programs.

(I) Failure to establish an accounting system acceptable to FmHA or its successor agency under Public Law 103-354.

(J) Failure to serve very low-income families.

(K) Failure to recruit families from substandard housing.

(ii) *Termination for convenience.* FmHA or its successor agency under Public Law 103-354 or Grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in case of partial termination, the portion to be terminated.

(4) To terminate a grant for cause, FmHA or its successor agency under Public Law 103-354 shall promptly notify Grantee in writing of the determination and the reasons for and the effective date of the whole or partial termination. Grantee will be advised of its appeal rights under 7 CFR part 1900, subpart B.

(f) An extension of this grant agreement may be approved by FmHA or its successor agency under Public Law 103-354 provided, in its opinion, the extension is justified and there is a likelihood that the Grantee can accomplish the goals set out and approved in the application docket during the period of the extension.

(g) Grant funds may not be used to pay obligations incurred before the date of this Agreement. Grantee will not obligate grant funds after the grant termination or completion date.

(h) As requested and in the manner specified by FmHA or its successor agency under Public Law 103-354, the Grantee must make quarterly reports, exhibit C of this subpart (on  $\frac{1}{15}$ ,  $\frac{4}{15}$ ,  $\frac{7}{15}$  and  $\frac{10}{15}$  of each year), and a financial status report at the end of the grant period, and permit on-site inspections of program progress by FmHA or its successor agency under Public Law 103-354 representatives. FmHA or its successor agency under Public Law 103-354 may require progress reports more frequently if it deems necessary. Grantee must also comply with the audit requirements found in §1944.422 of subpart I of 7 CFR part 1944, if applicable. Grantee will maintain records and accounts, including property, personnel and financial records, to assure a proper accounting of all grant funds. These records will be made available to FmHA or its successor agency under Public Law 103-354 for auditing purposes and will be retained by Grantee for three years after the termination or completion of this grant.

(i) Acquisition and disposal of personal, equipment and supplies should comply with Subpart R of 2 CFR part 200 as adopted by USDA through 2 CFR part 400.

(j) Results of the program assisted by grant funds may be published by Grantee without prior review by FmHA or its successor agency under Public Law 103-354, provided that such publications acknowledge the support provided by funds pursuant to the provisions of Title V of the Housing Act of 1949, 42 U.S.C. 1471, *et seq.*, and that five copies of each such publication are furnished to the local representative of FmHA or its successor agency under Public Law 103-354.

(k) Grantee certifies that no person or organization has been employed or retained to solicit or secure this grant for a commission, percentage, brokerage, or contingent fee.

(l) Grantee shall comply with all civil rights laws and the FmHA or its successor agency under Public Law 103-354 regulations implementing these laws.

(m) In all hiring or employment made possible by or resulting from this grant, Grantee: (1) Will not discriminate against any employee or applicant for employment because of race, religion, color, sex, marital status, national origin, age, or mental or physical handicap, and (2) will take affirmative action to insure that applicants are employed, and that employees are treated during employment without regard to their race, religion, color, sex, marital status, national origin, or mental or physical handicap. This requirement shall apply to, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In the event Grantee signs a contract which would be covered by any Executive Order, law, or regulation prohibiting discrimination, Grantee shall include in the contract the "Equal Employment Clause" as specified by FmHA or its successor agency under Public Law 103-354.

(n) It is understood and agreed by Grantee that any assistance granted under this Agreement will be administered subject to the limitations of Title V of the Housing Act of 1949 as amended, 42 U.S.C. 1471 *et seq.*, and related regulations, and that rights granted to FmHA or its successor agency under Public Law 103-354 in this Agreement or elsewhere may be exercised by it in its sole discretion to carry out the purposes of the assistance, and protect FmHA or its successor agency under Public Law 103-354's financial interest.

(o) Grantee will maintain a code or standards of conduct which will govern the performance of its officers, employees, or agents. Grantee's officers, employees, or agents will neither solicit nor accept gratuities, favors, or anything of monetary value

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from suppliers, contractors, or others doing business with the grantee. To the extent permissible by State or local law, rules, or regulations such standards will provide for penalties, sanctions, or other disciplinary actions to be taken for violations of such standards.

(p) Grantee shall not hire or permit to be hired any person in a staff position or as a participant if that person or a member of that person's immediate household is employed in an administrative capacity by the organization, unless waived by the State Director. (For the purpose of this section, the term household means all persons sharing the same dwelling, whether related or not).

(q) Grantee's board members or employees shall not directly or indirectly participate, for financial gain, in any transactions involving the organization or the participating families. This includes activities such as selling real estate, building material, supplies, and services.

(r) Grantee will retain all financial records, supporting documents, statistical records, and other records pertinent to this agreement for 3 years, and affirms that it is fully aware of the provisions of the Administrative Remedies for False Claims and Statements Act, 31 U.S.C. 3801, et seq.

By \_\_\_\_\_ (Signature)

(Title) GRANTEE

By \_\_\_\_\_ (Signature)

(Title) FARMERS HOME ADMINISTRATION or its successor agency under Public Law 103-354

EXHIBIT B TO SUBPART I OF PART 1944— EVALUATION REPORT OF SELF-HELP TECHNICAL ASSISTANCE (TA) GRANTS

Evaluation for Quarter Ending: (1) \_\_\_\_\_, 19\_\_\_\_

1. a. Name of Grantee: (2) \_\_\_\_\_ b. Address: (3) \_\_\_\_\_ c. Area the grant serves: (4) \_\_\_\_\_

2. Date of Agreement: (5) \_\_\_\_\_ Time Extended (6) \_\_\_\_\_

3. a. Equivalent unit increase during quarter: (7) \_\_\_\_\_ First Month (8) \_\_\_\_\_ Second Month (9) \_\_\_\_\_

Third Month

b. Cumulative total number of Equivalent Units since beginning of grant: (10) \_\_\_\_\_

Total to Date

4. a. Method of Construction:

Stick built \_\_\_\_\_%, Panelized \_\_\_\_\_%, Combined \_\_\_\_\_%

b. Number of bedrooms per house built this grant period:

2BR, \_\_\_\_\_ 3BR, \_\_\_\_\_

c. Household size this Quarter:

1 person \_\_\_\_\_, 2 persons \_\_\_\_\_, 3 persons \_\_\_\_\_, 4 persons \_\_\_\_\_, 5 persons \_\_\_\_\_.

d. Number of houses under construction this grant period, but started during previous grant period: \_\_\_\_\_

5. a. Number of houses proposed under this grant:

(11) \_\_\_\_\_

b. Number of houses completed under this grant:

(12) \_\_\_\_\_

c. Number of houses currently under construction:

(13) \_\_\_\_\_

d. Number of families in pre construction:

(14) \_\_\_\_\_

e. Number of Construction Supervisors:

(15) \_\_\_\_\_

f. Number of TA employees:

(16) \_\_\_\_\_

6. a. Average time needed to construct a single house:

(17) \_\_\_\_\_

b. Number of months between submission of self-help borrower's docket and approval/rejection:

(18) \_\_\_\_\_

c. Number and percentage of loan docket rejections during reporting period: \_\_\_\_\_

(19) \_\_\_\_\_

7. a. Did any of the following adversely affect the Grantee's ability to accomplish program objectives?

YES NO

TA Staff Turnover ..... \_\_\_\_\_ FmHA Staff Turnover ..... \_\_\_\_\_ Bad Weather ..... \_\_\_\_\_ Loan Processing Delays .. \_\_\_\_\_ Site Acquisition and Development ..... \_\_\_\_\_ Unavailable Loan/Grant Funds ..... \_\_\_\_\_ Lack of Participants ..... \_\_\_\_\_ Communication between FmHA/Grantee ..... \_\_\_\_\_

8. Attach information concerning number of families contacted, number who have indicated a willingness to be a participating family, number of mutual self-help groups organized, progress on any construction started, and any problems relating to the operation of this grant.



**RHS, RBS, RUS, FSA, USDA**

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I certify that the statements made above are true to the best of my knowledge and belief.

(20) \_\_\_\_\_

(Date)

(21) \_\_\_\_\_

(Title)

GRANTEE

(22) \_\_\_\_\_

(Signature)

*County Office Review*

I have reviewed the above information which I have found to be substantially correct. Must be completed by County Office.

Comment: Must be completed (23)

Average appraisal value of units financed this Quarter:

\_\_\_\_\_  
Average amount loan per unit financed this Quarter:

(24) \_\_\_\_\_

(Date)

(25) \_\_\_\_\_

County Supervisor

*District Office Review*

Comment: Must be completed (26)

(27) \_\_\_\_\_

Date

(28) \_\_\_\_\_

District Director

*State Office Review*

Comments: Must be completed (29)

(30) \_\_\_\_\_

Date

(31) \_\_\_\_\_

State Office Representative

**EXHIBIT B-1 TO SUBPART I OF PART 1944—INSTRUCTIONS FOR PREPARATION OF EVALUATION REPORT OF SELF-HELP TECHNICAL ASSISTANCE GRANTS**

Exhibit B will be used by all Technical Assistance (TA) Grantees obtaining self-help TA grants. This attachment provides the grantee and FmHA or its successor agency under Public Law 103-354 a uniform method of reporting the performance progress of self-help projects. The TA Grantee will prepare an original and 4 copies of the attachment. The TA Grantee will sign the original and 3 copies and forward it to the local FmHA or its successor agency under Public Law 103-354 County Office. The TA Grantee will keep the unsigned copy for its records.

The evaluation report will be completed in accordance with the following:

1. Enter the date the quarter ends either March 31, June 30, September 30, or December 31 and the year.

2. Enter the full name of the TA Grantee organization.

3. Enter the complete mailing address of the TA Grantee organization.

4. Enter the area served by the grant.

5. Enter the date of the initial self-help TA grant agreement.

6. Enter the time of any extension self-help TA grant agreement(s).

7. Insert the number of equivalent units (EU) completed the first/second/third month of the quarter using steps 1, 2, and 3 of exhibit B-3.

8. Insert the number of EU's completed the second month of the quarter by using steps 1, 2, and 3 of exhibit B-3.

9. Insert the number of EU's completed the third month of the quarter by using steps 1, 2, and 3 of exhibit B-3.

10. Add items (7), (8), and (9) to the total from the previous quarterly report to obtain the cumulative total number of EU's. This total is the cumulative total number of EU's for the project.

11. Enter the number of houses planned in the TA Grantee proposal(s).

12. Enter the number of houses completed and occupied since the beginning of the grant.

13. Enter the number of houses that are under construction at the end of this quarter.

14. Enter the number of families in the pre-construction phase.

15. Enter the total number of construction supervisor(s) paid with TA grant funds.

16. Enter the number of employees paid with TA grant funds including those listed in item 15.

17. Insert the average elapsed time needed per house from excavation to final inspection by FmHA or its successor agency under Public Law 103-354 to complete construction of a house. If no self-help homes have been completed by this grantee, use other projects or your best estimate as a guide.

18. Enter the number of months it takes on average to approve or reject a borrower's docket once it's submitted.

19. Enter number and percent of dockets submitted and rejected this quarter.

20. Enter date of exhibit submittal.

21. Insert title of the Grantee or authorized representative.

22. Signature of Grantee or authorized representative.

23. County Supervisor must answer questions concerning market value and loan amount and also should insert comments concerning progress of construction, success of the project and any problems that the organization may have.

24. Insert date of County Supervisor's review.

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|---|---|
| <p>25. Signature of County Supervisor.<br/>                 26. District Director representative should insert his/her comments concerning items listed in §1944.417(b)(1) of 1944-I.<br/>                 27. Insert date of District Director review.</p> | <p>28. Signature of District Director or representative.<br/>                 29. Insert State Office comments.<br/>                 30. Insert date of State Office review.<br/>                 31. Signature of State Office representative.</p> |
|---|---|

**EXHIBIT B-2 TO SUBPART I OF PART 1944—BREAKDOWN OF CONSTRUCTION DEVELOPMENT FOR DETERMINING PERCENTAGE CONSTRUCTION COMPLETED**

	In percent—		
	With slab on grade	With crawl space	With basement
1. Excavation .....	3	5	6
The removal of earth to allow the construction of a foundation or basement.			
2. Footing, Foundations, columns .....	8	8	11
Footing: Construction of the spreading course or courses at the base or bottom of a foundation wall, pier, or column. Foundation: Construction of the supporting portion of a structure below the first floor construction, or below grade, including footing.			
3. Floor slab or framing .....	6	4	4
The floor slab consist of concrete, usually reinforced, poured over gravel and a vapor barrier with perimeter insulation to prevent heat loss.			
4. Subflooring .....	0	1	1
The installation of materials used for flooring that is laid directly on the joist and serving the purpose of a floor during construction prior installation of the finish floor.			
5. Wall framing sheathing .....	7	7	6
The construction process of putting together and erecting the skeleton parts of a building's walls (the rough lumber work) and, for the exterior walls, covering with sheathing (plywood, waferboard, oriented strand board or lumber) and insulating board to close up the side walls prior to the installation of finish materials on the surface.			
6. Roof and ceiling framing, sheathing .....	6	6	5
The process, or method, of putting the parts of a roof, such as truss, rafters, ridge and plates in position. Ceiling joist support the overhead interior lining of a room. Roof sheathing is any sheet material, such as plywood or particleboard, connected to the roof rafters or truss to act as a base for sheathing felt, shingles or other roof covers.			
7. Roofing .....	5	5	4
The installation of a material that acts as a roof covering, making it impervious to the weather, such as shingles over sheathing felt, tile, or slate.			
8. Siding, exterior trim, porches .....	7	7	6
The installation of lumber, panel products or other materials intended for use as the exterior wall covering including all trim.			
9. Windows and exterior doors .....	9	9	8
The installation of all exterior windows and doors. This includes securely fastening windows and doors plumb and level, square and true and adjusting sash, screens and hardware for smooth and proper operation.			
10. Plumbing—roughed in .....	3	2	3
Subject to local codes and regulations the installation of all parts of the plumbing system which must be completed prior to the installation of plumbing fixtures or appliances. This includes drain, waste, and vent piping, water supply, and the necessary built-in fixture supports.			
11. Sewage disposal .....	1	1	1

	In percent—		
	With slab on grade	With crawl space	With basement
Subject to local codes and regulations the construction and installation of a wastewater disposal system consisting of a house sewer, a pretreatment unit (e.g., septic tank, individual package treatment plant), an acceptable absorption system (subsurface absorption field, seepage pit, or subsurface absorption bed). The system shall be designed to receive all sanitary sewage (bathroom, kitchen and laundry) from the dwelling, but not footing or roof drainage. It shall be designed so that gases generated anywhere in the system can easily flow back to the building sewer stack.			
12. Heating—roughed in .....	1	1	1
Subject to local codes and regulations the installation of ducts and/or piping and the necessary supports to minimize the cutting of walls and joist. This rough in is done before finish wall and floor installed.			
13. Electrical—roughed in .....	2	2	2
Subject to local codes and regulations the installation of conduit or cable and the location of switch, light, and outlet boxes with wires ready to connect. This roughing-in work is done before the dry wall finish is applied, and before the insulation is placed in the walls and ceiling.			
14. Insulation .....	2	2	2
The installation of any material used in walls, floors, and ceilings to prevent heat transmission as required by FmHA Instruction 1924-A, exhibit D of 7 CFR of part 1924, subpart A.			
15. Dry wall .....	8	8	7
Dry walling is covering the interior walls using sheets of gypsum board and taped joints.			
16. Basement or porch floor, steps .....	1	1	6
The construction of basement or porch floors and steps whether wood or concrete.			
17. Heating—finished .....	3	3	3
Subject to local codes and regulations the installation of registers, grilles and thermostats.			
18. Flooring covering .....	6	6	5
The installation of the “finish flooring” (the material used as the final wearing surface that is applied to a floor). Floor covering include numerous flooring materials such as wood materials, vinyl, linoleum, cork, plastic, carpet and other materials in tile or sheet form.			
19. Interior carpentry, trim, doors .....	6	6	5
Installing visible interior finish work (molding and/or trim), including covering joints around window and door openings. The installation of an interior door including frames and trim.			
20. Cabinets and counter tops .....	1	1	1
Securing cabinets and counter tops (usually requiring only fastening to the wall or floor) that are plumb and level, square and true.			
21. Interior painting .....	4	4	3
Cleaning and preparation of all interior surfaces and applying paint in strict accordance with the paint manufacturer’s instructions.			
22. Exterior painting .....	1	1	1
Cleaning and preparation of all exterior surfaces and applying paint in strict accordance with the paint manufacturer’s instructions.			
23. Plumbing—complete fixtures .....	4	4	3
Subject to local codes and regulations the installation of a receptor or device which requires both a water supply connection and a discharge to the drainage system, such as water closets, lavatories, bathtubs or sinks. Also, the installation of an energized household appliance with plumbing connections, such as a clothes washer, water heater, dishwasher or garbage grinder.			
24. Electrical—complete fixtures .....	1	1	1
Subject to local codes and regulations the installation of the fixtures, the switches, and switch plates. This is usually done after the dry wall finish is applied.			
25. Finish hardware .....	1	1	1
The installation of all the visible, functional hardware in a house that has a finish appearance, including such features as hinges, locks, catches, pulls, knobs, and clothes hooks.			
26. Gutters and downspouts .....	1	1	1

	In percent—		
	With slab on grade	With crawl space	With base-ment
The installation of a shallow channel of wood, metal, or PVC (gutters) positioned just below and following along the eaves of the house for the purpose of collecting and diverting water from a roof to a vertical pipe (downspouts) used to carry rain-water from the roof to the ground by way of a splash block or into a drainage system.			
27. Grading, paving, landscaping .....	3	3	3
Landscaping includes final grading, planting of shrubs and trees, and seeding or sod-ding of lawn areas. Final grading includes the best available routing of runoff water to assure that house and adjacent homes will not be endangered by the path of water runoff. The minimum slope should be 6" in 10' or 5% from the foundation of the home. Paving includes both driveways and walks.			
Total .....	100	100	100

EXHIBIT B-3 TO SUBPART I OF PART 1944—PRE-CONSTRUCTION AND CON-STRUCTION PHASE BREAKDOWN

I. *General.* This exhibit will be used by Farm-ers Home Administration (FmHA) or its successor agency under Public Law 103-354 and the Grantee in determining Grantee performance as required in §1944.417(b) of this subpart.

II. *Determining technical assistance (TA) cost per unit.*

A. Equivalent units are used to measure progress at any time during the period of the grant. It is necessary because self-help grantees have several groups of families in various stages of progress during the period of the grant. The following formula has been developed to provide a more accurate meth-od of determining progress.

FORMULA

Phase breakdown	In percent—	
	Value of each phase	Cumulative
Pre-construction:		
Phase I .....	10	10
Phase II .....	10	10
Construction:		
Phase III .....	80	21-100

B. Using the Description of Phase Break-down as a guide, the project staff selects the total percentage pertinent to the stage the self-help group is in and multiplies that per-centage by the number of families (units) in the group. The result is the equivalent number of units completed. No credit may be given for Phase I, if the application is re-jected. When this computation has been completed for each group that falls within Phases I-III, the total number of equivalent units is divided into the total grant funds ex-pended to that date. The result is the TA

cost per unit at that stage of the program's progress.

C. The definition of pre-construction and construction phases described are follows:

*Pre-Construction*

*Phase I:* Hold community meetings; con-duct interviews; obtain house plans; prepare cost estimates; begin search for land; submit family applications to the lender; lender runs credit check; applications. Lender ei-ther approves or rejects.

*Phase II:* Organize an association of section 502 Rural Housing eligible families; associa-tion conducts weekly meetings at which re-quired lender forms are discussed and com-pleted; house plans and land sites are se-lected; outside speakers explain and discuss taxes, insurance, how to keep a checking ac-count, how interest is computed, home main-tenance, decorating, and landscaping; etc.; completed loan docketts for each family are submitted to the lender. Family loan dock-ets are reviewed and recommendations made as to the loan amounts requested; the lender reviews family loan docketts; preliminary title search of each proposed building site is begun; requests loan check from Finance Of-fice; when check arrives, final title search is made, loan closed, checking accounts opened, and construction begun.

*Construction:* The grantee will utilize ex-hibit B-2 which outlines 27 construction tasks to determine the percentage of com-pleted construction activities.

D. The computation of equivalent units and TA costs will be computed as follows:

Exhibit C will be used for recording the fol-lowing information and construction in this example which starts January 1.

STEP 1

Both the grantee and FmHA or its suc-cessor agency under Public Law 103-354 re-view the FmHA or its successor agency

**RHS, RBS, RUS, FSA, USDA**

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under Public Law 103-354 loan application records to determine the percentage of completion for each family in the pre-construction phase of the program. These are Phases I-III. Total these percentages to find the number of "equivalent units" (EUs) completed at that date during pre-construction. For example, if there are eight families in Group #2 and all have completed the 20 percent phase of pre-construction, then there would be 1.6 EUs in the pre-construction phase of the program as of that date. Each phase must be completed before it is considered in the calculation.

**STEP 2**

Refer to the records of construction progress for families in the construction Phase III. As of that date, the director totals the percentage of completion figures for each family as follows:

Askew .....	0.45
Whited .....	0.40
Martinez .....	0.40
Gonzalez .....	0.38
Sherry .....	0.34
Duran .....	0.33
Johnson .....	0.13
Harvey .....	0.31
<hr/>	
EUs .....	2.92

Total production in the construction phase is therefore 2.92 EUs as of that date.

**STEP 3**

Add the pre-construction and construction subtotals together:

Pre-construction .....	1.60
Construction .....	2.92
<hr/>	
Total EUs .....	4.52

This provides the total EUs of production during the first three months of operation. Steps 1, 2, and 3 will be used to complete items 7, 8 and 9 of exhibit B of this subpart.

**III. Preparation:**

Compile exhibit B of this subpart in an original and four copies. The exhibit will be signed by the TA Grantee. Submit the original and three copies of the exhibit quarterly to FmHA or its successor agency under Public Law 103-354 County Office on or before January 15, April 15, July 15, and October 15, of each year for the quarters ending March 31, June 30, September 30, and December 31 of each year. The District Director will keep the original and forward two copies to the State Office. The State Office will forward one copy to the National Office. The State Office will prepare information concerning TA grants closed within 30 days of the end of a quarter on the next quarterly report.

**EXHIBIT C TO SUBPART I OF PART 1944—  
AMENDMENT TO SELF-HELP TECHNICAL ASSISTANCE GRANT AGREEMENT**

This Agreement dated, \_\_\_\_\_ 19\_\_\_\_  
between \_\_\_\_\_  
a nonprofit corporation ("Grantee"), organized and operating under \_\_\_\_\_

(authorizing State Statute)

and the United States of America acting through the Farmers Home Administration, Department of Agriculture ("FmHA") or its successor agency under Public Law 103-354, amends the "Self-Help Technical Assistance Grant Agreement" between the parties dated \_\_\_\_\_ 19\_\_\_\_, ("Agreement").

The Agreement is amended by providing additional financial assistance in the amount of \_\_\_\_\_ to be made available by FmHA or its successor agency under Public Law 103-354 to Grantee pursuant to section 523 of Title V of the Housing Act of 1949 for the purpose of assisting in providing a program of technical and supervisory assistance which will aid low-income families in carrying out mutual self-help housing efforts; or

The Agreement is amended by changing the completion date specified in covenant 1 from \_\_\_\_\_ to \_\_\_\_\_ and by making the following attachments to this amendment: (List and identify proposal and any other documents pertinent to the grant.)

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_  
(Name of Grantee)

By \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

United States of America

By \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

Farmers Home Administration or its successor agency under Public Law 103-354

**EXHIBIT D TO SUBPART I OF PART 1944—  
SELF-HELP TECHNICAL ASSISTANCE GRANT PREDEVELOPMENT AGREEMENT**

This grant predevelopment agreement dated, \_\_\_\_\_ 19\_\_\_\_, is between

a nonprofit corporation ("Grantee"), organized and operating under \_\_\_\_\_

(authorizing State statute)

and the United States of America acting through the Farmers Home Administration, Department of Agriculture ("FmHA") or its successor agency under Public Law 103-354.

In consideration of financial assistance in the amount of \$\_\_\_\_\_ ("Grant Funds") to be made available by FmHA or its successor agency under Public Law 103-354 to Grantee under section 523 (b)(1)(A) of the Housing Act of 1949 to be used in (specify area to be served) \_\_\_\_\_ for the purpose of developing a program of technical and supervisory assistance which will aid low-income families in carrying out mutual self-help housing efforts, Grantee will provide such a program in accordance with the terms of this Agreement and FmHA or its successor agency under Public Law 103-354 regulations.

Grant funds will be used for authorized purposes as contained in §1944.410(d) of 7 CFR part 1944, subpart I, as necessary, to develop a complete program for a self-help TA grant. This will include recruitment, screening, loan packaging and related activities for prospective self-help participants.

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_.

(Name of Grantee)
By \_\_\_\_\_
(Signature)

(Title)
United States of America
By \_\_\_\_\_
(Signature)

(Title)
Farmers Home Administration or its successor agency under Public Law 103-354

EXHIBIT E TO SUBPART I OF PART 1944—
GUIDANCE FOR RECIPIENTS OF SELF-HELP TECHNICAL ASSISTANCE GRANTS (SECTION 523 OF HOUSING ACT OF 1949)

7 CFR part 1944, subpart I provides the specific details of this grant program. The following is a list of some functions of the grant recipients taken from this subpart. With the list are questions we request to be answered by the recipients to reduce the potential for fraud, waste, unauthorized use or mismanagement of these grant funds. We suggest the Board of Directors answer these questions every six months by conducting their own review. Paid staff should not be permitted to complete this evaluation.

A. FAMILY LABOR CONTRIBUTION

- 1. Does your organization maintain a list of each family and a running total of hours worked (when and on what activity)? ... Yes No

- 2. Are there records of discussions with participating families counselling them when the family contribution is falling behind? ... Yes No
3. Are there obstacles which prevent the family from performing the required tasks? .... Yes No

B. USE OF GRANT FUNDS

- 1. Were grant funds used to pay salaries or other expenses of personnel not directly associated with this grant? ... Yes No
2. Were grant funds used to pay for construction work for participating families? ... Yes No
3. Were all purchases or rentals (item and cost) of office equipment authorized? ... Yes No
4. Are all office expenses authorized by 7 CFR part 1944, subpart I? ... Yes No
5. Was a record of long distance telephone calls maintained and was that log and telephone checked? ... Yes No
6. Was all travel and mileage incurred for official business and properly authorized in advance? ... Yes No
7. Were mileage and per diem rates within authorized levels? ... Yes No
8. Were participating families charged for use of tools? ... Yes No
9. Were grant funds expended to train grant personnel? ... Yes No
10. Was training appropriate for the individual trainee? ... Yes No
11. Were any technical or consultant services obtained for participating families? ... Yes No
12. Were the provided technical or consultant services appropriate in type and cost? ... Yes No

C. FINANCIAL RESPONSIBILITIES

- 1. Does each invoice paid by the grant recipient match the purchase order? ... Yes No
2. Does each invoice paid by the borrower and FmHA or its successor agency under Public Law 103-354 match the purchase order? ... Yes No
3. Were purchases made from the appropriate vendors? ... Yes No
4. Are the invoices and itemized statements totalled for materials purchased for individual families? ... Yes No
5. Is there a record of deposits and withdrawals to account for all loan funds? ... Yes No
6. Are checks from grant funds signed by the Board Treasurer and Executive Director? ... Yes No

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- 7. Are grant funds deposited in an interest bearing account? .... Yes No
- 8. Are checks from loan funds prepared by the grant recipient for the borrower's and lender's signature? ..... Yes No
- 9. Are checks from loan funds accompanied by accurate invoices? ..... Yes No
- 10. Are any borrower loan funds including interests, deposited in grantee accounts? ..... Yes No
- 11. Are checks from loan funds submitted to FmHA or its successor agency under Public Law 103-354 more often than once every 30 days? ..... Yes No
- 12. Is the reconciliation of bank statements for both grant and loan funds completed on a monthly basis? ..... Yes No
- 13. If the person who issues the checks also reconciles them, does the Executive Director review this activity? ..... Yes No
- 14. Are materials purchased in bulk approved by the Executive Director? ..... Yes No
- 15. Was the amount of materials determined by both the Executive Director and construction staff? ..... Yes No
- 16. Were any participating families consulted about the purchase of materials? ..... Yes No
- 17. Were savings accomplished by the bulk purchase method? ..... Yes No
- 18. Did the Executive Director review the purchase order and the ultimate use of the materials? ..... Yes No
- 19. Are materials covered by insurance when stored by grantee? ..... Yes No

**D. REPORTING**

- 1. Are "Requests for Advance or Reimbursement" made once monthly to the FmHA or its successor agency under Public Law 103-354 District Office? .... Yes No
- 2. Has the grant recipient engaged a certified public Accountant (CPA) or CPA firm to review their operations on a regular basis: (Annually is preferable but every two years and at the end or the grant period are requirements)? ..... Yes No
- 3. Are the quarterly evaluation reports submitted on time to the County Supervisor? ..... Yes No

What, if any, problems exist that need to be corrected for effective management of the grant project?

Date \_\_\_\_\_  
 President, Board of Directors  
 (Period covered by report \_\_\_\_\_)

*Answer Key*

The following answers should help your organization in assessing its vulnerability to fraud, waste, and abuse. You should take actions to correct practices that now generate an answer different from the key.

<i>Question</i>	<i>Answer</i>
A. 1 .....	Yes
A. 2 .....	Yes
A. 3 .....	Yes
B. 1 .....	No
B. 2 .....	No
B. 3 .....	Yes
B. 4 .....	Yes
B. 5 .....	Yes
B. 6 .....	Yes
B. 7 .....	Yes
B. 8 .....	No
B. 9 .....	Yes
B. 10 .....	Yes
B. 11 .....	Yes
B. 12 .....	Yes
C. 1 .....	Yes
C. 2 .....	Yes
C. 3 .....	Yes
C. 4 .....	Yes
C. 5 .....	Yes
C. 6 .....	Yes
C. 7 .....	No
C. 8 .....	Yes
C. 9 .....	Yes
C. 10 .....	No
C. 11 .....	No
C. 12 .....	Yes
C. 13 .....	Yes
C. 14 .....	Yes
C. 15 .....	Yes
C. 16 .....	Yes
C. 17 .....	Yes
C. 18 .....	Yes
C. 19 .....	Yes
D. 1 .....	Yes
D. 2 .....	Yes
D. 3 .....	Yes

**EXHIBIT F TO SUBPART I OF PART 1944—  
 SITE OPTION LOAN TO TECHNICAL  
 ASSISTANCE GRANTEES**

**I. OBJECTIVES**

The objective of a Site Option (SO) loan under Section 523(b)(1)(B) of Title V of the Housing Act of 1949 is to enable technical assistance (TA) grantees to establish revolving fund accounts to obtain options on land needed to make sites available to families that will build their own homes by the self-help method. An SO loan will be considered only when sites cannot be made available by

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other means including a regular Rural Housing Site (RHS) loan.

### II. ELIGIBILITY REQUIREMENTS

To be eligible for an SO loan, the applicant must be a TA grantee that is currently operating in a satisfactory manner under a TA grant agreement. If the SO loan applicant has applied for TA funds but is not already a TA grantee and it appears that the TA grant will be made, the SO loan may be approved but not closed until the TA grant is closed.

### III. LOAN PURPOSES

Loans may be made only as necessary to enable eligible applicants to establish revolving accounts with which to obtain options on land that will be needed as building sites by self-help families participating in the TA self-help housing program. Loans will not be made to pay the full purchase price of land but only for the minimum amounts necessary to obtain an option from the seller. The option should be for as long as necessary but in no case should the option be for less than 90 days.

### IV. LIMITATIONS

(A) If the amount of an SO loan will exceed \$10,000, the prior consent of the National Office shall be obtained before approval.

(B) The amount of the SO loan should not exceed 15 percent of the purchase price of the land expected to be under option at any one time, unless a higher percent is authorized by the State Director when other land is not available or the particular area requires more down payment than elsewhere or similar circumstances exist.

(C) Form FmHA or its successor agency under Public Law 103-354 440-34, "Option to Purchase Real Property," will be used without modification in all cases for obtaining options under this subpart.

(D) The limitations of §1822.266(b) (1) and (2) of subpart F of part 1822 of this chapter (FmHA Instruction 444.8, paragraphs VI B (1) and (2)) concerning land purchase will apply to options purchased under this subpart.

### V. RATES AND TERMS

(A) *Interest.* Loans will be made at an interest rate of 3 percent.

(B) *Repayment period.* Each SO loan will be repaid in one installment which will include the entire principal balance and accrued interest. The maximum repayment period for each SO loan will be the applicant's remaining TA grant funding period.

(1) A shorter repayment period will be established if SO funds will not be needed for the entire TA grant funding period.

(2) If a regular RHS loan is to be processed, the SO loan should be scheduled for repayment when RHS loan funds will be available to purchase the land and repay the amount

of SO funds advanced on the option, unless SO loan funds will still be needed to purchase other options. Under no circumstances, however, will the repayment period exceed the applicant's remaining TA grant funding period.

### VI. PROCESSING APPLICATION

(A) *Form of application:* The application for assistance will be in the form of a letter to the FmHA or its successor agency under Public Law 103-354 County Supervisor having jurisdiction over the area of the proposed site to be optioned. The letter will be signed by the applicant or its authorized representative and contain, as a minimum, the following information:

(1) A copy of the proposed option that shows a legal description of the land, option price, purchase price, and terms of the option. If more than one site is to be purchased, a schedule of the proposed options should be included.

(2) Information to verify that a regular RHS loan cannot be processed in time to secure the option.

(3) Proposed method repayment of the SO loan.

(4) Resolution from the applicant's governing body authorizing the application for an SO loan from FmHA or its successor agency under Public Law 103-354.

(B) *Responsibility of the County Supervisor.* Upon receipt of an SO loan application, the County Supervisor will:

(1) Determine whether the applicant is eligible. If the applicant is not eligible, or the loan cannot be made for other reasons, the application may be rejected by the County Supervisor with the concurrence of the District Director. The reasons for the rejection should be clearly stated and provided, in writing to the applicant. The applicant will have the right to have the decision reviewed following the procedure established in subpart B of part 1900 of this chapter.

(2) Review and verify the accuracy of the information provided.

(3) Make an inspection and a memorandum appraisal of each proposed site "as is." The appraisal will include a narrative statement as to whether the site has been recently sold, verify that the seller is the owner of the property, and indicate whether the purchase price is acceptable based on the selling price of similar properties in the area.

(4) Indicate whether or not it appears that, considering the location and cost of development, adequate building sites can be provided at reasonable costs.

(5) If the option is for a tract of land on which 5 or more sites are proposed, the County Supervisor will forward to the District Director with recommendations as defined in §1924.119 of subpart C of part 1924 of this chapter.



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(6) If approval is recommended, prepare and have the applicant execute Form FmHA or its successor agency under Public Law 103-354 1940-1, "Request for Obligation of Funds," for the amount needed. Copies of the form will be distributed as provided in the Forms Manual Insert (FMI).

(7) Forward the SO loan application and the applicant's TA application or TA docket to the State Director. The submission will include the appraisal report and the County Supervisor's comments and recommendations.

### VII. LOAN APPROVAL AUTHORITY AND STATE OFFICE ACTIONS

The State Director is authorized to approve SO loans developed in accordance with this exhibit. The approval or disapproval of the loan will be handled in the same manner as provided in §1822.272 of subpart F of part 1822 of this chapter (FmHA Instruction 444.8, paragraph XII). SO loans will be established in Automated Multiple Housing Accounting System (AMAS) using Form RD 3560-51, "Multiple Family Housing Obligation Fund Analysis". The Issue loan/Grant checks transaction will be used to request a check for SO loans.

### VIII. LOAN CLOSING

(A) *General.* Loan closing instructions will be provided by the Office of the General Counsel (OGC) to assure that the Promissory Note is properly completed and executed. The County Supervisor may then close the loan.

(B) *Security for the loan.* The loan will be secured by a Promissory Note properly executed by the grantee using Form FmHA or its successor agency under Public Law 103-354 1940-16, "Promissory Note." A lien on the optioned real estate will not be taken.

(1) The "kind of loan" block on the note will read "SO loan."

(2) The note will be modified to show that the only installment on the loan will be the final installment.

(C) *Loan is closed.* The loan will be considered closed when the note is executed and the loan check delivered to the grantee.

### IX. ESTABLISHMENT OF SO LOAN REVOLVING ACCOUNT

(A) Supervised bank accounts will not be used for SO loans.

(B) Grantee will deposit SO loan funds in a depository institution of its choice. The use of minority institutions is encouraged. Such funds will remain separate from any other account of the grantee and shall be established as an SO revolving account.

(C) Checks drawn on the revolving account will be for the sole purpose of purchasing land options and must be signed by at least two authorized officials of the grantee who

have been properly bonded in accordance with §1944.411 (e) and (g) of this subpart.

(D) Grantees will not expend funds for any options until the site and the option form have been reviewed and approved by the County Supervisor.

(1) SO funds will not be left unused in the revolving account in excess of 60 days.

(2) If the funds are not used for the intended purpose within the 60 days specified above, the unused portion will be refunded on the account.

(E) When funds become available for repayment of the SO loan, such funds will be deposited in the revolving account for the purchase of additional site options if needed. If such funds are not needed to purchase more options, they will be applied on the SO loan.

### X. SOURCE OF FUNDS

SO loans will be funded from the self-help housing land development fund.

[55 FR 41833, Oct. 16, 1990, as amended at 69 FR 69105, Nov. 26, 2004; 79 FR 76010, Dec. 19, 2014]

## Subpart J [Reserved]

## Subpart K—Technical and Supervisory Assistance Grants

SOURCE: 44 FR 36891, June 22, 1979, unless otherwise noted.

### § 1944.501 General.

(a) This subpart sets forth the policies and procedures for making grants under section 525(a) of the Housing Act of 1949, 42 U.S.C. 1490e(a), to provide funds to eligible applicants to conduct programs of technical and supervisory assistance (TSA) for low-income rural residents to obtain and/or maintain occupancy of adequate housing. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to Rural Development employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with a Rural Development employee. This financial assistance may pay part or all of the cost of developing, conducting, administering, or coordinating effective and comprehensive programs of technical and supervisory assistance which will aid needy

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low-income individuals and families in benefiting from federal, state, and local programs in rural areas.

(b) Rural Development will provide technical and supervisory grant assistance to applicants without discrimination because of race, color, religion, sex, national origin, age, marital status, or physical or mental handicap.

[44 FR 36891, June 22, 1979, as amended at 58 FR 228, Jan. 5, 1993]

### § 1944.502 Policy.

(a) The policy of the Rural Development is to provide Technical and Supervisory Assistance to eligible applicants to do the following:

(1) Provide homeownership and financial counseling to reduce both the potential for delinquency by loan applicants and the level of payment delinquency by present Rural Development housing loan borrowers; and

(2) Facilitate the delivery of housing programs to serve the most needy low-income families in rural areas of greatest need for housing.

(b) Rural Development intends to fund projects which include counseling and delivery of housing programs.

(c) State Directors are given a strong role in the selection of grantees so this program can complement Rural Development's policies of targeting Rural Development resources to areas of greatest need within their States.

(d) Rural Development expects grant recipients to implement a TSA program and not to use TSA funds to prepare housing plans and strategies except as necessary to accomplish the specific objectives of the TSA project.

### § 1944.503 Objectives.

The objectives of the TSA Grant Program are to assist low-income rural families in obtaining adequate housing to meet their family's needs and/or to provide the necessary guidance to promote their continued occupancy of already adequate housing. These objectives will be accomplished through the establishment or support of housing delivery and counseling projects run by eligible applicants. This program is intended to make use of any available housing program which provides the low-income rural resident access to

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adequate rental properties or homeownership.

### §§ 1944.504-1944.505 [Reserved]

### § 1944.506 Definitions.

References in this subpart to County, District, State, National and Finance Offices and to County Supervisor, District Director, State Director, and Administrator refer to Rural Development offices and officials and should be read as prefaced by Rural Development. Terms used in this subpart have the following meanings:

(a) *Adequate housing.* A housing unit of adequate size and design to meet the specific needs of low-income families and the requirements governing the particular housing program providing the services or financial assistance.

(b) *Applicant or grantee.* Any eligible organization which applies for or receives TSA funds under a grant agreement.

(c) *Grant agreement.* The contract between Rural Development and the applicant which sets forth the terms and conditions under which TSA funds will be made available.

(d) *Low-income family.* Any household, including those with one member, whose adjusted annual income, computed in accordance with 7 CFR part 3550, subpart B, does not exceed the maximum low-income limits specified in Appendix 9 of HB-1-3550 (available in any Rural Development office).

(e) *Organization.* (1) Public or private nonprofit corporations, agencies, institutions, Indian tribes, and other associations.

(2) A private nonprofit corporation with local representation from the area being served that is owned and controlled by private persons or interests and is organized and operated by private persons or interests for purposes other than making gains or profits for the corporation and is legally precluded from distributing any gains or profits to its members.

(f) *Rural area.* The definition in 7 CFR part 3550 applies.

(g) *Sponsored applicant.* An eligible applicant which has a commitment of financial and/or technical assistance to apply for the TSA program and to implement such a program from a state,

county, municipality, or other governmental entity or public body.

(h) *Supervisory assistance.* Any type of assistance to low-income families which will assist those families in meeting the eligibility requirements for, or the financial and managerial responsibilities of, homeownership or tenancy in an adequate housing unit. Such assistance must include, but is not limited to, the following activities:

(1) Assisting individual Rural Development borrowers with financial problems to overcome delinquency and/or prevent foreclosure and assisting new low-income applicants to avoid financial problems through:

(i) Financial and budget counseling including advice on debt levels, credit purchases, consumer and cost awareness, debt adjustment procedures, and availability of other financial counseling services;

(ii) Monitoring payment of taxes and insurance;

(iii) Home maintenance and management; and

(iv) Other counseling based on the needs of the low-income families.

(2) Contracting and assisting low-income families in need of adequate housing by:

(i) Implementing an organized outreach program using available media and personal contacts;

(ii) Explaining available housing programs and alternatives to increase the awareness of low-income families and to educate the community as to the benefits which can accrue from improved housing;

(iii) Assisting low-income families locate adequate housing;

(iv) Providing construction supervision, training, and guidance to low-income families not involved in mutual self-help projects who are otherwise being assisted by the TSA project;

(v) Organizing local public or private nonprofit groups willing to provide adequate housing for low-income families; and

(vi) Providing assistance to families and organizations in processing housing loan and/or grant applications generated by the TSA program, including developing and packaging such applications for new construction, rehabilita-

tion, or repair to serve low-income families.

(i) *Technical assistance.* Any specific expertise necessary to carry out housing efforts by or for low-income families to improve the quantity and/or quality of housing available to meet their needs. Such assistance should be specifically related to the supervisory assistance provided by the project, and may include, as appropriate, the following activities:

(1) Develop, or assist eligible applicants to develop, multi-housing loan and/or grant applications for new construction, rehabilitation, or repair to serve low-income families.

(2) Market surveys, engineering studies, cost estimates, and feasibility studies related to applications for housing assistance to meet the specific needs of the low-income families assisted under the TSA program.

[44 FR 36891, June 22, 1979, as amended at 46 FR 61990, Dec. 21, 1981; 50 FR 39967, Oct. 1, 1985; 51 FR 6393, Feb. 26, 1986; 59 FR 7193, Feb. 15, 1994; 67 FR 78328, Dec. 24, 2002]

#### §§ 1944.507–1944.509 [Reserved]

#### § 1944.510 Applicant eligibility.

To be eligible to receive a grant, the applicant must:

(a) Be an organization as defined in § 1944.506(e).

(b) Have the financial, legal, administrative, and operational capacity to assume and carry out the responsibilities imposed by the grant agreement. To meet this requirement of actual capacity, it must either:

(1) Have necessary background and experience with proven ability to perform responsibly in the field of low-income rural housing development and counseling, or other business management or administrative experience which indicates an ability to provide responsible technical and supervisory assistance; or

(2) Be assisted by an organization which has such background experience and ability and which agrees in writing that it will provide, without charge, the assistance the applicant will need to carry out its responsibilities.

(c) Legally obligate itself to administer TSA funds, provide an adequate accounting of the expenditure of such

**§ 1944.511**

funds, and comply with the grant agreement and Rural Development regulations;

(d) Demonstrate an understanding of the needs of low-income rural families;

(e) Have the ability and willingness to work within established guidelines; and

(f) If the applicant is engaged in or plans to become engaged in any other activities, it must be able to provide sufficient evidence and documentation that it has adequate resources, including financial resources, to carry on any other programs or activities to which it is committed without jeopardizing the success and effectiveness of its TSA project.

**§ 1944.511 [Reserved]**

**§ 1944.512 Authorized representative of the applicant.**

Rural Development will deal only with authorized representatives designed by the applicant. The authorized representatives must have no pecuniary interest in any of the following as they would relate in any way to the TSA grant: the award of any engineering, architectural, management, administration, or construction contracts; purchase of the furnishings, fixtures or equipment; or purchase and/or development of land.

NOTE: Rural Development has designated the District Office as the primary point of contact for all matters relating to the TSA program and as the office responsible for the administration of approved TSA projects.

**§ 1944.513 [Reserved]**

**§ 1944.514 Comprehensive TSA grant projects.**

(a) The rural area to be covered by the TSA project must be realistically serviceable by the applicant in terms of funding resources, manpower, and distances and generally should be limited to one to four counties within the service area of one District Office.

(b) Consideration of the following items may assist applicants develop TSA projects which meet the needs of low-income families in the proposed TSA service area: present population distribution, projected population growth or decline, the amount of inadequate housing, economic conditions,

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and trends of the rural areas concerned, and any other factors affecting the quantity and quality of housing currently available or planned for the area. Consideration must also be given to the needs and desires of the community; the financial and social condition of the individuals within the community; the needs of areas with a concentration of low-income minority families and the needs of Rural Development borrowers who are delinquent in their housing loan payments; the availability of supporting services such as water, sewerage, health and educational facilities, transportation, recreational and community facilities, and the types of housing facilities and services presently available or planned to which the low-income families have or will have ready access.

(c) Each TSA applicant should consider the alternatives available to provide needed housing facilities and services for the area. Consideration should also be given to the recommendations and services available from local, state, federal governmental entities, and from private agencies and individuals.

(1) In no case should the TSA project deliberately conflict with or duplicate housing studies, plans, projects, or any other housing related activities in a rural area unless documentation shows these activities do not meet the needs of low-income families.

(2) Each TSA project should be coordinated to the extent possible with any comprehensive or special purpose plans and projects affecting low-income housing in the area.

(3) To the fullest extent possible, TSA projects should be coordinated with any housing-related activities currently being carried out in the area.

(d) TSA applicants must coordinate their proposals with the appropriate County and District Offices to be fully familiar with the needs of those offices and of the low-income families currently served by the County Offices.

**§ 1944.515 [Reserved]**

**§ 1944.516 Grant purposes.**

Grant funds are to be used for a housing delivery system and counseling program to include a comprehensive

program of technical and supervisory assistance as set forth in the grant agreement and any other special conditions as required by Rural Development. Uses of grant funds may include, but are not limited to:

(a) The development and implementation of a program of technical and supervisory assistance as defined in §1944.506 (h) and (i).

(b) Payment of reasonable salaries of professional, technical, and clerical staff actively assisting in the delivery of the TSA project.

(c) Payment of necessary and reasonable office expenses such as office supplies and office rental, office utilities, telephone services, and office equipment rental.

(d) Payment of necessary and reasonable administrative costs such as workers' compensation, liability insurance, audit reports, travel to and attendance at Rural Development approved training sessions, and the employer's share of Social Security and health benefits. Payments to private retirement funds are prohibited unless prior written authorization is obtained from the Administrator.

(e) Payment of reasonable fees for necessary training of grantee personnel. This may include the cost of travel and per diem to attend regional training sessions when authorized by the State Director.

(f) Other reasonable travel and miscellaneous expenses necessary to accomplish the objectives of the specific TSA grant which were anticipated in the individual TSA grant proposal and which have been included as eligible expenses at the time of grant approval.

**§ 1944.517 [Reserved]**

**§ 1944.518 Term of grant.**

TSA projects will be funded under one Grant Agreement for two years commencing on the date of execution of the Agreement by the State Director.

**§ 1944.519 [Reserved]**

**§ 1944.520 Ineligible activities.**

(a) Grant funds may not be used for:  
(1) Acquisition, construction, repair, or rehabilitation of structures or ac-

quisition of land, vehicles, or equipment.

(2) Replacement of or substitution for any financial support which would be available from any other source.

(3) Duplication of current services in conflict with the requirements of §1944.514(c).

(4) Hiring personnel to perform construction.

(5) Buying property of any kind from families receiving technical or supervisory assistance from the grantee under the terms of the TSA grant.

(6) Paying for or reimbursing the grantee for any expenses or debts incurred before Rural Development executes the grant agreement.

(7) Paying any debts, expenses, or costs which should be the responsibility of the individual families receiving technical and supervisory assistance.

(8) Any type of political activities.

(9) Other costs including contributions and donations, entertainment, fines and penalties, interest and other financial costs, legislative expenses and any excess of cost from other grant agreements.

(b) Advice and assistance may be obtained from the National Office where ineligible costs are proposed as part of the TSA project or where a proposed cost appears ineligible.

(c) The grantee may not charge fees or accept compensation or gratuities from TSA recipients for the grantee's assistance under this program.

**§ 1944.521 [Reserved]**

**§ 1944.522 Equal opportunity requirements.**

The policies and regulations contained in subpart E of part 1901 of this chapter apply to grants made under this subpart.

**§ 1944.523 Other administrative requirements.**

The following policies and regulations apply to grants made under this subpart:

The policies of 7 CFR part 1970 apply to grants made under this subpart regarding historic properties and environmental compliance.

[81 FR 11031, Mar. 2, 2016]

**§ 1944.524**

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**§ 1944.524 [Reserved]**

**§ 1944.525 Targeting of TSA funds to States.**

(a) The Administrator will determine, based on the most current available information (generally that information used to determine the allocation to States of Rural Development housing loan funds), those States with the highest degree of substandard housing and persons in poverty in rural areas eligible to receive Rural Development housing assistance. The Administrator will distribute a portion of the available funds for TSA to these States, leaving the balance available for national competition.

(b) The Administrator will provide annual notice through a published Notice on the distribution of appropriated TSA funds, the number of preapplications to be submitted to the National Office from the State Offices, and the maximum grant amount per project.

**§ 1944.526 Preapplication procedure.**

(a) *Preapplication submission.* (1) All applicants will file an original and two copies of SF 424.1, "Application for Federal Assistance (For Non-construction)," and supporting information detailed below with the appropriate District Office serving the proposed TSA area. A preapplication packet including SF 424.1 is available in all District and State Offices.

(i) The applicant will provide informational copies of the preapplication to the County Supervisor(s) of the area to be served by the TSA project at the time of submittal to the appropriate District Office.

(ii) If the TSA area encompasses more than one District Office, the preapplication will be filed at the District Office which serves the area in which the grantee will provide the greatest amount of TSA efforts. Additional informational copies of the preapplication will be sent by the applicant to the other affected District Office(s).

(2) All preapplications shall be accompanied by the following information which will be used to determine the applicant's eligibility to undertake

a TSA program and to determine whether the applicant might be funded.

(i) A narrative presentation of the applicant's proposed TSA program, including:

(A) The technical and supervisory assistance to be provided;

(B) The time schedule for implementing the program;

(C) The staffing pattern to execute the program and salary range for each position, existing and proposed;

(D) The estimated number of low-income and low-income minority families the applicant will assist in obtaining affordable adequate housing;

(E) The estimated number of Rural Development borrowers who are delinquent or being foreclosed that the applicant will assist in resolving their financial problems relating to their delinquency;

(F) The estimated number of households which will be assisted in obtaining adequate housing in the TSA area through new construction and/or rehabilitation;

(G) Annual estimated budget for each of the two years based on the financial needs to accomplish the objectives outlined in the proposal. The budget should include proposed direct and indirect costs for personnel, fringe benefits, travel, equipment, supplies, contracts, and other costs categories, detailing those costs for which the grantee proposes to use the TSA grant separately from non-TSA resources, if any;

(H) The accounting system to be used;

(I) The method of evaluation proposed to be used by the applicant to determine the effectiveness of its program;

(J) The sources and estimated amounts of other financial resources to be obtained and used by the applicant for both TSA activities and housing development and/or supporting facilities; and

(K) Any other information necessary to explain the manner of delivering the TSA assistance proposed.

(ii) Complete information about the applicant's previous experience and capacity to carry out the objectives of the proposed TSA program;

(iii) Evidence of the applicant's legal existence, including, in the case of a

private nonprofit organization, a copy of, or an accurate reference to, the specific provisions of State law under which the applicant is organized; a certified copy of the applicant's Articles of Incorporation and Bylaws or other evidence of corporate existence; certificate of incorporation for other than public bodies; evidence of good standing from the State when the corporation has been in existence one year or more; the names and addresses of the applicant's members, directors, and officers; and, if another organization is a member of the applicant-organization, its name, address, and principal business.

(iv) For a private nonprofit entity, a current financial statement dated and signed by an authorized officer of the entity showing the amounts and specific nature of assets and liabilities together with information on the repayment schedule and status of any debt(s) owed by the applicant. If the applicant is an organization being assisted by another private nonprofit organization, the same type of financial statement should also be provided by that organization.

(v) A brief narrative statement which includes information about the area to be served and the need for improved housing (including both percentage and actual number of both low-income and low-income minority families and substandard housing), the need for the type of technical and supervisory assistance being proposed, the method of evaluation to be used by the applicant in determining the effectiveness of its efforts (as related to paragraph (a)(2)(i) of this section), and any other information necessary to specifically address the selection criteria in §1944.529.

(vi) A list of other activities the applicant is engaged in and expects to continue and a statement as to any other funding and whether it will have sufficient funds to assure continued operation of the other activities for at least the period of the TSA grant agreement.

(3) An applicant should submit written statements from the county, parish, or township governments of the area affected that the project is beneficial and does not duplicate current activities. If the local governmental

units will not provide such statements, the applicant will prepare and include with its preapplication a summary of its analysis of alternatives considered under §1944.514(c). However, Indian nonprofit organization applicants should obtain the written concurrence of the Tribal governing body in lieu of the concurrence of the county governments.

(4) Sponsored applicants should submit a written commitment for financial and/or technical assistance from their sponsoring entity.

(5) Environmental review documentation in accordance with 7 CFR part 1970.

(b) *District Office processing of preapplications.* (1) The District Director with whom the preapplication is filed will review the preapplication, SF 424.1, and any other supporting information from the applicant. The District Director will also:

(i) Complete any required environmental review documentation in accordance with 7 CFR part 1970, and attach to the application.

(ii) Complete an historical and archaeological review in accordance with 7 CFR part 1970, and attach to the application.

(2) All District Directors and County Supervisors receiving informational copies of the preapplication should submit their comments within five working days to the District Director with whom the preapplication is filed.

(3) The original and one copy of the preapplication, together with the District Director's written comments and recommendations, reflecting the criteria used in §1944.529 and exhibit C of this subpart, will be forwarded to the State Director within ten working days of receipt of the preapplication.

(c) *State Office processing of preapplications.* (1) Upon receipt of a preapplication, the State Office will review and evaluate the preapplication and accompanying documents in accordance with the project selection criteria of §1944.529 and exhibit B of this subpart. The State Office will also:

(i) Make a determination regarding the appropriate level of environmental review in accordance with 7 CFR part 1970.

**§ 1944.527**

(ii) Complete an historical and archaeological review in accordance with 7 CFR part 1970, and attach to the application.

(2) Within 30 days of the closing date for receipt of preapplications as published in the FEDERAL REGISTER, the State Director will forward to the National Office the original preapplication(s) and supporting documents of the selected applicant(s), including any comments received in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400. See RD Instruction 1970-I available in any Rural Development Office and the comments and recommendations of the County Office(s), District Office(s), and the State Office. The State Office will submit the preapplication(s) in accordance with the annual notice provided for by § 1944.525 (b).

(3) Concurrently the State Office will send a copy of the selected applicant's(s') SF 424.1 and relevant documents to the Regional Office of the General Counsel (OGC) requesting a legal determination be made of the applicant's legal existence and authority to conduct the proposed program of technical and supervisory assistance.

(4) The State Office will notify other applicants that their preapplications will not be selected and advise them of their appeal rights under subpart B of part 1900 of this chapter.

(d) *National Office processing of preapplications.* (1) Preapplications for this program from those States targeted under § 1944.525 will be reviewed by the National Office for completeness and compliance with this subpart. If a grant is recommended, the National Office will return the preapplication(s) with any comments and recommendations to the State Office and advise that office to proceed with the issuance of Form AD-622, "Notice of Preapplication Review Action," and to request the applicant to prepare SF 424.1 for submission to the District Office. If a grant is not recommended, the National Office will advise the State Office of action to take.

(2) Preapplications from States which are not targeted in accordance with § 1944.525 will be reviewed for completeness and compliance with this subpart and then evaluated in accordance with

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the project selection criteria of § 1944.529. Those preapplications which are selected, and for which funds are available, will be returned to the appropriate State Office with any National Office comments and recommendations. The State Office will be advised to proceed with the issuance of SF 424.1 and to request the applicant to prepare Form AD-623 for submission to the District Office as detailed in § 1944.531.

(3) Those preapplications for which funds are not available will be returned to the appropriate State Office which will notify each applicant and advise the applicant of its appeal rights under subpart B of part 1900 of this chapter.

(4) State Directors will be advised of the National Office's action on their selected preapplication within 30 days of receipt of all preapplications.

[47 FR 40400, Sept. 14, 1982, as amended at 48 FR 29121, June 24, 1983; 49 FR 3763, Jan. 30, 1984; 55 FR 13503, 13504, Apr. 11, 1990; 55 FR 50081, Dec. 4, 1990; 76 FR 80730, Dec. 27, 2011; 79 FR 76010, Dec. 19, 2014; 81 FR 11031, Mar. 2, 2016]

**§ 1944.527 [Reserved]**

**§ 1944.528 Preapplication submission deadline.**

Dates governing the review and selection of TSA grant preapplications will be published annually in the FEDERAL REGISTER. Preapplications received after that time will not be considered for funding. For use of fiscal year 1979 funds, the deadline for submission of preapplications will be 45 calendar days from date of publication of final regulations.

**§ 1944.529 Project selection.**

(a) Projects must meet the following criteria:

(1) Provide a program of supervisory assistance as defined in § 1944.506(h), and

(2) Serve areas with a concentration of substandard housing and low-income and low-income minority households.

(b) In addition to the items listed in paragraph (a) of this section, the following criteria will be considered in the selection of grant recipients:

(1) The extent to which the project serves areas with concentrations of



Rural Development single family housing loan borrowers who are delinquent in their housing loan payments and/or threatened with foreclosure.

(2) The capability and past performance demonstrated by the applicant in administering its programs.

(3) The effectiveness of the current efforts by the applicant to assist low-income families in obtaining adequate housing.

(4) The extent to which the project will provide or increase the delivery of housing resources to low-income and low-income minority families in the area who are not currently occupying adequate housing.

(5) The services the applicant will provide that are not presently available to assist low-income families in obtaining or maintaining occupancy of adequate housing and the extent of duplication of technical and supervisory assistance activities currently provided for low-income families.

(6) The extent of citizen and local government participation and involvement in the development of the preapplication and project.

(7) The extent of planned coordination with other Federal, State, or local technical and/or supervisory assistance programs.

(8) The extent to which the project will make use of other financial and contributions-in-kind resources for both technical and supervisory assistance and housing development and supporting facilities.

(9) Any comments received in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400. See RD Instruction 1970-I, available in any Rural Development Office.

(10) The extent to which the project will be cost effective, including but not limited to the ratio of personnel to be hired by the applicant to the cost of the project, the cost, both direct and indirect, per person benefiting from the project, and the expected benefits to low-income families from the project.

(11) The extent to which the proposed staff and salary ranges, including qualifications, experience, proposed hiring schedule and availability of any prospective employees, will meet the objectives of the proposed TSA program.

(12) The anticipated capacity of the applicant to implement the proposed time schedule for starting and completing the TSA program and each phase thereof.

(13) The adequacy of the records and practices, including personnel procedures and practices, that will be established and maintained by the applicant during the term of the agreement.

(c) Among the projects proposed by private nonprofit entities, preference will be given to sponsored applicants.

[47 FR 40400, Sept. 14, 1982, as amended at 48 FR 29121, June 24, 1983; 76 FR 80731, Dec. 27, 2011; 79 FR 76011, Dec. 19, 2014]

#### § 1944.530 [Reserved]

#### § 1944.531 Applications submission.

(a) Upon notification that the applicant has been tentatively selected for funding, the State Office will forward to the applicant a signed Form AD-622 and provide SF 424.1 with instructions to the applicant for preparation of an application.

(b) Upon receipt of Form AD-622, the applicant will submit an application in an original and 2 copies on Form SF 424.1, and provide whatever additional information is requested to the District Office within 30 days.

(c) Upon receipt of an application on SF 424.1 by the District Office, a docket shall be assembled which will include the following:

(1) Form SF 424.1 and the information submitted in accordance with § 1944.526(a)(2).

(2) Form AD-622.

(3) Any comments received in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400. See RD Instruction 1970-I, available in any Rural Development Office.

(4) SF 424.1.

(5) OGC legal determination made pursuant to § 1944.526(c)(3).

(6) Grant Agreement.

(7) Form RD 1940-1, "Request for Obligation of Funds."

(8) Form RD 400-1, "Equal Opportunity Agreement."

(9) Form RD 400-4, "Assurance Agreement."

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(10) Environmental review documentation and historical and archaeological review in accordance with 7 CFR part 1970.

(11) The detailed budget for the agreement period based upon the needs outlined in the proposal and the comments and recommendations by Rural Development.

[47 FR 40400, Sept. 14, 1982, as amended at 48 FR 29121, June 24, 1983; 49 FR 3763, Jan. 30, 1984; 55 FR 13503, 13504, Apr. 11, 1990; 76 FR 80731, Dec. 27, 2011; 79 FR 76011, Dec. 19, 2014; 81 FR 11031, Mar. 2, 2016]

**§ 1944.532 [Reserved]**

**§ 1944.533 Grant approval and announcement.**

Grant approval and announcement will be accomplished under the following procedure. The Administrator may modify this section if necessary to obligate funds in a timely and efficient manner.

(a) The District Office will review the docket to determine whether the application complies with these regulations and is consistent with the information and supporting documents submitted with the preapplication and any comments and recommendations of the State and National Offices.

(b) If major problems occur during the development of the docket, the District Office will call upon the State Office for assistance.

(c) If a grant is recommended, Form RD 1940-1 and the Grant Agreement will be prepared by the District Office and forwarded to the applicant for signature as authorized in its authorizing resolution. Exhibit A, Grant Agreement, is a part of these regulations.

(d) When Form RD 1940-1 and the Grant Agreement are received from the applicant and signed by the applicant, the docket will be forwarded to the State Director.

(e) Exhibit A to RD Instruction 2015-C (available in any FmHA or its successor agency under Public Law 103-354 office) will be prepared and sent to the Director, Legislative and Public Affairs Staff (LAPAS), in the Rural Development National Office.

(f) If the State Director approves the project, the following actions will be taken in the order listed:

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(1) The State Director, or the State Director's designee, will telephone the Finance Office Check Request Station requesting that grant funds for a particular project be obligated. Immediately after contacting the Finance Office, the requesting official will furnish the requesting office's security identification code. Failure to furnish the security code will result in the rejection of the request for obligation. After the security code is furnished, the required information from Form RD 1940-1 will be furnished to the Finance Office. Upon receipt of the telephone request for obligation of funds, the Finance Office will record all information necessary to process the request for obligation in addition to the date and time of the request.

(2) The individual making the request will record the date and time of the request and sign section 37 of Form RD 1940-1.

(i) The Finance Office will notify the State Office by telephone when funds are reserved and of the date of obligation. If funds cannot be reserved for a project, the Finance Office will notify the State Office that funds are not available. The obligation date will be the date the request for obligation is processed.

(ii) The Finance Office will terminally process telephone obligation requests. Those requests received prior to 2:30 p.m. Central Time will be processed on the date of the request. Those requests received after 2:30 p.m., to the extent possible, will be processed on the day received; however, there may be instances where the obligation will be processed on the next working day.

(iii) The Finance Office will mail Form RD 440-57, "Acknowledgement of Obligated Funds/Check Request," to the State Director, confirming the reservation of funds with the obligation date inserted as required by Item 9 on the Forms Manual Insert (FMI) for Form RD 440-57.

(iv) Form RD 1940-1 will not be mailed to the Finance Office.

(3) The State Director will notify the Director of Information in the National Office with a recommendation that the project announcement be released.

(4) An executed form RD 1940-1 will be sent to the applicant along with an

executed copy of the Grant Agreement and scope of work 6 working days from the date funds are obligated.

(i) The actual date of applicant notification will be entered on the original of Form RD 1940-1 and the original of the form will be included as a permanent part of the file.

(ii) Standard Form 270, "Request for Advance or Reimbursement," will be sent to the applicant for completion and returned to Rural Development.

(5) If it is determined that a project will not be funded or if major changes in the scope of the project are made after release of the approval announcement, the State Director will notify the Administrator and the Director, Legislative Affairs and Public Information Staff (LAPAS) by telephone or electronic mail, giving the reasons for such action. The Director, LAPAS, will inform all parties who were notified by the project announcement if the project will not be funded or of major changes in the project using the procedure similar to the announcement process. Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation," will not be submitted to the Finance Office until five working days after notifying the Administrator and the Director, LAPAS.

(6) Upon receipt from the grantee of a properly completed SF-270, Form RD 440-57 will be completed and the check request will be called to the Finance Office Check Request Station in accordance with the FMI for Form RD 440-57.

[44 FR 36891, June 22, 1979, as amended at 47 FR 36415, Aug. 20, 1982; 48 FR 30946, July 6, 1983; 55 FR 13504, Apr. 11, 1990; 79 FR 55967, Sept. 18, 2014]

**§ 1944.534 [Reserved]**

**§ 1944.535 Cancellation of an approved grant.**

(a) The District Director will prepare Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation," in an original and two copies (three copies if the technical and supervisory assistance (TSA) check has been received in the District Office from the Disbursing Office). Form RD 1940-10 will be sent to the State Director (original and two copies with the check if the Treasury

check is being canceled) with the reasons for requesting cancellation.

(b) If the State Director approves the request for cancellation, he/she will forward the original request for cancellation (original and one copy of Form RD 1940-10 with the check if the Treasury check is being canceled) to the Finance Office. If the TSA check is received in the District Office, the District Director will return it to the Finance Office with an original and one copy of Form RD 1940-10.

(c) The District Director will notify the applicant of the cancellation and, unless the applicant requested the cancellation, its right to appeal in accordance with the Rural Development Appeal Procedure contained in subpart B of part 1900 of this chapter.

[44 FR 36891, June 22, 1979, as amended at 47 FR 36415, Aug. 20, 1982]

**§ 1944.536 Grant closing.**

Closing is the process by which Rural Development determines that applicable administrative actions have been completed and the Grant Agreement is signed. The Grant Agreement (Exhibit A) will be executed by the State Director at the time the Form RD 1940-1 and Grant Agreement is sent to the Grantee in accordance with § 1944.533 (f)(4). An executed original of the Grant Agreement shall be sent to the District Director and one copy to the grantee.

[44 FR 36891, June 22, 1979, as amended at 55 FR 13504, Apr. 11, 1990]

**§ 1944.537 [Reserved]**

**§ 1944.538 Extending and revising grant agreements.**

(a) All requests extending the original grant agreement or revising the TSA program must be in writing. Such requests will be processed through the District Director. Any such requests will be processed in accordance with the processing procedure specified in § 1944.526 (b) and (c) of this subpart. The State Office will respond to the applicant within 30 days of receipt of the request in the State Office.

(b) An extension of a grant beyond the two year term may be granted by the State Director when:

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(1) There are grant funds remaining and the grantee requests an extension at the end of the grant period,

(2) The grantee has demonstrated its ability to conduct a comprehensive program of technical and supervisory assistance in accordance with the terms of its grant agreement and in a manner satisfactory to Rural Development,

(3) The grantee is likely to complete the goals outlined in the initial proposal,

(4) There is an unmet need to continue the delivery of the technical and supervisory assistance being provided by the grantee, and

(5) The District Director recommends continuation of the grant until the grantee has expended all of the remaining grant funds.

(c) Upon approval of the extension, the State Director will authorize the District Director to amend the ending date of the grant agreement and revise the budgets, if necessary, on behalf of the Government.

(d) If the grant agreement must be revised and amended other than by extension, including any changes in the scope and objectives of the TSA program, the grantee will submit a revised budget and TSA program together with any information necessary to justify its requests. Such requests will be submitted to the State Director through the District Director.

(e) The State Office will advise the National Office of all requests to extend or modify the original grant agreement. Prior concurrence of the National Office is not required unless the State Director so desires, in which case the State Director will advise the applicant that the request has been forwarded to the National Office for concurrence. The State Director's recommendation will accompany such requests.

(f) Exhibit D to this subpart shall be executed upon approval of an extension of the grant period, or significant change in either the project budget or the objectives of the approved technical and supervisory activities.

(g) If extension or modification is not approved, the State Office will notify the applicant in writing of the decision and advise the applicant of the appeal

procedures under subpart B of part 1900 of this chapter.

**§ 1944.539 [Reserved]**

**§ 1944.540 Requesting TSA checks.**

(a) The initial TSA check may cover the applicant's needs for the first calendar month. If the first calendar month is a partial month, the check will cover the needs for the partial month and the next whole month.

(b) The initial advance of TSA grant funds may not be requested simultaneously with the request for obligation of TSA grant funds. The initial advance must be requested on Form RD 440-57 in accordance with the FMI after it has been received from the Finance Office indicating that funds have been obligated.

(c) All advances will be requested only after receipt of Standard Form 270 from the grantee. The amount requested must be in accordance with the detailed budget, including amendments, as approved by Rural Development. Standard Form 270 will not be submitted more frequently than once every 30 days. In no case will additional funds be advanced if the grantee fails to submit required reports or is in violation of the grant agreement.

**§ 1944.541 Reporting requirements.**

(a) Standard Form 269, "Financial Status Report," and a project performance report will be required of all grantees on a quarterly basis. All grantees shall submit an original and two copies of these reports to the District Director. The project performance reports will be submitted not later than January 15, April 15, July 15, and October 15 of each year.

(b) As part of the grantee's preapplication submission required by §1944.526(a)(2)(i), the grantee established the objectives of its TSA program including the estimated number of low-income families to be assisted by the TSA program and established its method of evaluation to determine the effectiveness of its program. The project performance report should relate the activities during the report period to the project's objectives and analyze the effectiveness of the program. Accordingly, the report should

include, but need not be limited to the following:

(1) A comparison of actual accomplishments to the objectives established for that period, including:

(i) The number of low-income families assisted in improving their housing conditions or in obtaining affordable adequate housing.

(ii) The number of Rural Development borrowers who were delinquent or being foreclosed who were assisted in resolving their financial problems.

(iii) The number of households assisted in obtaining adequate housing by the TSA program through new construction and/or rehabilitation.

(2) Reasons why, if established objectives are not met.

(3) Problems, delays, or adverse conditions which will materially affect attainment of the TSA grant objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated and any Federal assistance needed to resolve the situation.

(4) Objectives established for the next reporting period, sufficiently detailed to identify the type of assistance to be provided, the number and type of families to be assisted, etc.

(c) These reports will be reviewed by the District Director to determine satisfactory progress. The District Director will work with the grantee to resolve any problems. The District Director will forward the original and one copy of the reports with any comments and recommendations to the State Director within ten working days of receipt.

(d) The State Director will review the reports, comments, and recommendations forwarded by the District Director within five working days of receipt.

(1) If the reports indicate satisfactory progress, the State Director will forward the original to the National Office with any comments or suggestions and return the remaining copy to the grantee through the District Director with a copy of the comments or recommendations.

(2) If the reports indicate unsatisfactory progress, the State Director will

recommend appropriate action to resolve the indicated problem(s). The State Director has the discretion to not authorize further advances where the progress of the project is unsatisfactory. The State Director will notify the grantee through the District Director of a decision not to authorize further advances and advise the grantee of its appeal rights under subpart B of part 1900 of this chapter.

(3) A copy of the memorandum returning the unsatisfactory reports will be forwarded to the National Office together with the State Director's decision, comments and recommendations, if appropriate.

(e) The grantee will complete a final Standard Form 269 and a final performance report upon termination or expiration of the grant agreement.

**§ 1944.542 [Reserved]**

**§ 1944.543 Grant monitoring.**

Each grant will be monitored by Rural Development to ensure that the grantee is complying with the terms of the grant and that the TSA project activity is completed as approved. Ordinarily, this will involve a review of quarterly and final reports by Rural Development and review by the appropriate District Director.

**§ 1944.544 [Reserved]**

**§ 1944.545 Additional grants.**

An additional grant may be made to an applicant that has previously received a TSA grant and has achieved or nearly achieved the goals established for the previous grant by submitting a new proposal for TSA funds. The additional grant application will be processed as if it were an initial application. Upon approval, a new grant agreement will be required and the grant will be coded as an initial grant on Form RD 1940-1.

**§ 1944.546 [Reserved]**

**§ 1944.547 Management assistance.**

The District Director will see that each TSA grantee receives management assistance to help achieve a successful program.

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(a) TSA employees who will be contacting and assisting families will receive training in packaging single family housing and Rural Rental Housing loans when, or very shortly after, they are hired so that they can work effectively.

(b) TSA employees who will provide counseling, outreach, and other technical and supervisory assistance will receive training on Rural Development policies, procedures, and requirements appropriate to their positions and the type of assistance the grantee will provide at the outset of the grant.

(c) Training will be provided by FmHA or its successor agency under Public Law 103-354 employees and/or outside sources approved by Rural Development when the technical and supervisory assistance involves rural housing programs other than Rural Development programs. Appropriate training of TSA employees should be anticipated during the planning stages of the grant and the reasonable cost of such training included in the budget.

(d) The District Director, in cooperation with the appropriate County Supervisor(s), should coordinate the management assistance given to the TSA grantee in a manner which is timely and effective. This will require periodic meetings with the grantee to discuss problems being encountered and offer assistance in solving these problems; to discuss the budget, the effectiveness of the grant, and any other unusual circumstances affecting delivery of the proposed TSA services; to keep the grantee aware of procedural and policy changes, availability of funds, etc.; and to discuss any other matters affecting the availability of housing opportunities for low-income families.

(e) The District Director will advise the grantee of the options available to bring the delinquent borrowers' accounts current and advise the grantee that the appropriate County Supervisor retains all approval authority for any resolution of the delinquent accounts and all other authority currently available to remedy delinquent accounts.

**§ 1944.548 Counseling consent by Rural Development single family housing borrowers.**

(a) Subsequent to execution of the TSA grant agreement, the County Supervisor(s) serving the TSA project area will contact the delinquent Rural Development single family housing borrowers who appear to be in need of supervisory assistance as defined in § 1944.506(h)(1). Such contact will indicate the availability of the counseling services of the grantee and solicit the borrower's participation in the program. Exhibit E should be used in contacting and/or discussing counseling with the borrowers.

(b) Upon indication of the borrower's willingness to participate in the program by his or her signature on exhibit E or similar letter or statement, the County Supervisor will make available to the grantee (at no cost) the borrower's Rural Development loan history including the following information:

(1) Name, address, and telephone number;

(2) Status of the account including the amount of the loan, the repayment schedule, and the amount of the delinquency; and

(3) Other information needed for counseling purposes which may be provided in accordance with RD Instruction 2018-F.

**§ 1944.549 Grant evaluation, closeout, suspension, and termination.**

(a) Grant evaluation will be an ongoing activity performed by both the grantee and Rural Development. The grantee will perform self-evaluations by preparing periodic project performance reports in accordance with § 1944.541. Rural Development will also review all reports prepared and submitted by the grantee in accordance with the grant agreement and this part.

(b) Within forty-five (45) days after the grant ending date, the grantee will complete closeout procedures as specified in the grant agreement.

(c) The grant can also be terminated before the grant ending date for the causes specified in the grant agreement. No further grant funds will be disbursed when grant suspension or

termination procedures have been initiated in accordance with the grant agreement.

**§ 1944.550 [Reserved]**

**EXHIBIT A TO SUBPART K OF PART 1944—  
GRANT AGREEMENT—TECHNICAL AND  
SUPERVISORY ASSISTANCE**

This Agreement dated \_\_\_\_\_ is between \_\_\_\_\_ (name), \_\_\_\_\_ (address), (Grantee) and the United States of America acting through the Farmers Home Administration (Grantor or FmHA) or its successor agency under Public Law 103-354. The Grantor agrees to grant to Grantee a sum not to exceed \$ \_\_\_\_\_ subject to the terms and conditions established by the Grantor: *Provided, however,* That the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant. The grantee may appeal this decision in accordance with the FmHA or its successor agency under Public Law 103-354 Appeal Procedure contained in subpart B of part 1900 of this chapter. In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 525(a) of the Housing Act of 1949 for the purpose of providing funds to eligible nonprofit applicants (grantees) to pay part or all of the cost of developing, conducting, administering, or coordinating comprehensive programs of technical and supervisory assistance (TSA) which will aid needy low-income individuals and families in benefiting from Federal, State and local housing programs in rural areas, the Grantee will provide such a program in accordance with the terms of this agreement and applicable Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 regulations.

**PART A—DEFINITIONS:**

1. *Beginning date* means the date when work under this grant will commence. Such date is set forth in paragraph 2 of part B of this Agreement.
2. *Ending date* means the date when all work under this agreement is scheduled to be completed. It is also the latest date grant funds will be provided under this agreement, without an approved extension. Such date is set forth in paragraph 2 of part B of this Agreement.
3. *Disallowed costs* are those charges to a grant which the FmHA or its successor agency under Public Law 103-354 determines cannot be authorized in accordance with appli-

cable Federal costs principles or other conditions contained in this Agreement.

4. *Grant closeout* is the process by which the grant operation is concluded at the expiration of the grant period or following a decision to terminate the grant.

5. *Termination* of a grant means the cancellation of Federal assistance, in whole or in part, under a grant at any time before the date of completion.

**PART B—TERMS OF AGREEMENT:**

Grantor and grantee agree:

1. This agreement shall be effective when executed by both parties.
2. The TSA activities approved by FmHA or its successor agency under Public Law 103-354 shall commence not later than \_\_\_\_\_, and shall be completed by \_\_\_\_\_, unless earlier terminated under paragraph B 18 below, or extended.
3. Grantee shall carry out the TSA activities described in the application docket which is made a part of this Agreement. Grantee will be bound by the conditions set forth in the docket and the further conditions set forth in this Agreement. If any of the conditions in the docket are inconsistent with those in the Agreement, the latter will govern. A change of any conditions must be in writing and must be signed by an authorized representative of FmHA or its successor agency under Public Law 103-354.
4. Grantee shall use grant funds only for the purpose and activities specified in FmHA or its successor agency under Public Law 103-354 regulations and in the application docket approved by FmHA or its successor agency under Public Law 103-354 including the approved budget. Any uses not provided for in the approved budget must be approved in writing by FmHA or its successor agency under Public Law 103-354 in advance.
5. If the Grantee is a private nonprofit corporation, expenses charged for travel or per diem will not exceed the rates paid FmHA or its successor agency under Public Law 103-354 employees for similar expenses. If the Grantee is a public body, the rates will be those that are allowable under the customary practice in the government of which the grantee is a part; if none are customary, the FmHA or its successor agency under Public Law 103-354 rates will be the maximum allowed.
6. Grant funds will not be used for any of the following:
  - (a) To pay obligations incurred before the effective date of this Agreement.
  - (b) To pay obligations incurred after the grant termination or ending date.
  - (c) Entertainment purposes.
  - (d) To pay for capital assets, the purchase of real estate or vehicles, improvement or renovation of space, or repair or maintenance of privately owned vehicles.

(e) Any other purpose specified in 7 CFR 1944.520.

7. Grant funds shall not be used to replace any financial support previously provided or assured from any other source.

8. Disbursal of grants will be governed as follows:

(a) In accordance with Treasury Circular 1075 (fourth revision) Part 205, Chapter II of title 31 of the Code of Federal Regulations, grant funds will be provided by Rural Development as cash advances on an as needed basis not to exceed one advance every 30 days. The advance will be made by direct Treasury check to the Grantee. The financial management system of the recipient organization shall provide for effective control over and accountability for all Federal funds as stated in 2 CFR part 200 as adopted by USDA through 2 CFR part 400 for State and local governments and 2 CFR part 200 as adopted by USDA through 2 CFR part 400 for non-profit organizations.

(b) Cash advances to the Grantee shall be limited to the minimum amounts needed and shall be timed to be in accord only with the actual, immediate cash requirements of the Grantee in carrying out the purpose of the planned project.

(c) Grant funds should be promptly refunded to the FmHA or its successor agency under Public Law 103-354 and redrawn when needed if the funds are erroneously drawn in excess of immediate disbursement needs. The only exceptions to the requirement for prompt refunding are when the funds involved:

(i) Will be disbursed by the recipient organization within seven calendar days from the date of the Treasury check, or

(ii) Are less than \$10,000 and will be disbursed within 30 calendar days from the date of the Treasury check.

(d) Grantee shall provide satisfactory evidence to FmHA or its successor agency under Public Law 103-354 that all officers of the Grantee organization authorized to receive and/or disburse Federal funds are covered by satisfactory fidelity bonds sufficient to protect the Grantor's interests.

(e) Grant funds will be placed in the Grantee's bank account(s) until disbursed.

9. the Grantee will submit Performance and Financial reports as indicated below to the appropriate FmHA or its successor agency under Public Law 103-354 District Office:

(a) As needed, but not more frequently than once every 30 days, an original and 2 copies of Standard Form 270, "Request for Advance or Reimbursement."

(b) Quarterly, (not later than January 15, April 15, July 15, and October 15 of each year) an original and 2 copies of Standard Form 269, "Financial Status Report," and a Project Performance report in accordance with §1944.541 of this subpart.

(c) Within forty-five (45) days after the termination or expiration of the grant agreement, an original and 2 copies of Standard Form 269, and a final Project Performance report which will include a summary of the project's accomplishments, problems, and planned future activities of the Grantee for TSA. Final reports may serve as the last quarterly report.

(d) FmHA or its successor agency under Public Law 103-354 may require performance reports more frequently if it deems necessary.

10. In accordance with FMC 74-4, Attachment B, compensation for employees will be considered reasonable to the extent that such compensation is consistent with that paid for similar work in other activities of the State or local government.

11. If the grant exceeds \$100,000, transfers among direct cost budget categories totaling more than 5 percent of the total budget must have prior written approval by the appropriate District Director.

12. Results of the program assisted by grant funds may be published by the grantee without prior review by FmHA or its successor agency under Public Law 103-354, provided that such publications acknowledge the support provided by funds pursuant to the provisions of Title V of the Housing Act of 1949 and that five copies of each such publication are furnished to the District Director.

13. Grantee certifies that no person or organization has been employed or retained to solicit or secure this grant for a commission, percentage, brokerage, or contingent fee.

14. No person in the United States shall, on the grounds of race, creed, color, sex, marital status, age, national origin, or mental or physical handicap, be excluded from participating in, be denied the proceeds of, or be subject to discrimination in connection with the use of grant funds. Grantee will comply with pertinent nondiscrimination regulations of FmHA or its successor agency under Public Law 103-354.

15. In all hiring or employment made possible by or resulting from this grant, Grantee: (a) Will not discriminate against any employee or applicant for employment because of race, creed, color, sex, marital status, national origin, age, or mental or physical handicap, and (b) will take affirmative action to insure that employees are treated during employment without regard to their race, creed, color, sex, marital status, national origin, age, or mental or physical handicap. This requirement shall apply to, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In the event Grantee signs a contract related to this grant



which would be covered by any Executive Order, law, or regulation prohibiting discrimination, Grantee shall include in the contract the "Equal Employment Clause" as specified by FmHA or its successor agency under Public Law 103-354.

16. The grantee accepts responsibility for accomplishing the TSA program as submitted and included in the application docket. The Grantee shall also:

(a) Endeavor to coordinate and provide liaison with State and local housing organizations, where they exist.

(b) Provide continuing information to FmHA or its successor agency under Public Law 103-354 on the status of Grantee programs, projects, related activities, and problems.

(c) The Grantee shall inform the Grantor as soon as the following types of conditions become known:

(i) Problems, delays, or adverse conditions which materially affect the ability to attain program objectives, prevent the meeting of time schedules or goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated, and any Grantor assistance needed to resolve the situation.

(ii) Favorable developments or events which enable meeting time schedules and goals sooner than anticipated or producing more work units than originally projected.

17. Grant closeout and termination procedures will be as follows:

(a) Promptly after the date of completion or a decision to terminate a grant, grant closeout actions are to be taken to allow the orderly discontinuation of Grantee activity.

(i) The grantee shall immediately refund to FmHA or its successor agency under Public Law 103-354 any uncommitted balance of grant funds.

(ii) The Grantee will furnish to FmHA or its successor agency under Public Law 103-354 within 45 days after the date of completion of the grant a Standard Form 269 and all financial, performance, and other reports required as a condition of the grant.

(iii) The Grantee shall account for any property acquired with TSA grant funds, or otherwise received from FmHA or its successor agency under Public Law 103-354.

(iv) After the grant closeout, FmHA or its successor agency under Public Law 103-354 retains the right to recover any disallowed costs which may be discovered as a result of an audit.

(b) When there is reasonable evidence that the Grantee has failed to comply with the terms of this Agreement, the State Director can, on reasonable notice, terminate the grant pursuant to paragraph (c) below and withhold further payments or prohibit the Grantee from further obligating grant funds. FmHA or its successor agency under Public

Law 103-354 may allow all necessary and proper costs which the Grantee could not reasonably avoid.

(c) Grant termination will be based on the following:

(i) *Termination for cause.* This grant may be terminated in whole, or in part, at any time before the date of completion, whenever FmHA or its successor agency under Public Law 103-354 determines that the Grantee has failed to comply with the terms of the Agreement. The reasons for termination may include, but are not limited to, such problems as:

(A) Failure to make satisfactory progress in attaining grant objectives.

(B) Failure of Grantee to use grant funds only for authorized purposes.

(C) Failure of Grantee to submit adequate and timely reports of its operation.

(D) Violation of any of the provisions of any laws administered by FmHA or its successor agency under Public Law 103-354 or any regulation issued thereunder.

(E) Violation of any nondiscrimination or equal opportunity requirement administered by FmHA or its successor agency under Public Law 103-354 in connection with any FmHA or its successor agency under Public Law 103-354 programs.

(F) Failure to maintain an accounting system acceptable to FmHA or its successor agency under Public Law 103-354.

(ii) *Termination for convenience.* FmHA or its successor agency under Public Law 103-354 or the Grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in case of partial termination, the portion to be terminated.

(d) Procedure for termination of grant for cause. FmHA or its successor agency under Public Law 103-354 shall notify the Grantee in writing of the determination and the reasons for and the effective date of the whole or partial termination in accordance with 7 CFR 1900.53.

18. Extension and/or revision of this grant agreement may be approved by FmHA or its successor agency under Public Law 103-354 provided, in its opinion, the extension and/or revision is justified and there is a likelihood that the Grantee can accomplish the goals set out and approved in the application docket during the period of the extension and/or revision as specified in 7 CFR 1944.538.

#### PART C—GRANTEE AGREES:

(1) To comply with property management standards for expendable and nonexpendable personal property established by Attachment N of OMB Circular A-102 or Attachment N of 2 CFR part 200 as adopted by USDA through

2 CFR part 400 for State and local governments or nonprofit organizations respectively. “Personal property” means property of any kind except real property. It may be tangible—having physical existence—or intangible—having no physical existence, such as patents, inventions, and copyrights. “Nonexpendable personal property” means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided that such definition would at least include all tangible personal property as defined above. “Expendable personal property” refers to all tangible personal property other than nonexpendable personal property. When nonexpendable tangible personal property is acquired by a Grantee with project funds, title shall not be taken by the Federal Government but shall vest in the Grantee subject to the following conditions:

(a) Right to transfer title. For items of nonexpendable personal property having a unit acquisition cost of \$1,000 or more, FmHA or its successor agency under Public Law 103-354 may reserve the right to transfer title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

(i) The property shall be appropriately identified in the grant or otherwise made known to the Grantee in writing.

(ii) FmHA or its successor agency under Public Law 103-354 shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If FmHA or its successor agency under Public Law 103-354 fails to issue disposition instructions within the 120 calendar day period, the Grantee shall apply the standards of paragraph 1(c) below.

(iii) When FmHA or its successor agency under Public Law 103-354 exercises its right to take title, the personal property shall be subject to the provisions for federally owned nonexpendable property discussed in paragraph 1(a)(iv) below.

(iv) When title is transferred either to the Federal Government or to a third party and the Grantee is instructed to ship the property elsewhere, the Grantee shall be reimbursed by the benefitting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(b) Use of other tangible nonexpendable property for which the Grantee has title.

(i) The Grantee shall use the property in the project or program for which it was acquired as long as needed, whether or not the

project or program continues to be supported by Federal funds. When it is no longer needed for the original project or program, the Grantee shall use the property in connection with its other federally sponsored activities, in the following order of priority:

(A) Activities sponsored by FmHA or its successor agency under Public Law 103-354.

(B) Activities sponsored by other Federal agencies.

(ii) Shared use. During the time that nonexpendable personal property is held for use on the project or program for which it was acquired, the Grantee shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by FmHA or its successor agency under Public Law 103-354; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by FmHA or its successor agency under Public Law 103-354. User charges should be considered if appropriate.

(c) Disposition of other nonexpendable property. When the Grantee no longer needs the property, the property may be used for other activities in accordance with the following standards:

(i) Nonexpendable property with a unit acquisition cost of less than \$1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(ii) Nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The Grantee may retain the property for other use provided that compensation is made to FmHA or its successor agency under Public Law 103-354 or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency. FmHA or its successor agency under Public Law 103-354 shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR) to the General Services Administration by FmHA or its successor agency under Public Law 103-354 to determine whether a requirement for the property exists in other Federal agencies.

FmHA or its successor agency under Public Law 103-354 shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(A) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse FmHA or its successor agency under Public Law 103-354 an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal shares \$100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(B) If the Grantee is instructed to dispose of the property other than as described in paragraph 1(a)(iv) above, the Grantee shall be reimbursed by FmHA or its successor agency under Public Law 103-354 for such costs incurred in its disposition.

(C) The Grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and shall include:

(a) A description of the property.

(b) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(c) Sources of the property including grant or other agreement number.

(d) Whether title vests in the Grantee or the Federal Government.

(e) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

(f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government).

(g) Location, use, and condition of the property and the date the information was reported.

(h) Unit acquisition cost.

(i) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value when a Grantee compensates the Federal agency for its share.

(2) Property owned by the Federal Government must be marked to indicate Federal ownership.

(3) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any difference between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The Grantee shall, in connec-

tion with the inventory, verify the existence, current utilization, and continued need for the property.

(4) A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the Grantee shall promptly notify FmHA or its successor agency under Public Law 103-354.

(5) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(6) When the Grantee is authorized or required to sell the property, proper sales procedures shall be established which will provide for competition to the extent practicable and result in the highest possible return.

(7) Expendable personal property shall vest in the Grantee upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the Grantee shall retain the property for use on nonfederally sponsored activities, or sell it, but must in either case compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

2. To provide a financial management system which will include:

(a) Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

(b) Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

(c) Effective control over and accountability for all funds, property, and other assets. Grantee shall adequately safeguard all such assets and shall assure that they are solely for authorized purposes.

(d) Accounting records supported by source documentation.

3. To retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after the submission of the final Project Performance report pursuant to paragraph B(9)(c) of this agreement except in the following situations:

(a) If any litigation, claim, or audit is commenced before the expiration of the three year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

(b) Records for nonexpandable property acquired with Federal funds shall be retained for three years after final disposition.

(c) When records are transferred to or maintained by FmHA or its successor agency under Public Law 103-354, the three year retention requirement is not applicable.

Microfilm copies may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts, and transcripts.

4. To provide information as requested by the Grantor concerning the Grantee's actions in soliciting citizen participation in the application process, including published notice of public meetings, actual public meetings held, and content of written comments received.

5. Not encumber, transfer, or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in part C 1.

6. To provide Grantor with such periodic reports of Grantee operations as may be required by authorized representatives of the Grantor.

7. To execute Form FmHA or its successor agency under Public Law 103-354 400-1, "Equal Opportunity Agreement," and to execute any other agreements required by Grantor to implement the civil rights requirements.

8. To include in all contracts in excess of \$100,000 a provision for compliance with all applicable standards, orders, or regulations issued pursuant to the Federal Clean Air Act as amended. Violations shall be reported to the Grantor and the Regional Office of the Environmental Protection Agency.

9. That, upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will, to the extent legally permissible, repay to the Grantor forthwith the grant funds received with interest at the rate of five percentum per annum from the date of the default. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State Courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

10. That no member of Congress shall be admitted to any share or part of this Grant or any benefit that may arise therefrom; but this provision shall not be construed to bar as a contractor under the Grant a publicly held corporation whose ownership might include a member of Congress.

11. That all nonconfidential information resulting from its activities shall be made available to the general public on an equal basis.

12. That the purpose for which this grant is made may complement, but shall not duplicate programs for which monies have been received, are committed, or are applied for from other sources, public and private.

13. That the Grantee shall relinquish any and all copyrights and/or privileges to the materials developed under this grant, such material being the sole property of the Federal Government. In the event anything developed under this grant is published in whole or in part, the material shall contain notice and be identified by language to the following effect: "The material is the result of tax-supported research and as such is not copyrightable. It may be freely reprinted with the customary crediting of the source."

(14) That the Grantee shall abide by the policies promulgated in 2 CFR part 200 as adopted by USDA through 2 CFR part 400 which provides standards for use by Grantees in establishing procedures for the procurement of supplies, equipment and other services with Federal grant funds.

15. That it is understood and agreed that any assistance granted under this Agreement will be administered subject to the limitations of Title V of the Housing Act of 1949 as amended, 42 U.S.C. 1471 et. seq., and related regulations, and that rights granted to FmHA or its successor agency under Public Law 103-354 herein or elsewhere may be exercised by it in its sole discretion to carry out the purposes of the assistance, and protect FmHA or its successor agency under Public Law 103-354's financial interest.

16. Standard of Conduct. No employee, officer or agent of Grantee shall participate in the selection, award or administration of a contract in which Federal funds are used where, to the knowledge of such employee, officer or agent, the employee, officer or agent or such person's immediate family members, partners or any organization in which such person or such person's immediate family award or administration of the contract, or (2) when such person is negotiating or has any arrangement concerning future employment. The recipient's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from landlords or developers of rental or ownership housing projects in which the persons receiving TSA assistance may be placed as a result of such assistance.

PART D—GRANTOR AGREES:

1. That it may assist Grantee, within available appropriations, with such technical and management assistance as needed in planning the project and coordinating the plan with local officials, comprehensive plans, and any State or area plans for improving housing for low-income families in the area in which the project is located.

2. That at its sole discretion, Grantor may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (a) advisable to further the purposes of the grant or to protect Grantor's financial interests therein, and (b) consistent with the statutory purposes of the grant and the limitations of the statutory authority under which it is made and Grantor's regulations.

This Agreement is subject to current Grantor regulations and any future regulations not inconsistent with the express terms hereof. Grantee on \_\_\_\_\_, 19\_\_\_\_, has caused this Agreement to be executed by its duly authorized \_\_\_\_\_ and attested and its corporate seal affixed by its duly authorized \_\_\_\_\_.

Attest:

\_\_\_\_\_  
Grantee

By \_\_\_\_\_  
(Title)

By \_\_\_\_\_  
(Title)

Grantor  
United States of America  
Farmers Home Administration or its successor agency under Public Law 103-354

By \_\_\_\_\_  
(Title)

EXHIBIT B TO SUBPART K OF PART 1944—  
ADMINISTRATIVE INSTRUCTIONS FOR  
STATE OFFICES REGARDING THEIR  
RESPONSIBILITIES IN THE ADMINIS-  
TRATION OF THE TECHNICAL AND SU-  
PERVISORY ASSISTANCE GRANT PRO-  
GRAM

A. The State Office will maintain for distribution to potential applicants, upon request, a supply of preapplication packets consisting of:

- 1. SF 424.1.
- 2. Form FmHA or its successor agency under Public Law 103-354 400-1, "Equal Opportunity Agreement."

3. Form FmHA or its successor agency under Public Law 103-354 400-4, "Assurance Agreement."

4. Environmental review documentation in accordance with 7 CFR part 1970.

5. Subpart K of part 1944 of this chapter.

B. The State Office should inform all potential applicants, at the time they pick up forms, that:

1. The preapplication must be submitted to the District Office serving the area in which the applicant proposes to operate the Technical and Supervisory Assistance (TSA) program.

2. The State Office will refer all requests for assistance in completing the preapplication to the appropriate District Office.

C. Beyond the responsibilities of the State Office in the selection of grantees and the administration of the program, and as stated in §1944.502 of this subpart, the TSA program provides an opportunity for the State Director to give priority to applicants serving the rural areas of greatest need as well as use the program cooperatively with other Federal and State agencies in addressing the housing needs of the residents of a proposed TSA service area. Therefore, the State Office should be prepared, before receipt of preapplications, to advise the District Directors, potential applicants and other Federal and State agencies which part(s) of the State has the greatest need for the TSA program. The State Director should identify target areas in a similar manner to the process used by the Administrator pursuant to §1944.525 of this subpart. Proposals which are clearly inappropriate and do not meet the basic priorities of §1944.529 (a) of this subpart should not be encouraged due to the complexity of the preapplication submission.

D. In addition to the instructions of §1944.526 of this subpart, the State Office should follow the procedures outlined below:

1. Review preapplications for completeness and adequacy and make assessments required by §1944.526(c)(1) of this subpart.

2. Request clarifications from the District Office if necessary.

3. Evaluate the proposals in light of §1944.529 of this subpart and select the proposal(s) which best meets the priorities established under the project selection criteria in §1944.529 (a), (b) and (c) of this subpart.

4. The State Office must provide written comments to be attached to the preapplication(s) justifying the selection(s) and addressing the items in §1944.529 of this subpart.

5. The State Office will forward the original SF 424.1 and accompanying documents of the selected preapplication(s) as quickly as possible to the National Office, Attention: Special Authorities Division, Multi-Family Housing. In no case should the State Office forward their selected TSA preapplication(s)

later than thirty (30) days after the closing date for receipt of preapplications.

6. Preapplications not selected by the State Office will be returned to the applicants through the appropriate District Offices with notice of appeal rights.

7. In accordance with §1944.525 of this subpart, State Offices will be advised of the number of preapplications to be submitted from each state to the National Office.

E. Sections 1944.531 and 1944.533 of this subpart detail the responsibilities of the State Office after tentative selection or concurrence of the TSA grantees by the National Office. Those preapplicants not selected will be promptly notified and their preapplication returned with notice of appeal rights. Form AD-622, "Notice of Preapplication Review Action," will be mailed from the State Office to the applicants. District Offices will receive a copy from the State Office.

F. After execution of the grant agreement, the State Office will work closely with the District Office and the grantee to obtain additional resources from other Federal and State agencies to meet the needs of the TSA service area. The State Office should closely review the quarterly project performance reports and assist the District Director, as appropriate, in resolving any problems or taking advantage of favorable funding or program opportunities.

[44 FR 36891, June 22, 1979, as amended at 48 FR 29121, June 24, 1983; 49 FR 3763, Jan. 30, 1984; 55 FR 13503, 13504, Apr. 11, 1990; 79 FR 76011, Dec. 19, 2014; 81 FR 11031, Mar. 2, 2016]

**EXHIBIT C TO SUBPART K OF PART 1944—  
INSTRUCTIONS FOR DISTRICT OFFICES  
REGARDING THEIR RESPONSIBILITIES  
IN THE ADMINISTRATION OF THE  
TECHNICAL AND SUPERVISORY AS-  
SISTANCE GRANT PROGRAM**

A. The District Office will maintain for distribution to potential applicants, upon request, a supply of preapplication packets consisting of:

1. SF 424.1.
2. Form FmHA or its successor agency under Public Law 103-354 400-1, "Equal Opportunity Agreement."
3. Form FmHA or its successor agency under Public Law 103-354 400-4, "Assurance Agreement."
4. Environmental review documentation in accordance with 7 CFR part 1970.
5. Subpart K of part 1944 of this chapter.

B. District Directors will provide any necessary assistance in completing preapplication forms.

C. All applicants will submit preapplications to District Offices. Upon receipt of the preapplication the District Director will review it to ensure that the

preapplication is complete and make assessments required by §1944.526(b)(1) of this subpart.

D. The District Director will provide written comments to be attached to the preapplication. These comments will, at a minimum, address the following items:

1. Whether the area to be covered by the project is a "rural area" as defined by FmHA or its successor agency under Public Law 103-354 regulations.
2. The District Director's knowledge of the applicant's past history.
3. The need for the proposed activity, and its relationship to the targeting strategies for the District.
4. Appropriateness and applicability of this proposal for FmHA or its successor agency under Public Law 103-354 implementation funds.
5. Extent of citizen involvement in development of preapplication, particularly the involvement of minority and/or low-income groups.
6. All other criteria specified in §1944.529 of this subpart.
7. The comments and recommendations of the County Supervisors for the proposed TSA service area.

E. The District Director will forward the original and one copy of the preapplication and accompanying documents along with the comments and a summary recommendation to the State Director within ten (10) working days of receipt of the preapplication.

F. Those applicants invited to submit applications will submit their applications to the District Office with two copies. The District Office will retain the original for the docket and forward one copy to the appropriate State Office after making sufficient copies to forward one copy to each of the appropriate County Offices.

G. The District Director, upon receipt of the application, will prepare a docket in accordance with §1944.531 of this subpart. The procedures for approval and project servicing are detailed in this subpart.

[44 FR 36891, June 22, 1979, as amended at 48 FR 29121, June 24, 1983; 49 FR 3763, Jan. 30, 1984; 55 FR 13504, Apr. 11, 1990; 81 FR 11031, Mar. 2, 2016]

**EXHIBIT D TO SUBPART K OF PART 1944—  
AMENDMENT TO TECHNICAL AND SUPERVISORY ASSISTANCE GRANT AGREEMENT**

This Amendment to Agreement dated \_\_\_\_\_ 19 \_\_\_\_\_ between \_\_\_\_\_ herein called "Grantee," organized and operating under \_\_\_\_\_

(authorizing State Statute)

and the United States of America acting through the Farmers Home Administration,

**RHS, RBS, RUS, FSA, USDA**

**§ 1944.651**

Department of Agriculture, herein called "FmHA," or its successor agency under Public Law 103-354 amends the Technical and Supervisory Assistance Grant Agreement" between the parties hereto dated \_\_\_\_\_ 19\_\_\_\_, hereinafter called the "Agreement."

Said Agreement is amended by changing the ending date specified in paragraph 2 of part B of the Agreement from \_\_\_\_\_ to \_\_\_\_\_ and/or by making the following changes noted in the attachments hereto: (List and identify proposal and any other documents pertinent to the grant which are attached to the Amendment.)

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_.

(Name of Grantee)  
By \_\_\_\_\_  
(Signature)

(Title)  
United States of America  
By \_\_\_\_\_

(Signature)  
(Title)

Farmers Home Administration or its successor agency under Public Law 103-354

(Date)

**EXHIBIT E TO SUBPART K OF PART 1944—  
GUIDE LETTER TO DELINQUENT  
FMHA OR ITS SUCCESSOR AGENCY  
UNDER PUBLIC LAW 103-354 SINGLE  
FAMILY HOUSING LOAN BORROWERS**

Dear \_\_\_\_\_  
(name of borrower):

This is to advise you that (name of TSA grantee) is available to provide independent counseling services to Farmers Home Administration (FmHA) or its successor agency under Public Law 103-354 borrowers in need of financial management assistance. These services may assist you in resolving your present delinquency in your housing loan.

This organization is prepared to provide financial and budget counseling at no charge to you. Their counseling services include advice on debt levels and credit purchases, consumer and cost awareness, debt adjustment procedures, and other financial information and services.

You are urged to take advantage of this program. However, your participation is voluntary and does not relieve you of any of your loan obligations to FmHA or its successor agency under Public Law 103-354 or limit the remedies FmHA or its successor

agency under Public Law 103-354 has to bring your loan current or recover the loan in full. Any plan altering your repayment schedule in any way must be approved by this office. However, it is our intention to work with you and the counseling organization in every way we can to resolve your delinquency.

If you want to participate in this program, please sign the attached copy of this letter and return it to this office. At that time we will advise (name of TSA grantee) that you are interested in their services and provide them with the information they need to contact you. Only information available to the general public will be released.

We are sure you agree that it is in your interest to make every effort to bring your account current. We look forward to your return of the attached copy of this letter.

Sincerely,  
County Supervisor  
Farmers Home Administration or its successor agency under Public Law 103-354  
Enclosure

(On attached copy only:)  
I desire to participate in the counseling program with (name of TSA grantee).

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

**Subparts L-M [Reserved]**

**Subpart N—Housing Preservation Grants**

SOURCE: 58 FR 21894, Apr. 26, 1993, unless otherwise noted.

**§ 1944.651 General.**

(a) This subpart sets forth the policies and procedures for making grants under section 533 of the Housing Act of 1949, 42 U.S.C. 1490(m), to provide funds to eligible applicants (hereafter also referred to as grantee(s)) to conduct housing preservation programs benefiting very low- and low-income rural residents. Program funds cover part or all of the grantee's cost of providing loans, grants, interest reduction payments or other assistance to eligible homeowners, owners of single or multiple unit rental properties or for the benefit of owners (as occupants) of consumer cooperative housing projects (hereafter also referred to as co-ops). Such assistance will be used to reduce the cost of repair and rehabilitation, to

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remove or correct health or safety hazards, to comply with applicable development standards or codes, or to make needed repairs to improve the general living conditions of the resident(s), including improved accessibility by handicapped persons. Such assistance will be used to reduce the cost of repair and rehabilitation, to remove or correct health or safety hazards, to comply with applicable development standards or codes, or to make needed repairs to improve the general living conditions of the residents, including improved accessibility by persons with a disability. Individual housing that is owner occupied may qualify for replacement housing when it is determined by the grantee that the housing is not economically feasible for repair or rehabilitation.

(b) The Rural Housing Service (RHS) will provide Housing Preservation Grant (HPG) assistance to grantees who are responsible for providing assistance to eligible persons without discrimination because of race, color, religion, sex, national origin, age, familial status, or disability.

(c) The preapplication must only address a proposal to finance repairs and rehabilitation activities to individual housing or rental properties or co-ops. Any combination proposal will not be accepted.

(d) Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to RHS employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of subpart D of part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an RHS employee.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26208, May 13, 1997]

### § 1944.652 Policy.

(a) The policy of RHS is to provide HPG's to grantees to operate a program which finances repair and rehabilitation activities to individual housing, rental properties, or co-ops for very low- and low-income persons. Individual housing that is owner occupied may qualify for replacement housing when it is determined by the grantee

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that the housing is not economically feasible for repair or rehabilitation. Grantees are expected to:

(1) Coordinate and leverage funding for repair and rehabilitation activities, as well as replacement housing, with housing and community development organizations or activities operating in the same geographic area; and

(2) Focus the program on rural areas and smaller communities so that it serves very low and low-income persons.

(b) RHS intends to permit grantees considerable latitude in program design and administration. The forms or types of assistance must provide the greatest long-term benefit to the greatest number of persons residing in individual housing, rental properties, or co-ops needing repair and rehabilitation or replacement of individual housing.

(c) Repairs and rehabilitation or replacement activities affecting properties on or eligible for listing on the National Register of Historic Places will be accomplished in a manner that supports national historic preservation objectives as specified in § 1944.673.

[62 FR 26208, May 13, 1997]

### § 1944.653 Objective.

The objective of the HPG program is to repair or rehabilitate individual housing, rental properties, or co-ops owned and/or occupied by very low- and low-income rural persons. Grantees will provide eligible homeowners, owners of rental properties, and owners of co-ops with financial assistance through loans, grants, interest reduction payments or other comparable financial assistance for necessary repairs and rehabilitation. Further, individual housing that is owner occupied may qualify for replacement housing when it is determined by the grantee that the housing is not economically feasible for repair or rehabilitation, except as specified in § 1944.659.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26209, May 13, 1997]

### § 1944.654 Debarment and suspension—drug-free workplace.

(a) For purposes of this subpart, exhibit A of RD Instruction 1940-M



(available in any Agency office) requires all Rural Development applicants; for an HPG to sign and submit with their preapplication, Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters—Primary Covered Transactions," which basically states that the applicant has not been debarred or suspended from Government assistance. Further, all grantees after receiving a HPG must obtain a signed certification (Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions") from all persons or entities (excluding homeowner recipients) that the grantee does business with as a result of the HPG. Grantees are responsible for informing these persons or entities of the provisions of exhibit A of RD Instruction 1940-M (available in any Agency office) and of maintaining Form AD-1048 in the grantee's office.

(b) Grantees must also be made aware of the Drug-free Workplace Act of 1988 requirements found in exhibit A of RD Instruction 1940-M (available in any Rural Development office). For this subpart, a grantee is defined as any organization who applies for or receives a direct grant from Rural Development. All preapplications must include a signed Form AD-1049, "Certification Regarding Drug-free Workplace Requirements (Grants) Alternative I—Grants Other Than Individuals."

[58 FR 21894, Apr. 26, 1993, as amended at 61 FR 39851, July 31, 1996]

#### § 1944.655 [Reserved]

#### § 1944.656 Definitions.

References in this subpart to District, State, National and Finance Offices, and to District Director, State Director, and Administrator refer to Rural Development offices and officials and should be read as prefaced by Rural Development. Terms used in this subpart have the following meanings:

*Adjusted income.* As defined in 7 CFR 3550.54(c).

*Applicant or grantee.* Any eligible organization which applies for or receives HPG funds under a grant agreement.

*Cooperative (co-op).* For the purposes of the HPG program, a cooperative (co-op) is one which:

(1) Is a corporation organized as a consumer cooperative;

(2) Will operate the housing on a non-profit basis solely for the benefit of the occupants; and

(3) Is legally precluded from distributing, for a minimum period of 5 years from the date of HPG assistance from the grantee, any gains or profits from operation of the co-op. For this purpose, any patronage refunds to occupants of the co-op would not be considered gains or profits. A co-op may accept non-members as well as members for occupancy in the project.

*Grant agreement.* The contract between Agency and the grantee which sets forth the terms and conditions under which HPG funds will be made available. (See exhibit A of this subpart which is available in any Agency office.)

*Homeowner.* For the purposes of the HPG program, a homeowner is one who can meet the conditions of income and ownership under §1944.661 of this subpart.

*Household.* For the purposes of the HPG program, a household is defined as all persons living all or part of the next 12 months in a unit or dwelling assisted with HPG funds.

*Housing preservation.* The repair and rehabilitation activities that contribute to the health, safety, and well-being of the occupant, and contribute to the structural integrity or long-term preservation of the unit. As a result of these activities, the overall condition of the unit or dwelling must be raised to meet Thermal Standards for existing structures adopted by the locality/jurisdiction and applicable development standards for existing housing recognized by RHS in subpart A of part 1924 or standards contained in any of the voluntary national model codes acceptable upon review by RHS. Properties included on or eligible for inclusion on the National Register of Historic Places are subject to the standards and conditions of §1944.673. The term "housing preservation" does not apply to replacement housing.

*HPG.* Housing Preservation Grant.

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*Low income.* An adjusted annual income that does not exceed the “lower” income limit according to size of household as established by the United States Department of Housing and Urban Development (HUD) for the county or Metropolitan Statistical Area (MSA) where the property is located. Maximum low-income limits are set forth in Appendix 9 of HB-1-3550 (available in any Rural Development office).

*Organization.* An organization is defined as one of the following:

(1) A State, commonwealth, trust territory, other political subdivision, or public nonprofit corporation authorized to receive and administer HPG funds;

(2) An American Indian tribe, band, group, nation, including Alaskan Indians, Aleuts, Eskimos and any Alaskan Native Village, of the United States which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act (Pub. L. 93-638) or under the State and Local Fiscal Assistance Act of 1972 (Pub. L. 92-512);

(3) A private nonprofit organization, including faith-based and community organizations, that is owned and controlled by private persons or interests for purposes other than making gains or profits for the corporation, is legally precluded from distributing any gains or profits to its members, and is authorized to undertake housing development activities; or

(4) A consortium of units of government and/or private nonprofit organizations, including faith-based and community organizations, which is otherwise eligible to receive and administer HPG funds and which meets the following conditions:

(i) Be comprised of units of government and/or private nonprofit corporations that are close together, located in the same state, and serve areas eligible for USDA Rural Development assistance; and

(ii) Have executed an agreement among its members designating one participating unit of government or private nonprofit corporation as the applicant or designating a legal entity (such as a Council of Governments) to be the applicant.

*Overcrowding.* Guidance is provided at 7 CFR 3560.155(e). These guidelines should result in an ideal range of persons per housing unit.

*Rental properties.* Rental properties are defined as single-unit or multi-unit dwellings used for occupancy by tenants, owners, or members of an owner’s immediate family.

*Replacement housing.* The replacement of existing, individual owner occupied housing where repair and rehabilitation assistance is not economically feasible or practical. The term replacement housing does not apply to housing preservation. The overall condition of the unit or dwelling must meet Thermal Standards adopted by the locality/jurisdiction for new or existing structures and applicable development standards for new or existing housing recognized by RHS in subpart A of part 1924 or standards contained in any of the voluntary national model codes acceptable upon review by RHS. Properties included on or eligible for inclusion on the National Register of Historic Places are subject to the standards and conditions of §1944.673 prior to replacement.

*RHS.* RHS means the Rural Housing Service, or a successor agency.

*Rural area.* The definition in 7 CFR part 3550 applies.

*Tenant.* Any person who resides in a single- or multi-unit rental property.

*Very low-income.* An adjusted annual income that does not exceed the very low-income limit according to size of household as established by HUD for the county of MSA where the property is located. Maximum very low-income limits are set forth in 7 CFR part 3550.

[58 FR 21894, Apr. 26, 1996, as amended at 61 FR 39851, July 31, 1996; 62 FR 26209, May 13, 1997; 67 FR 78329, Dec. 24, 2002; 69 FR 69105, Nov. 26, 2004; 72 FR 70221, Dec. 11, 2007; 73 FR 36268, June 26, 2008]

### § 1944.657 Restrictions on lobbying.

All applicants must comply with RD Instruction 1940-Q (available in any Rural Development office) which prohibits applicants of Federal grants from using appropriated funds for lobbying the Federal Government in connection with a specific grant.

**§ 1944.658 Applicant eligibility.**

(a) To be eligible to receive a grant, the applicant must:

(1) Be an organization as defined in § 1944.656 of this subpart;

(2) Have the necessary background and experience on the part of its staff or governing body with proven ability to perform responsibility in the field of low-income rural housing development, repair and rehabilitation, or have other business management or administrative experience which indicates an ability to operate a program providing repair and rehabilitation financial assistance as well as for replacement housing;

(3) Legally obligate itself to administer HPG funds, provide an adequate accounting of the expenditure of such funds in compliance with the terms of this regulation, the grant agreement, and 2 CFR part 200 as adopted by USDA through 2 CFR part 400 (available in any Rural Development office), as appropriate, and comply with the grant agreement and Rural Development regulations; and

(4) If the applicant is engaged in or plans to become engaged in any other activities, provide sufficient evidence and documentation that they have adequate resources, including financial resources, to carry on any other programs or activities to which they are committed without jeopardizing the success and effectiveness of the HPG project.

(b) An applicant will *not* be considered eligible if it is a nonprofit entity and its proposal is based *solely* on an identity of interest, as defined in § 1924.4(i) of subpart A of part 1924 of this chapter, between the applicant and the owner(s) of the proposed dwelling or co-op to be rehabilitated or repaired.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26209, May 13, 1997; 79 FR 76011, Dec. 19, 2014]

**§ 1944.659 Replacement housing.**

Replacement housing applies only to existing, individual owner occupied housing. Replacement housing does *not* apply to rental properties (single-unit or multiple-unit) or to cooperative housing projects. The grantee is responsible for determining the extent of

the repairs and rehabilitation prior to any assistance given to an individual homeowner. If the cost of such repairs and rehabilitation is not economically feasible, then the grantee may consider replacing the existing housing with replacement housing, subject to the following:

(a) The HPG grantee:

(1) Shall document the total costs for all repairs and rehabilitation of the existing housing; and

(2) Shall document the basis for the determination that the costs for all repairs and rehabilitation for the existing housing are not economically feasible.

(b) The individual homeowner:

(1) Must meet all requirements of § 1944.661;

(2) Must lack the income and repayment ability to replace their existing home without the assistance of the HPG grantee;

(3) Must have been determined by the HPG grantee and RHS to be unable to afford a loan under section 502 for replacement housing; and

(4) Must be able to afford the replacement housing on terms set forth by the HPG grantee.

(c) The existing home:

(1) Must be demolished as part of the process of providing replacement housing. It will be determined by the grantee and individual homeowner when is the best time for demolition; and

(2) May not be sold to make way for the replacement housing.

(d) The replacement housing:

(1) May be either new housing or a dwelling brought onto the site of the existing housing;

(2) May use no more than \$15,000 in HPG funds;

(3) Must meet all applicable requirements of 7 CFR 3550.57; and

(4) May not be sold within 5 years of completion of the project.

(e) Any moneys received by the homeowner from selling salvaged material after demolishing the existing home must be used towards the replacement housing.

[62 FR 26209, May 13, 1997]

**§ 1944.660 Authorized representative of the HPG applicant and Rural Development point of contact.**

(a) Rural Development will deal only with authorized representatives designated by the HPG applicant.

(b) The State Director will designate either the State Office and/or the District Office as the processing office and/or the servicing office for the HPG program. The State Director's selection may be based on staffing, total program size, number of preapplications anticipated, type of applicants, or similar criteria. The State Director must publish this designation each year at the time the FEDERAL REGISTER is published informing the public of the open period for acceptance of preapplications as outlined in § 1944.678 of this subpart.

**§ 1944.661 Individual homeowners—eligibility for HPG assistance.**

The individual homeowners assisted must have income that meets the very low- or low-income definitions, be the owner of an individual dwelling at least 1 year prior to the time of assistance, and be the intended occupant of the dwelling subsequent to the time of assistance. The dwelling must be located in a rural area and be in need of housing preservation assistance. Each homeowner is required to submit evidence of income and ownership for retention in the grantee's files.

(a) *Income.* Determination of income will be made in accordance with 7 CFR 3550.54(c). All members of the household, as defined in § 1944.656 of this subpart, must be included when determining income. Grantees must use certifications, may require additional information from the homeowner, and should seek advice from their attorney.

(b) *Ownership.* Evidence of ownership may be a photostatic copy of the instrument evidencing ownership. Methods for assuring the intention of the homeowner to continue to occupy the unit after assistance will be established by the grantee. Any of the following will satisfy or fulfill this requirement of ownership:

- (1) Full marketable title.
- (2) An undivided or divided interest in the property to be repaired, rehabilitated, or replaced when not all of the

owners are occupying the property. HPG assistance may be made in such cases when:

(i) The occupant has been living in the house for at least 1 year prior to the date of requesting assistance;

(ii) The grantee has no reason to believe the occupant's position of owner/occupant will be jeopardized as a result of the improvements to be made with HPG funds; and

(iii) In the case of a loan, and to the extent possible, the co-owner(s) should also sign the security instrument.

(3) A leasehold interest in the property to be repaired, rehabilitated, or replaced. When the potential HPG recipient's "ownership" interest in the property is based on a leasehold interest, the lease must be in writing and a copy must be included in the grantee's file. The unexpired portion of the lease must not be less than 5 years and must permit the recipient to make modifications to the structure without increasing the recipient's lease cost.

(4) A life estate, with the right of present possession, control, and beneficial use of the property.

(5) Land assignments may be accepted as evidence of ownership only for American Indians living on a reservation, when historically the permits have been used by the tribe and have had the comparable effect of a life estate.

(c) *Other evidence of ownership.* The following items may be accepted as evidence of ownership if a recorded deed cannot be provided:

(1) Any legal instrument, whether or not recorded, which is commonly considered evidence of ownership.

(2) Evidence that the person(s) receiving assistance from the HPG grantee is listed as the owner of the property by the local taxing authority and is responsible for any real estate taxes.

(3) Affidavits by others in the community that the person(s) receiving assistance from the HPG grantee has occupied the property as the apparent owner for a period of not less than 10 years, and is generally believed to be the owner.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26209, May 13, 1997]

**§ 1944.662 Eligibility of HPG assistance on rental properties or co-ops.**

(a) *Ownership.* The owner(s) of rental properties or co-ops must own the dwelling at the time of receiving assistance from the HPG grantee. The dwelling must be located in a rural area and be in need of housing preservation assistance. Evidence of ownership may be a photostatic copy of the instrument evidencing ownership. Owners of rental properties and co-ops are required to submit evidence of ownership for retention in the grantee's files. Any of the following will satisfy or fulfill this requirement of ownership:

- (1) Full marketable title.
- (2) An undivided or divided interest in the property to be repaired or rehabilitated.
- (3) A leasehold interest in the property to be repaired or rehabilitated. Ownership interest in the property is based on a leasehold interest. The lease must be in writing and a copy must be included in the grantee's file. The unexpired portion of the lease must not be less than 5 years and must permit the recipient to make modifications to the structure without increasing the recipient's lease cost.
- (4) Land assignments may be accepted as evidence of ownership only for American Indians living on a reservation, when historically the permits have been used by the tribe and have had the comparable effect of a life estate.

(b) *Tenant eligibility.* The following requirements must be met in order for a unit within a rental property or co-op to be assisted with HPG funds:

- (1) The tenant must have income that meets the very low- or low-income definition.
- (2) The tenant must be the intended occupant of the unit, but is not required to have resided previously in the dwelling.
- (3) Any owner(s) who receives assistance from an HPG grantee or a member of the immediate family of the owner(s), who also resides in the unit within the dwelling to be repaired or rehabilitated is eligible to have their unit repaired or rehabilitated, if they are income eligible and meet all other requirements.

(c) *Identity of interest.* When an identity of interest, as defined in §1924.4(i) of subpart A of part 1924 of this chapter, exists between a nonprofit entity and the owner(s) of a dwelling, the property is not eligible for assistance.

**§ 1944.663 Ownership agreement between HPG grantee and rental property owner or co-op.**

HPG assistance may be provided by a grantee with respect to rental properties or co-ops only if the following conditions are met by the rental property owner(s) or by the co-op during a minimum 5 year restrictive period beginning on the date agreed upon in the agreement between the grantee and the rental property owner (or co-op). The HPG grantee is responsible for preparing, executing, and monitoring for compliance, the ownership agreement with the owner(s) of the rental property or the co-op. The rental property owner(s) or the co-ops are required to enter into an ownership agreement with the grantee to assure compliance with the requirements of this section.

(a) *Ownership agreement.* At a minimum, the ownership agreement must include the following clauses:

- (1) The owner(s) agrees to make the units repaired or rehabilitated available for occupancy to very low- or low-income persons for a period of not less than 5 years, such restrictive period beginning on the date agreed upon in the agreement between the grantee and the rental property owner(s) or co-op.
- (2) The owner(s) agrees to pass on to the tenants any reduction in the debt service payments resulting from the HPG assistance provided by the HPG grantee to the owner(s).
- (3) The owner(s) of rental properties agrees not to convert the units to condominium ownership. In the case of co-ops, the owner(s) agrees not to convert the dwelling(s) to condominium ownership or any form of cooperative ownership not eligible under this section. This paragraph (a)(3) is subject to the restrictive period noted in paragraph (a)(1) of this section.
- (4) The owner(s) agrees not to refuse to rent a unit to any person solely because the person is receiving or is eligible to receive assistance under any

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Federal, State, or local housing assistance program.

(5) The owner(s) agrees that the units repaired or rehabilitated will be occupied or available for occupancy by persons of very low- or low-income.

(6) The owner(s) agrees to enter into and abide by written leases with the tenants and that such leases shall provide that the tenants may be evicted only for good cause.

(7) The owner(s) agrees that, in the event the owner(s) or the owner's successors in interest fail to carry out the requirements of this section during the applicable period, they shall make a payment to Rural Development in an amount that equals the total amount of assistance provided by the grantee plus interest thereon (without compounding) for each year and any fraction thereof that the assistance was outstanding. The interest rate shall be that as determined by Rural Development at the time of infraction taking into account the average yield on outstanding marketable long-term obligations of the United States during the month preceding the date on which the assistance was initially made available.

(8) The owner(s) agrees that, notwithstanding any other provisions of law, the HPG assistance provided to the owner(s) shall constitute a debt which is payable in the case of any failure of this section and shall be secured by a security instrument provided by the owner(s) or co-op to the grantee, that provides for Rural Development to take such action upon incapacity or dissolution of the grantee.

(9) The owner(s) agrees and certifies that the assistance is being made available in conformity with Public Law 88-352, the "Civil Rights Act of 1964," and Public Law 90-284, the "Civil Rights Act of 1968."

(b) *Responsibilities of the grantee.* The grantee is responsible for insuring through verification and monitoring that the areas listed below are in compliance:

(1) That HPG funds used for loans, grants, or interest reduction payments providing repair or rehabilitation assistance to owners of rental properties or co-ops are not in excess of 75 percent of the total cost of all repairs and reha-

bilitation activities eligible for HPG assistance.

(2) That the owner(s) is not repairing and/or rehabilitating any unit unless it meets the requirements of §1944.662 (b)(3) of this subpart.

(3) That rental property units being repaired and/or rehabilitated and occupied by owners or members of the owner's immediate family meet all other requirements of this subpart.

(4) That, for multi-units not considered eligible as a result of paragraph (b)(2) or (b)(3) of this section, the grantee and owner(s) shall agree on a method, if any is needed, of determining the prorata share of repairs and rehabilitation activities to the dwelling, based on a percentage of the ineligible units to the total dwelling.

**§ 1944.664 Housing preservation and replacement housing assistance.**

(a) Grantees are responsible for providing loans, grants, or other comparable assistance to homeowners, owners of rental properties or co-ops for housing preservation or for replacement housing as described in §1944.656.

(b) HPG funds used for loans, grants, or interest reduction payments to provide rental repair and/or rehabilitation assistance to owners of rental properties or co-ops shall not exceed the requirement noted in §1944.663(b)(1) of this subpart.

(c) Authorized housing preservation assistance includes, but is not limited to, cost of labor and materials for:

(1) Installation and/or repair of sanitary water and waste disposal systems, together with related plumbing and fixtures, which will meet local health department requirements;

(2) Energy conservation measures such as:

(i) Insulation; and

(ii) Combination screen-storm windows and doors;

(3) Repair or replacement of the heating system including the installation of alternative systems such as woodburning stoves or space heaters, when appropriate and if local codes permit;

(4) Electrical wiring;

(5) Repair of, or provision for, structural supports and foundations;

(6) Repair or replacement of the roof;

(7) Replacement of severely deteriorated siding, porches or stoops;

(8) Alterations of the unit's interior or exterior to provide greater accessibility for any handicapped person;

(9) For properties listed on or eligible for the National Register of Historic Places, activities associated with conforming repair and rehabilitation activities to the standards and/or design comments resulting from the consultation process contained in §1944.673 of this subpart;

(10) Necessary repairs to manufactured housing provided:

(i) For homeowners only, the recipient owns the home and the site on which the home is situated and the homeowner has occupied that home on that site for at least 1 year prior to receiving HPG assistance; and

(ii) For homeowners, owners of single- or multiple-unit rental properties, and co-ops, the manufactured housing is on a permanent foundation or will be put on a permanent foundation with HPG funds. Advice on the requirements for a permanent foundation is available from Rural Development. Guidance may be found in §1944.223(e) of subpart E of this part and in exhibit J of subpart A of part 1924 of this chapter;

(11) Additions to any dwelling (conventional or manufactured) only when it is clearly necessary to alleviate overcrowding or to remove health hazards to the occupants; or

(12) Relocation costs either permanent or temporary for assistance to rental properties or co-ops, as noted in §1944.667 of this subpart.

(d) Authorized replacement housing assistance includes, but is not limited to:

(1) Building a dwelling and providing related facilities for use by the individual homeowner as a permanent resident;

(2) Providing a safe and sanitary water and waste disposal system, together with related plumbing and fixtures, which will meet local health department requirements;

(3) Providing minimum site preparation and other on-site improvement including grading, foundation plantings, and minimal landscaping, and other

on-site improvements required by local jurisdictions;

(4) Providing special design features or equipment when necessary because of physical handicap or disability of the HPG recipient or member of the household;

(5) Purchasing and installing approved energy saving measures and approved furnaces and space heaters which use a type of fuel that is commonly used, and is economical and dependably available;

(6) Providing storm cellars and similar protective structures, if typical for the area;

(7) Paying real estate taxes which are due and payable on the existing dwelling or site at the time of closing, if this amount is not a substantial part of the HPG assistance. (HPG assistance may not be made available if the real estate taxes which are due and payable are not paid at the time assistance is granted.);

(8) Providing living area for the HPG recipient and all members of the household as required in 7 CFR 3550.54(c);

(9) Moving a dwelling onto the site of the demolished, previously existing housing and meeting all HPG housing preservation requirements for repair and rehabilitation;

(10) Providing funds for demolishing the existing housing; and

(11) Any other cost that is reasonable and justifiable directly related to replacement activities.

(e) HPG funds may be used for payment of incidental expenses directly related to accomplishing authorized activities such as fees for connection of utilities (water, sewer, gas, electric), credit reports, surveys, title clearance, loan closing, inspections, and architectural or other technical services. All fees will be in accordance with local prevailing rates and so documented.

(f) HPG funds may be used where they do not contribute to the health, safety and well being of the occupant or do not materially contribute to the structural integrity or long-term preservation of the unit. The percentage of the funds to be used for such purposes must not exceed 20 percent of the total funding for the unit(s) and/or dwelling, and such work must be combined with improvements listed as eligible under

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paragraph (c) of this section. These improvements may include, but are not limited to the following:

- (1) Painting;
  - (2) Paneling;
  - (3) Floor covering, including carpeting;
  - (4) Improving clothes closets or shelving;
  - (5) Improving kitchen cabinets;
  - (6) Air conditioning; or
  - (7) Landscape plantings.
- (g) Under the following conditions, HPG funds may be used to reimburse the grantee for authorized housing preservation or replacement housing activities performed by employees of the grantee where the grantee acts as a construction contractor and furnishes construction services:

- (1) The grantee must demonstrate that such work performed by the grantee results in cost savings in terms of time and labor over cost for such work prevailing in the area;
  - (2) The grantee has established a process for third party review of all performance by a local government, building inspector or other independent party;
  - (3) The grantee has established or makes available a process that provides for consumer protection to the individual homeowner, owner of a rental property, or co-op assisted; and
  - (4) The grantee's accounting system provides a clear delineation between administrative costs and construction contractor (non-administrative) costs.
- (h) HPG funds may *not* be used to:
- (1) Assist in the construction or completion of an addition (excluding paragraph (c)(11) of this section) or a new dwelling. This paragraph does not apply to replacement housing.
  - (2) Refinance any debt or obligation of the grantee, the individual homeowner, owners of a rental property, or co-ops other than obligations incurred for eligible items covered by this section entered into after the date of agreement with the HPG grantee.
  - (3) Repair or rehabilitate as well as replace any property located in the Coastal Barrier Resources System.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26210, May 13, 1997]

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**§ 1944.665 Supervision and inspection of work.**

Grantees are responsible for supervising all rehabilitation and repair work, as well as replacement housing financed with HPG assistance. After all HPG work has been completed, a final inspection must be done by a disinterested third party, such as local building and code enforcement officials. If there are no such officials serving the area where HPG activities will be undertaken, or if the grantee would also normally make such inspections, the grantee must use qualified contract or fee inspectors.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26210, May 13, 1997]

**§ 1944.666 Administrative activities and policies.**

Grant funds are to be used primarily for housing repair and rehabilitation activities. Use of grant funds for direct and indirect administrative costs is a secondary purpose and must not exceed 20 percent of the HPG funds awarded to the grantee.

- (a) Administrative expenses may include:
- (1) payment of reasonable salaries or contracts for professional, technical, and clerical staff actively assisting in the delivery of the HPG project.
  - (2) Payment of necessary and reasonable office expenses such as office rental, supplies, utilities, telephone services, and equipment. (Any item of non-expendable personal property having a unit value of \$1,000 or more, acquired with HPG funds, will be specifically identified to Rural Development in writing.)
  - (3) Payment of necessary and reasonable administrative costs such as workers' compensation, liability insurance, and the employer's share of Social Security and health benefits. Payments to private retirement funds are permitted if the grantee already has such a fund established and ongoing.
  - (4) Payment of reasonable fees for necessary training of grantee personnel.
  - (5) Payment of necessary and reasonable costs for an audit upon expiration of the grant agreement.



(6) Other reasonable travel and miscellaneous expenses necessary to accomplish the objectives of the specific HPG grant which were anticipated in the individual HPG grant proposal and which have been approved as eligible expenses at the time of grant approval.

(b) HPG administrative funds may *not* be used for:

(1) Preparing housing development plans and strategies except as necessary to accomplish the specific objectives of the HPG project.

(2) Substitution of any financial support previously provided or currently available from any other source.

(3) Reimbursing personnel to perform construction related to housing preservation assistance. (Non-administrative funds may be used if construction is for housing preservation assistance under the provisions of §1944.664(g) of this subpart.

(4) Buying property of any kind from persons receiving assistance from the grantee under the terms of the HPG agreement.

(5) Paying for or reimbursing the grantee for any expense or debts incurred before Rural Development executes the grant agreement.

(6) Paying any debts, expenses, or costs which should be the responsibility of the individual homeowner, owner, tenant or household member of a rental property, or owner (member) or non-member of a co-op receiving HPG assistance outside the costs of repair and rehabilitation as well as for replacement housing (individual homeowners only).

(7) Any type of political activities prohibited by the Office of Management and Budget (OMB) Circular A-122.

(8) Other costs including contributions and donations, entertainment, fines and penalties, interest and other financial costs unrelated to the HPG assistance to be provided, legislative expenses, and any excess of cost from other grant agreements.

(9) Paying added salaries for employees paid by other sources, *i.e.*, public agencies who pay employees to handle grants.

(c) Advice concerning ineligible costs may be obtained from Rural Development as part of the HPG preapplication

review or when a proposed cost appears ineligible.

(d) The grantee may not charge fees or accept any compensation or gratuities from HPG recipients for the grantee's technical or administrative services under this program. Where the grantee performs as a construction contractor, the grantee may be paid such compensation directly related to construction services provided and limited to authorized housing preservation activities.

(e) The policies, guidelines and requirements of 2 CFR part 200, as adopted by USDA through 2 CFR part 400, apply to the acceptance and use of HPG funds.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26210, May 13, 1997; 79 FR 76011, Dec. 19, 2014]

#### **§ 1944.667 Relocation and displacement.**

(a) *Relocation.* Public bodies and agencies must comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970. The grantee must provide assistance for permanent or temporary relocation of displaced persons for units repaired or rehabilitated or for individual homes replaced with HPG assistance. HPG funds may be used to cover costs incurred in the relocation of displaced persons. The applicant shall include in its statement of activities, a statement concerning the temporary relocation of homeowners and/or tenants during the period of repairs and/or rehabilitation to the units or dwellings. Any contract or agreement between the homeowner and the grantee, as well as between the grantee and the owner(s) of rental properties and co-ops shall include a statement covering at a minimum;

(1) The period of relocation (if any);

(2) The name(s) of the party (or parties) who shall bear the cost of temporarily relocating; and

(3) The name(s) of the party (or parties) who shall bear the cost of permanent relocation; and

(4) If paragraphs (a) (2) or (3) of this section is the grantee, the maximum amount of temporary or permanent relocation costs proposed to be allowed.

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(b) *Displacement.* The applicant shall include in its statement of activities, a statement as to how its proposed HPG financial assistance program shall keep to a minimum the displacement of homeowners and/or tenants.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26210, May 13, 1997]

**§ 1944.668 Term of grant.**

HPG projects may be funded under the terms of a grant agreement for a period of up to 2 years commencing on the date of execution of the grant agreement by the Rural Development approval official. Term of the project will be based upon HPG resources available for the proposed project and the accomplishability of the applicant's proposal within 1 or 2 years. Applicants requesting a 2 year term may be asked to develop a feasible 1 year program if sufficient funds are not available for a 2 year program.

**§ 1944.669 [Reserved]**

**§ 1944.670 Project income.**

(a) Project income during the grant period from loans made to homeowners, owners of rental properties, and co-ops is governed by 2 CFR part 200 as adopted by USDA through 2 CFR part 400. All income during the grant period, including amounts recovered by the grantee due to breach of agreements between the grantee and the HPG recipient, must be used under (and in accordance with) the requirements of the HPG program.

(b) Grantees are encouraged to establish a program which reuses income from loans after the grant period for continuing repair and rehabilitation activities, as well as for individual housing replaced.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26210, May 13, 1997; 79 FR 76011, Dec. 19, 2014]

**§ 1944.671 Equal opportunity requirements and outreach efforts.**

The policies and regulations contained in subpart E of part 1901 of this chapter apply to grantees under this subpart.

(a) *Fair housing.* The Fair Housing Act prohibits any person or entity whose business includes engaging in

residential real estate-related transactions to discriminate against any person in making loans, grants, or other financial assistance for a unit or dwelling, or which will be secured by a unit or dwelling, because of race, color, religion, sex, national origin, age, familial status, or handicap/disability. Prohibited practices under this section include:

(1) Failing to provide any person in connection with a residential real estate-related transaction, information regarding the availability of loans, grants, or other financial assistance, or providing information that is inaccurate or different from that provided others; and

(2) The term *residential and real estate-related transaction* includes the making or purchasing of loans, grants, or other financial assistance for purchasing, constructing, improving, repairing, or rehabilitating a unit or dwelling, as well as for replacement housing for individual homeowners.

(b) *Outreach.* In addition, the HPG grantee is required to address an outreach effort in their program. The amount of outreach should sufficiently reach the entire service area. As a measure of compliance, the percentages of the individuals served by the HPG grantee should be in proportion to the percentages of the population of the service area by race/national origin. If the percentages are not proportional, then adequate justification is to be made. Exhibit E-1 of this subpart (available in any Rural Development office) will be used to monitor these requirements. (Further explanation and guidance of exhibit E-1 can be found in exhibit E-2 of this subpart which is available in any Rural Development office). A separate file will be maintained by the grantee that will include the following outreach activities:

(1) Community contacts to community organizations, community leaders, including minority leaders, by name, race, and date contacted;

(2) Copies of all advertising in local newspapers, and through other media. Any advertising must reach the entire service area. Rural Development encourages the use of minority-owned radio stations and other types of media, if available, in the service area.

The grantee's file shall also include the name of the media used, and the percentage of its patronage by race/national origin; and

(3) Copies of any other advertising or other printed material, including the application form used. The application form shall include the nondiscrimination slogan: "This is an equal opportunity program. Discrimination is prohibited by Federal Law."

(c) *Additional requirements.* In order to meet the Fair Housing requirements and the nondiscrimination requirements of Title VI of the Civil rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, the HPG grantee will need to adhere to the recommendations of exhibit H of this subpart (available in any Rural Development office).

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26210, May 13, 1997]

**§ 1944.672 Environmental review requirements.**

Grants made under this subpart must comply with the environmental review requirements in accordance with 7 CFR part 1970.

(a) The approval of an HPG grant for the repair, rehabilitation, or replacement of dwellings is classified as a Categorical Exclusion, pursuant to § 1970.53. As part of their pre-application materials, applicants shall submit environmental documentation in accordance with 7 CFR part 1970, for the geographical areas proposed to be served by the program. The applicant shall refer to Part 1944 Subpart N Exhibit F-1.

(b) The use of HPG funds by the grantee to repair, rehabilitate, or replace on the same site, specific dwellings is generally exempt from an RHS environmental review. However, if such dwellings are located in a floodplain, wetland, or the proposed work is not concurred in by the Advisory Council on Historic Preservation under the requirements of § 1944.673, an RHS environmental review is required. Dwellings within the Coastal Barrier Resources System are not eligible for HPG assistance. Applicants must include in their preapplication a process for identifying dwellings that may re-

ceive housing preservation or replacement housing assistance that will require an environmental assessment. This may be accomplished through use of exhibit F-2 of this subpart (available in any Rural Development State or District Office) or another process supplying similar information acceptable to RHS.

(c) If a specific dwelling is not located in a floodplain, wetland, or the proposed work is concurred in by the Advisory Council on Historic Preservation under the requirements of § 1944.673 of this subpart, no environmental review is required by Rural Development. The grantee only needs to indicate its review and compliance with this subpart, indicating such in each recipient's file in accordance with paragraph (e) of this section.

(d) When an HPG proposal does not qualify as a categorical exclusion under § 1970.53 and may require either an environmental report under § 1970.54 or an environmental assessment, the applicant will immediately contact the RHS office designated to service the HPG grant. Prior to approval of HPG assistance to the recipient by the applicant, RHS must complete the environmental review process in accordance with 7 CFR part 1970, with the assistance of the applicant, as necessary.

(e) If Rural Development is required to make an environmental assessment, the grantee will be provided with a copy of the assessment which will be made part of the recipient's file. The grantee must also include in each recipient's file:

(1) Documentation on how the process for historic preservation review under § 1944.673 of this subpart has been complied with, including all relevant reviews and correspondence; and

(2) Determination as to whether the unit is located in a 100-year floodplain or a wetland.

(3) *Documentation of this review.* Suggested language is: "We have considered this dwelling under Rural Development's environmental and historic preservation requirements for a HPG (§§ 1944.672 and 1944.673 of this subpart) and an environmental assessment is not required. The review was completed in accordance with the process to identify properties requiring a Rural

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Development environmental assessment approved with our statement of activities.”

(f) Proposed use of funds by an applicant to use monies for additions under §1944.664 (c)(11) of this subpart must be addressed in the statement of activities.

(g) Grantees must contact Rural Development prior to actual usage of funds by the grantees under §1944.664 (c)(11) of this subpart. Rural Development must complete the appropriate level of environmental review in accordance with part 1970 of this chapter.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26210, May 13, 1997; 81 FR 11031, Mar. 2, 2016; 82 FR 19319, Apr. 27, 2017]

## § 1944.673 Historic preservation and replacement housing requirements and procedures.

(a) Rural Development has entered into a Programmatic Memorandum of Agreement (PMOA) with the National Conference of State Historic Preservation Officers (SHPO) and the Advisory Council on Historic Preservation in order to implement the specific requirements regarding historic preservation contained in section 533 of the Housing Act of 1949, 42 U.S.C. 1490(m) of the enabling legislation. The PMOA, with attachments, can be found in RD Instruction 2000-FF (available in any Rural Development office). A copy of the PMOA will be provided to each applicant for a HPG as part of the preapplication package specified in paragraph II of exhibit C of this subpart (available in any Rural Development office).

(b) Each applicant for an HPG grant will provide, as part of its preapplication documentation submitted to RHS, a description of its proposed process for assisting very low- and low-income persons owning historic properties needing rehabilitation, repair, or replacement. “Historic properties” are defined as properties that are listed or eligible for listing on the National Register of Historic Places. Each HPG proposal shall comply with the provisions of Stipulation I, A-G of the PMOA (RD Instruction 2000-FF), available in any Rural Development State or District Office. Should RHS be required to assume responsibility for

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compliance with 36 CFR part 800 in accordance with Stipulation III of the PMOA, the grantee will assist RHS in preparing an environmental assessment. RHS will work with the grantee to develop alternative actions or mitigation measures, as appropriate.

(c) Such assumption of responsibility by Rural Development on a particular property shall not preclude the grantee from carrying out the requirements of 36 CFR part 800 on other properties as though it were a Federal agency, but no work may be commenced on any unit or dwelling in controversy until and unless so advised by Rural Development.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26211, May 13, 1997]

## § 1944.674 Public participation and intergovernmental review.

(a) In preparing its statement of activities, the applicant is responsible for consulting with leaders from the county, parish and/or township governments of the area where HPG activities will take place for the purpose of assuring that the proposed HPG program is beneficial and does not duplicate current activities. American Indian non-profit organization applicants should obtain the written concurrence of the tribal governing body in lieu of consulting with the county governments when the program is operated only on tribal land.

(b) The applicant must also make its statement of activities available to the public for comment. The applicant must announce the availability of its statement of activities for review in a newspaper of general circulation in the project area and allow at least 15 days for public comment. The start of this 15-day period must occur no later than 16 days prior to the last day for acceptance of preapplications by Rural Development.

(c) The HPG program is subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. These requirements are set forth in U.S. Department of Agriculture regulations 7 CFR part 3015, subpart V, and RD Instruction 1970-I, ‘Intergovernmental Review,’ available in any Agency office or on the Agency’s Web site.

Prospective applicants for HPG grants must submit its statement of activities to the State single point of contact prior to submitting their preapplication to Rural Development. Evidence of submittal of the statement of activities to the State single point of contact is to be submitted with a preapplication. Comments and recommendations made through the inter-governmental review process are for the purpose of assuring consideration of State and local government views. The name of the State single point of contact is available from any Rural Development office. This section does not apply to American Indian tribes, bands, groups, etc., as noted in §1944.656 of this subpart.

[58 FR 21894, Apr. 26, 1993, as amended at 76 FR 80731, Dec. 27, 2011]

**§ 1944.675 Allocation of HPG funds to States and unused HPG funds.**

The allocation and distribution of HPG funds is found in §1940.578 of subpart L of part 1940 of this chapter.

**§ 1944.676 Preapplication procedures.**

(a) All applicants will file an original and two copies of Standard Form (SF) 424.1, "Application For Federal Assistance (For Nonconstruction)," and supporting information with the appropriate Rural Development office. A preapplication package, including SF-424.1, is available in any Rural Development office.

(b) All preapplications shall be accompanied by the following information which Rural Development will use to determine the applicant's eligibility to undertake the HPG program and to evaluate the preapplication under the project selection criteria of §1944.679 of this subpart.

(1) A statement of activities proposed by the applicant for its HPG program as appropriate to the type of assistance the applicant is proposing, including:

(i) A complete discussion of the type of and conditions for financial assistance for housing preservation, including whether the request for assistance is for a homeowner assistance program, a rental property assistance program, a co-op assistance program;

(ii) The process for selecting recipients for HPG assistance, determining

housing preservation needs of the dwelling, performing the necessary work, and monitoring/inspecting work performed;

(iii) A description of the process for identifying potential environmental impacts in accordance with §1944.672 of this subpart, and the provisions for compliance with Stipulation I, A-G of the PMOA (RD Instruction 2000-FF available in any Rural Development office) in accordance with §1944.673 (b) of this subpart. With the exception of Stipulation I, D of the PMOA, this may be accomplished by adoption of exhibit F-2 of this subpart (available in any Rural Development office), or another process supplying similar information acceptable to Rural Development;

(iv) The development standard(s) the applicant will use for the housing preservation work; and, if not the Rural Development development standards for existing dwellings, the evidence of its acceptance by the jurisdiction where the grant will be implemented;

(v) The time schedule for completing the program;

(vi) The staffing required to complete the program;

(vii) The estimated number of very low- and low-income minority and non-minority persons the grantee will assist with HPG funds; and, if a rental property or co-op assistance program, the number of units and the term of restrictive covenants on their use for very low- and low-income;

(viii) The geographical area(s) to be served by the HPG program;

(ix) The annual estimated budget for the program period based on the financial needs to accomplish the objectives outlined in the proposal. The budget should include proposed direct and indirect administrative costs, such as personnel, fringe benefits, travel, equipment, supplies, contracts, and other cost categories, detailing those costs for which the grantee proposes to use the HPG grant separately from non-HPG resources, if any. The applicant budget should also include a schedule (with amounts) of how the applicant proposes to draw HPG grant funds, *i.e.*, monthly, quarterly, lump sum for program activities, etc.;

(x) A copy of an indirect cost proposal as required in 2 CFR part 200 as

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adopted by USDA through 2 CFR part 400, when the applicant has another source of federal funding in addition to the HPG program;

(xi) A brief description of the accounting system to be used;

(xii) The method of evaluation to be used by the applicant to determine the effectiveness of its program which encompasses the requirements for quarterly reports to Rural Development in accordance with §1944.683(b) of this subpart and the monitoring plan for rental properties and co-ops (when applicable) according to §1944.689 of this subpart;

(xiii) The source and estimated amount of other financial resources to be obtained and used by the applicant for both HPG activities and housing development and/or supporting activities;

(xiv) The use of program income, if any, and the tracking system used for monitoring same;

(xv) The applicant's plan for disposition of any security instruments held by them as a result of its HPG activities in the event of its loss of legal status;

(xvi) Any other information necessary to explain the proposed HPG program; and

(xvii) The outreach efforts outlined in §1944.671(b) of this subpart.

(2) Complete information about the applicant's experience and capacity to carry out the objectives of the proposed HPG program.

(3) Evidence of the applicant's legal existence, including, in the case of a private nonprofit organization, a copy of, or an accurate reference to, the specific provisions of State law under which the applicant is organized; a certified copy of the applicant's Articles of Incorporation and Bylaws or other evidence of corporate existence; certificate of incorporation for other than public bodies; evidence of good standing from the State when the corporation has been in existence 1 year or more; and, the names and addresses of the applicant's members, directors and officers. If other organizations are members of the applicant-organization, or the applicant is a consortium, preapplications should be accompanied by the names, addresses, and principal purpose of the other organizations. If

the applicant is a consortium, documentation showing compliance with §1944.656 of this subpart will also be included.

(4) For a private nonprofit entity, the most recent audited statement and a current financial statement dated and signed by an authorized officer of the entity showing the amounts and specific nature of assets and liabilities together with information on the repayment schedule and status of any debt(s) owed by the applicant. If the applicant is an organization being assisted by another private nonprofit organization, the same type of financial statement should also be provided by that organization.

(5) A brief narrative statement which includes information about the area to be served and the need for improved housing (including both percentage and actual number of both low-income and low-income minority households and substandard housing), the need for the type of housing preservation assistance being proposed, the anticipated use of HPG resources for historic properties, the method of evaluation to be used by the applicant in determining the effectiveness of its efforts (according to paragraph (b)(1)(xii) of this section).

(6) A statement containing the component for alleviating overcrowding as defined by §1944.656 of this subpart.

(7) A list of other activities the applicant is engaged in and expects to continue, a statement as to any other funding, and whether it will have sufficient funds to assure continued operation of the other activities for at least the period of the HPG grant agreement.

(8) Any other information necessary that specifically addresses the selection criteria in §1944.679 of this subpart.

(c) Grants made under this subpart must be in compliance with the environmental review requirements in accordance with 7 CFR part 1970.

(d) The applicant must submit a description of its process for:

(1) Identifying and rehabilitating properties that are listed on or eligible for listing on the National Register of Historic Places.

(2) Identifying properties that are located in a floodplain or wetland.

(3) Identifying properties located within the Coastal Barrier Resources System.

(4) Coordinating with other public and private organizations and programs that provide assistance in the rehabilitation of historic properties (Stipulation I, D, of the PMOA, RD Instruction 2000–FF, available in any Rural Development office).

(5) Paragraphs (d) (1), (2), and (3) of this section may be accomplished by adoption of exhibit F–2 of this subpart (available in any Rural Development office), or another process supplying similar information acceptable to Rural Development.

(e) The applicant must submit evidence of SHPO concurrence in the proposal, or in the event of nonconurrence, a copy of SHPO's comments together with evidence that the applicant has sought the Advisory Council on Historic Preservation's advice as to how the disagreement might be resolved, and a copy of any advice provided by the Council.

(f) The applicant must submit written statements and related correspondence reflecting compliance with §1944.674 (a) and (c) of this subpart regarding consultation with local government leaders in the preparation of its program and the consultation with local and state government pursuant to the provisions of Executive Order 12372.

(g) The applicant is to make its statement of activities available to the public for comment prior to submission to Rural Development pursuant to §1944.674(b) of this subpart. The application must contain a description of how the comments (if any were received) were addressed.

(h) The applicant must submit an original and one copy of Form RD 400–1, "Equal Opportunity Agreement," and Form RD 400–4, "Assurance Agreement," in accordance with §1944.674(c) of this subpart.

[58 FR 21894, Apr. 26, 1993, as amended at 79 FR 76011, Dec. 19, 2014; 81 FR 11031, Mar. 2, 2016]

§ 1944.677 [Reserved]

§ 1944.678 **Preapplication submission deadline.**

Dates governing the invitation and review of HPG preapplications will be published annually in the FEDERAL REGISTER and may be obtained from Rural Development offices processing HPG preapplications. Preapplications received after the date specified in the FEDERAL REGISTER will not be considered for funding in that fiscal year and will be returned.

§ 1944.679 **Project selection criteria.**

(a) Applicants must meet all of the following threshold criteria:

(1) Provide a financially feasible program of housing preservation assistance. *Financially feasible* is defined as proposed assistance which will be affordable to the intended recipient or result in affordable housing for very low- and low-income persons;

(2) Serve eligible rural areas with a concentration of substandard housing for households with very low- and low-income;

(3) Be an eligible applicant entity as defined in §1944.658 of this subpart;

(4) Meet the requirements of consultation and public comment in accordance with §1944.674 of this subpart; and

(5) Submit a complete preapplication as outlined in §1944.676 of this subpart.

(b) For applicants meeting all of the requirements listed in paragraph (a) of this section, Rural Development will use the weighted criteria in this paragraph (b) in the selection of grant recipients. Each preapplication and its accompanying statement of activities will be evaluated and, based solely on the information contained in the preapplication, the applicant's proposal will be numerically rated on each criteria within the range provided. The highest ranking applicant(s) will be selected based on allocation of funds available to the State. Exhibit D of this subpart (available in any Rural Development office) will be used to document the rating.

(1) Points are awarded based on the percentage of very low-income persons that the applicant proposes to assist, using the following scale:

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- (i) More than 80%: 20 points.
- (ii) 61% to 80%: 15 points.
- (iii) 41% to 60%: 10 points.
- (iv) 20% to 40%: 5 points.
- (v) Less than 20%: 0 points.

(2) The applicant's proposal may be expected to result in the following percentage of HPG fund use (excluding administrative costs) to total cost of unit preservation. This percentage reflects maximum repair or rehabilitation with the least possible HPG funds due to leveraging, innovative financial assistance, owner's contribution or other specified approaches. Points are awarded based on the following percentage of HPG funds (excluding administrative costs) to total funds:

- (i) 50% or less: 20 points.
- (ii) 51% to 65%: 15 points.
- (iii) 66% to 80%: 10 points.
- (iv) 81% to 95%: 5 points.
- (v) 96% to 100%: 0 points.

(3) The applicant has demonstrated its administrative capacity in assisting very low- and low-income persons to obtain adequate housing based on the following:

(i) The organization or a member of its staff has at least one or more years experience successfully managing and operating a rehabilitation or weatherization type program: 10 points.

(ii) The organization or a member of its staff has at least one or more years experience successfully managing and operating a program assisting very low- and low-income persons obtain housing assistance: 10 points.

(iii) If the organization has administered grant programs, there are no outstanding or unresolved audit or investigative findings which might impair carrying out the proposal: 10 points.

(4) The proposed program will be undertaken entirely in rural areas outside MSAs identified by Rural Development as having populations below 10,000 or in remote parts of other rural areas (*i.e.*, rural areas contained in MSAs with less than 5,000 population) as defined in §1944.656 of this subpart: 10 points.

(5) The program will use less than 20 percent of HPG funds for administrative purposes:

- (i) More than 20%: Not Eligible.
- (ii) 20%: 0 points.
- (iii) 19%: 1 point.

- (iv) 18%: 2 points.
- (v) 17%: 3 points.
- (vi) 16%: 4 points.
- (vii) 15% or less: 5 points.

(6) The proposed program contains a component for alleviating overcrowding as defined in §1944.656 of this subpart: 5 points.

(c) In the event more than one preapplication receives the same amount of points, those preapplications will then be ranked based on the actual percentage figure used for determining the points under paragraph (b)(1) of this section. Further, in the event that preapplications are still tied, then those preapplications still tied will be ranked based on the percentage figures used (low to high) in paragraph (b)(2) of this section. Further, for applications where assistance to rental properties or co-ops is proposed, those still tied will be further ranked based on the number of years the units are available for occupancy under the program (a minimum of 5 years is required). For this part, ranking will be based from most to least number of years. Finally, if there is still a tie, then a "lottery" System will be used.

[58 FR 21894, Apr. 26, 1993, as amended at 73 FR 36269, June 26, 2008]

**§ 1944.680 Limitation on grantee selection.**

After all preapplications have been reviewed under the selection criteria and if more than one preapplication has met the criteria of §1944.679(a) of this subpart, the State Director or approval official may not approve more than 50 percent of the State's allocation to a single entity.

**§ 1944.681 Application submission.**

Applicants selected by Rural Development will be advised to submit a full application in an original and two copies of SF 424.1, and are to include any condition or amendments that must be incorporated into the statement of activities prior to submitting a full application. Instructions on submission and timing will be provided by FmHA or its successor agency under Public Law 103-354.



**§ 1944.682 Preapplication/application review, grant approval, and requesting HPG funds.**

The Rural Development offices processing HPG preapplications/applications will review the preapplications and applications submitted. Further review and actions will be taken by Rural Development personnel in accordance with exhibit C of this subpart (available in any Rural Development office). Exhibit G of this subpart (available in any Rural Development office) will be used by the State Office to notify the National Office of preapplications received, eligibility, ranking, number of proposed units, amount requested by applicants, and amount recommended by State Office. Preapplications determined not eligible and/or not meeting the selection criteria will be notified in the manner prescribed in exhibit C of this subpart (available in any Rural Development office). In addition, Rural Development will document its findings and advise the applicant of its review rights or appeal rights (if applicable) under subpart B of part 1900 of this chapter. Applications determined not eligible will be handled in the same manner. The preapplications or applications determined incomplete will be notified in the manner prescribed in exhibit C of this subpart (available in any Rural Development office) and will not be given appeal rights. The State Director is authorized to approve an HPG in accordance with this subpart and subpart A of part 1901 of this chapter. The State Director may delegate this authority in writing to designated State Office personnel and District Directors. Further:

(a) Grant approval is the process by which Rural Development determines that all applicable administrative and legal conditions for making a grant have been met, the grant agreement is signed, and funds have been obligated for the HPG project. If acceptable, the approval official will inform the applicant of approval, having the applicant sign Form RD 1940-1, "Request for Obligation of Funds," and exhibit A of this subpart (available in any Rural Development office). The applicant will be sent a copy of the executed grant agreement and Form RD 1940-1. Should

any conditions be attached to the grant agreement that must be satisfied prior to the applicant receiving any HPG funds, the grant agreement and the conditions will be returned to the applicant for acceptance and acknowledgement on the grant agreement prior to execution by the approval official.

(b) The application may be disapproved before execution of the grant agreement if the applicant is no longer eligible, the proposal is no longer feasible, or the applicant requests cancellation of its project. Except when the applicant requests cancellation, Rural Development will document its findings and advise the applicant of its appeal rights under subpart B of part 1900 of this chapter.

(c) With the executed grant agreement and Form RD 1940-1, Rural Development will send the approved applicant (now the "grantee") copies of SF-270, "Request for Advance or Reimbursement". The grantee must submit an original and two copies of SF-270 to the Rural Development office servicing the project. In addition, the grantee must submit SF-272, "Federal Cash Transactions Report," each time an advance of funds is made. This report shall be used by Rural Development to monitor cash advances made to the grantee. Advances or reimbursements must be in accordance with the grantee's budget and statement of activities, including any amendments, prior approved by Rural Development. Requests for reimbursement or advances must be at least 30 calendar days apart.

(d) If the grantee fails to submit required reports pursuant to § 1944.683 of this subpart or is in violation of the grant agreement, Rural Development may suspend HPG reimbursements and advances or terminate the grant in accordance with § 1944.688 of this subpart and the grant agreement.

**§ 1944.683 Reporting requirements.**

(a) SF-269, "Financial Status Report," is required of all grantees on a quarterly basis. Grantees shall submit an original and two copies of the report to the designated Rural Development servicing office. When preparing the Financial Status Report, the total program outlays (Item 10, g, of SF-269) should be less any rebates, refunds, or

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other discounts. Reports must be submitted no later than 15 days after the end of each calendar quarter.

(b) Quarterly performance reports shall be submitted by grantees with SF-269, in an original and two copies (see exhibit E-1 or this subpart which is available in any Rural Development office.) The quarterly report should relate the activities during the report period to the project's objectives and analyze the effectiveness of the program. As part of the grantee's preapplication submission, as required by §1944.676(b) of this subpart, the grantee establishes its objectives for the HPG program, including its method of evaluation to determine its effectiveness. Accordingly, the report must include, but need not be limited to, the following:

(1) Use of HPG funds for administration and housing preservation activities.

(2) The following specific information for each unit or dwelling assisted:

(i) Name(s), address, and income(s) of each homeowner assisted or the name and address of the owner(s) or co-op for each rental property (single or multi-unit) or co-op assisted;

(ii) Total cost of repair/rehabilitation, a list of major repairs made, amount financed by HPG, and amount financed from which other sources;

(iii) Type of assistance provided (interest subsidy, loan, grant, etc.); and

(iv) Results of implementing the environmental process contained in §1944.672 of this subpart and the historic preservation process contained in §1944.673 of this subpart.

(3) The use of HPG and any other funds for replacement housing.

(4) A comparison of actual accomplishments to the objectives set for that period, including:

(i) The number of very low- and low-income, minority and nonminority persons assisted in obtaining adequate housing by the HPG program through repair and rehabilitation as well as for replacement housing; and

(ii) The average cost of assistance provided to each household.

(5) Reasons why, if established objectives are not met.

(6) Problems, delays, or adverse conditions which will materially affect at-

tainment of the HPG grant objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of program work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated and any Federal or other assistance needed to relieve the situation.

(7) Objectives established for the next reporting period, sufficiently detailed to identify the type of assistance to be provided, the number and type of households to be assisted, etc.

(8) A certification that the final building inspection reports for each rehabilitation or repair work financed as well as for replacement housing with HPG funds for that quarter is on file.

(c) The grantee should be prepared to meet with the Rural Development office servicing the project to discuss its quarterly report shortly after submission.

(d) If the reports are not submitted in a timely manner or if the reports indicate that the grantee has made unsatisfactory progress or the grantee is not meeting its established objectives, the Rural Development official servicing the grant will recommend to the State Director appropriate action to resolve the indicated problem(s). If appropriate corrective action is not taken by the grantee, the State Director has the discretion to not authorize further advances by suspending the project in accordance with §1944.688 of this subpart and the grant agreement.

[58 FR 21894, Apr. 26, 1993, as amended at 62 FR 26211, May 13, 1997]

**§ 1944.684 Extending grant agreement and modifying the statement of activities.**

(a) All requests extending the original grant agreement or modifying the HPG program's statement of activities must be in writing. Such requests will be processed through the designated Rural Development office servicing the project. The approval official will respond to the applicant within 30 days of receipt of the request.

(b) A grantee may request an extension of the grant agreement prior to the end of the project term specified in

the grant agreement if the grantee anticipates that there will be grant funds remaining and the grantee has demonstrated its ability to conduct its program in a manner satisfactory to Rural Development. The approval official may approve an extension when:

(1) The grantee is likely to complete or exceed the goals outlined in the approved statement of activities; and

(2) The Rural Development office responsible for servicing the grant recommends continuation of the grant until the grantee has expended all of the remaining grant funds.

(c) Modifications to the statement of activities, such as revising the processes the grantee follows in operating the HPG program, may be approved by the approval official when the modifications are for eligible purposes in accordance with §§1944.664 and 1944.666 of this subpart, meet any applicable review and process requirements of this subpart, and the program will continue to serve the geographic area originally approved. The grantee will submit its proposed revisions together with the necessary supporting information to Rural Development prior to modifying its operation from the approved statement of activities.

(d) Exhibit B of this subpart (available in any Rural Development office) will be used for all extensions on and modifications to the grant agreement.

**§ 1944.685 [Reserved]**

**§ 1944.686 Additional grants.**

An additional HPG grant may be made when the grantee has achieved or nearly achieved the goals established for the previous or existing grant. The grantee must file a preapplication for the current fiscal year which will be processed and compared under the project selection criteria to others submitted at that time.

**§ 1944.687 [Reserved]**

**§ 1944.688 Grant evaluation, closeout, suspension, and termination.**

(a) Grant evaluation will be an ongoing activity performed by both the grantee and Rural Development. The grantee will perform self-evaluations by preparing quarterly performance reports in accordance with §1944.683 of

this subpart. Rural Development will also review all reports prepared and submitted by the grantee in accordance with the grant agreement and this subpart.

(b) The grant can be suspended or terminated before the grant ending date for the causes specified in the grant agreement. No further grant funds will be advanced when grant suspension or termination procedures have been initiated in accordance with the grant agreement. Grantees may be reimbursed for eligible costs incurred prior to the effective date of the suspension or termination. Grantees are prohibited from incurring additional obligations of funds after notification, pending corrective action by the grantee. Rural Development may allow necessary and proper costs that the grantee could not reasonably avoid during the period of suspension provided they are for eligible HPG purposes. In the event of termination, Rural Development may allow necessary and reasonable costs for an audit.

(c) Grantees will have the opportunity to appeal a suspension or termination under Rural Development's appeal procedures under subpart B of part 1900 of this chapter.

(d) The grantee will complete the closeout procedures as specified in the grant agreement.

(e) The grantee will have an audit performed upon termination or completion of the project in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400, as applicable. As part of its final report, the grantee will address and resolve all audit findings.

[58 FR 21894, Apr. 26, 1993, as amended at 79 FR 76011, Dec. 19, 2014]

**§ 1944.689 Long-term monitoring by grantee.**

(a) The grantee is required to perform long-term monitoring on any housing preservation program involving rental properties and co-ops. This monitoring shall be at least on an annual basis and shall consist of, at a minimum, the following:

(1) All requirements noted in §1944.663 of this subpart;

(2) All requirements of the "ownership agreement" executed between the

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grantee and the rental property owner or co-op; and

(3) All requirements noted in 2 CFR part 200 as adopted by USDA through 2 CFR part 400 during the effective period of the grant agreement.

(b) The grantee is required to make available to Rural Development any such information as requested by Rural Development concerning the above. The grantee shall submit to the Rural Development servicing office an annual report every year while the ownership agreement is in effect. This report shall be submitted within 15 days after the anniversary date or end of the grant agreement. At a minimum, the report will consist of a statement that the grantee is in compliance with this subpart.

(c) All files pertaining to such rental property owner or co-op shall be kept separate and shall be maintained for a period of 3 years after the termination date of the ownership agreement.

[58 FR 21894, Apr. 26, 1993, as amended at 79 FR 76011, Dec. 19, 2014]

**§ 1944.690 Exception authority.**

The Under Secretary for Rural Development (or designee) may, in individual cases, make an exception to any requirements of this subpart not required by the authorizing statute if the Administrator finds that application of such requirement would adversely affect the interest of the Government, or adversely affect the accomplishment of the purposes of the HPG program, or result in undue hardship by applying the requirement. The Administrator or the Assistant Administrator for Housing may exercise this exception authority at the request of the State Director. The request must be supported by information demonstrating the adverse impact, citing the particular requirement involved, recommending proper alternative course(s) of action, and outlining how the adverse impact could be mitigated. Exception to any requirement may also be initiated by the Assistant Administrator for Housing.

**§§ 1944.691–1944.699 [Reserved]**

**§ 1944.700 OMB control number.**

According to the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35),

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no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for the information collection in this subpart is 0575–0115.

[62 FR 26211, May 13, 1997]

**EXHIBIT A TO SUBPART N OF PART 1944—  
HOUSING PRESERVATION GRANT  
AGREEMENT**

This Agreement dated \_\_\_\_\_ is between \_\_\_\_\_ (name), \_\_\_\_\_ (address), (grantee), organized and operating under \_\_\_\_\_ (authorizing State statute), and the United States of America acting through the Farmers Home Administration (FmHA) or its successor agency under Public Law 103–354. FmHA or its successor agency under Public Law 103–354 agrees to grant a sum not to exceed \$ \_\_\_\_\_ subject to the terms and conditions of this Agreement; provided, however, that the grant funds actually advanced and not needed for grant purposes shall be returned immediately to FmHA or its successor agency under Public Law 103–354. The Housing Preservation Grant (HPG) Statement of Activities approved by FmHA or its successor agency under Public Law 103–354, is attached, and shall commence within 10 days of the date of execution of this agreement by FmHA or its successor agency under Public Law 103–354 and be completed by \_\_\_\_\_ (date). FmHA or its successor agency under Public Law 103–354 may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the grantee has failed to comply with the conditions of this Grant Agreement or FmHA or its successor agency under Public Law 103–354 regulation related hereto. The grantee may appeal adverse decisions in accordance with the FmHA or its successor agency under Public Law 103–354 Appeal Procedures contained in subpart B of part 1900 of this chapter.

In consideration of said grant by FmHA or its successor agency under Public Law 103–354 to the Grantee, to be made pursuant to section 533 of the Housing Act of 1949, Housing Preservation Grant (HPG) program, the grantee will provide such a program in accordance with the terms of this Agreement and applicable FmHA or its successor agency under Public Law 103–354 regulations.

**PART A—DEFINITIONS**

1. *Beginning date* means the date this agreement is executed by FmHA or its successor agency under Public Law 103–354 and costs can be incurred.

2. *Ending date* means the date when all work under this agreement is scheduled to be completed. It is also the latest date grant

funds will be provided under this agreement, without an approved extension.

3. *Disallowed costs* are those charges to a grant which Rural Development or its successor agency under Public Law 103-354 determines cannot be authorized in accordance with applicable Federal cost principles contained in Treasury Circular 74-4, "Cost Principles Applicable to Grants and Contracts with State and Local Governments," OMB Circular A-87, "Cost Principles for State and Local Governments," OMB Circular A-122, "Cost Principles for Nonprofit Organizations," and other conditions contained in this Agreement and OMB Circular A-102 "Uniform Requirements for Grants to State and Local Governments," and OMB Circular A-110, "Grants and Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations, Uniform Administrative Requirements," as appropriate, and 2 CFR part 200, as adopted by USDA through 2 CFR part 400.

4. "Grant closeout" is the process by which the grant operation is concluded at the expiration of the grant period or following a decision to terminate the grant.

5. "Termination" of the grant means the cancellation of Federal assistance, in whole or in part, at any time before the date of completion.

#### PART B—TERMS OF AGREEMENT

FmHA or its successor agency under Public Law 103-354 and grantee agree:

1. All grant activities shall be limited to those authorized in subpart N of 7 CFR part 1944.

2. This Agreement shall be effective when executed by both parties.

3. The HPG activities approved by FmHA or its successor agency under Public Law 103-354 shall commence and be completed by the date indicated above, unless earlier terminated under paragraph B 18 below or extended.

4. Grantee shall carry out the HPG activities and processes as described in the approved Statement of Activities which is made a part of this Agreement. Grantee will be bound by the activities and processes set forth in the Statement of Activities and the further conditions set forth in this Agreement. If the Statement of Activities is inconsistent with the Agreement, the latter will govern. A change of any activities and processes must be in writing and must be signed by the FmHA or its successor agency under Public Law 103-354 State Director or his or her delegated representative.

5. Grantee shall use grant funds only for the purpose and activities approved by FmHA or its successor agency under Public Law 103-354 in the HPG budget. Any uses not provided for in the approved budget must be approved in writing by FmHA or its suc-

cessor agency under Public Law 103-354 in advance.

6. If the Grantee is a private nonprofit corporation, expenses charged for travel or per diem will not exceed the rates paid FmHA or its successor agency under Public Law 103-354 employees for similar purposes. If the grantee is a public body, the rates will be those that are allowable under the customary practice in the government of which the grantee is a part; if none are customary, the FmHA or its successor agency under Public Law 103-354 rates will be the maximum allowed.

7. Grant funds will not be used for any of the following:

(a) To pay obligations incurred before the effective date of this Agreement.

(b) To pay obligations incurred after the grant termination or ending date.

(c) Entertainment purposes.

(d) To pay for capital assets, the purchase of real estate or vehicles, improvement or renovation of grantee's office space, or repair or maintenance of privately owned vehicles.

(e) Any other purpose specified in §§1944.664(f) and 1944.666(b) of this subpart.

(f) Administrative expenses exceeding 20% HPG grant funds.

8. Grant funds shall not be used to substitute for any financial support previously provided and currently available or assured from any other source.

9. Disbursal of grants will be governed as follows:

(a) In accordance with Treasury Circular 1075 (fourth revision) part 205, chapter II of title 31 of the Code of Federal Regulations, grant funds will be provided by FmHA or its successor agency under Public Law 103-354 as cash advances on an as needed basis not to exceed one advance every 30 days. The advance will be made by direct Treasury check to the grantee. The financial management system of the recipient organization shall provide for effective control over and accountability for all Federal funds as stated to OMB Circular A-102 (42 FR 45828, September 12, 1977) for State and local governments and OMB Circular A-110 (41 FR 32016, July 30, 1976) for nonprofit organizations.

(b) Cash advances to the grantee shall be limited to the minimum amounts needed and shall be timed to be in accord only with the actual, immediate cash requirements of the Grantee in carrying out the purpose of the planned project. The timing and amount of cash advances shall be as close as administratively feasible to the actual disbursements by the grantee for direct program costs (as identified in the grantee's Statement of Activity and budget and fund use plan) and proportionate share of any allowable indirect costs.

(c) Grant funds should be promptly refunded to the FmHA or its successor agency

under Public Law 103-354 and redrawn when needed if the funds are erroneously drawn in excess of immediate disbursement needs. The only exceptions to the requirement for prompt refunding are when the funds involved:

(i) Will be disbursed by the recipient organization within seven calendar days from the date of the Treasury check, or

(ii) Are less than \$10,000 and will be disbursed within 30 calendar days from the date of the Treasury check.

(d) Grantee shall provide satisfactory evidence to FmHA or its successor agency under Public Law 103-354 that all officers of the Grantee organization authorized to receive and/or disburse Federal funds are covered by satisfactory fidelity bonds sufficient to protect FmHA or its successor agency under Public Law 103-354's interests.

10. The grantee will submit performance and financial reports as indicated below to the appropriate FmHA or its successor agency under Public Law 103-354 office.

(a) As needed, but not more frequently than once every 30 calendar days, an original and 2 copies of SF-270, "Request for Advance or Reimbursement."

(b) Quarterly (not later than February 15, May 15, August 15, and November 15 of each year), an original and 2 copies of SF-269, "Financial Status Report," and a quarterly performance report in accordance with §1944.683 of this subpart.

(c) Within ninety (90) days after the termination or expiration of the Grant Agreement, an original and 2 copies of SF-269, and a final performance report which will include a summary of the project's accomplishments, problems, and planned future activities of the grantee for HPG. Final reports may serve as the last quarterly report.

(d) FmHA or its successor agency under Public Law 103-354 may require performance reports more frequently if deemed necessary.

11. In accordance with FMC Circular 74-4, Attachment B, compensation for employees will be considered reasonable to the extent that such compensation is consistent with that paid for similar work in other activities of the State or local government.

12. If the grant exceeds \$100,000, cumulative transfers among direct cost budget categories totaling more than 5 percent of the total budget must have prior written approval by FmHA or its successor agency under Public Law 103-354.

13. Results of the program assisted by grant funds may be published by the grantee without prior review by FmHA or its successor agency under Public Law 103-354, provided that such publications acknowledge the support provided by funds pursuant to the provisions of Title V of the Housing Act of 1949, as amended, and that five copies of each such publications are furnished to

FmHA or its successor agency under Public Law 103-354.

14. Grantee certifies that no person or organization has been employed or retained to solicit or secure this grant for a commission, percentage, brokerage, or contingent fee.

15. No person in the United States shall, on the grounds of race, creed, color, sex, marital status, age, national origin, or mental or physical handicap, be excluded from participating in, be denied the proceeds of, or be subject to discrimination in connection with the use of grant funds. Grantee will comply with the nondiscrimination regulations of FmHA or its successor agency under Public Law 103-354 contained in subpart E of part 1901 of this chapter.

16. In all hiring or employment made possible by or resulting from this grant, the grantee: (a) Will not discriminate against any employee or applicant for employment because of race, creed, color, sex, marital status, national origin, age, or mental or physical handicap, and (b) will take affirmative action to insure that employees are treated during employment without regard to their race, creed, color, sex, marital status, national origin, age, or mental or physical handicap. This requirement shall apply to, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation; and selection for training, including apprenticeship. In the event grantee signs a contract related to this grant which would be covered by any Executive Order, law, or regulation prohibiting discrimination, grantee shall include in the contract the "Equal Employment Clause" as specified by Form FmHA or its successor agency under Public Law 103-354 400-1, "Equal Employment Agreement."

17. The grantee accepts responsibility for accomplishing the HPG program as submitted and included in the Statement of Activities. The grantee shall also:

(a) Endeavor to coordinate and provide liaison with State and local housing organizations, where they exist.

(b) Provide continuing information to FmHA or its successor agency under Public Law 103-354 on the status of grantee HPG programs, projects, related activities, and problems.

(c) The grantee shall inform FmHA or its successor agency under Public Law 103-354 as soon as the following types of conditions become known:

(i) Problems, delays, or adverse conditions which materially affect the ability to attain program objectives, prevent the meeting of time schedules or goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated, new time schedules

required and any FmHA or its successor agency under Public Law 103-354 assistance needed to resolve the situation.

(ii) Favorable developments or events which enable meeting time schedules and goals sooner than anticipated or producing more work units than originally projected.

18. Grant closeout and termination procedures will be as follows:

(a) Promptly after the date of completion or a decision to terminate a grant, grant closeout actions are to be taken to allow the orderly discontinuation of grantee activity.

(i) The grantee shall immediately refund to FmHA or its successor agency under Public Law 103-354 any uncommitted balance of grant funds.

(ii) The grantee will furnish to Rural Development or its successor agency under Public Law 103-354 within 90 calendar days after the date of completion of the grant an SF-269 and all financial, performance, and other reports required as a condition of the grant, including an audit report.

(iii) The grantee shall account for any property acquired with HPG grant funds, or otherwise received from FmHA or its successor agency under Public Law 103-354.

(iv) After the grant closeout, FmHA or its successor agency under Public Law 103-354 retains the right to recover any disallowed costs which may be discovered as a result of an audit.

(b) When there is reasonable evidence that the grantee has failed to comply with the terms of this Agreement, the State Director can, on reasonable notice, suspend the grant pending corrective action or terminate the grant pursuant to paragraph (c) below. In such instances, FmHA or its successor agency under Public Law 103-354 may reimburse the grantee for eligible costs incurred prior to the effective date of the suspension or termination and may allow all necessary and proper costs which the grantee could not reasonably avoid. FmHA or its successor agency under Public Law 103-354 will withhold further advances and grantees are prohibited from further obligating grant funds, pending corrective action.

(c) Grant termination will be based on the following:

(i) *Termination for cause.* This grant may be terminated in whole or in part at any time before the date of completion, whenever FmHA or its successor agency under Public Law 103-354 determines that the grantee has failed to comply with the terms of this Agreement. The reasons for termination may include, but are not limited to, such problems as:

(A) Failure to make reasonable and satisfactory progress in attaining grant objectives.

(B) Failure of grantee to use grant funds only for authorized purposes.

(C) Failure of grantee to submit adequate and timely reports of its operation.

(D) Violation of any of the provisions of any laws administered by FmHA or its successor agency under Public Law 103-354 or any regulation issued thereunder.

(E) Violation of any nondiscrimination or equal opportunity requirement administered by FmHA or its successor agency under Public Law 103-354 in connection with any FmHA or its successor agency under Public Law 103-354 programs.

(F) Failure to maintain an accounting system acceptable to FmHA or its successor agency under Public Law 103-354.

(i) *Termination for convenience.* FmHA or its successor agency under Public Law 103-354 or the grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in case of partial termination, the portion to be terminated.

(d) FmHA or its successor agency under Public Law 103-354 shall notify the grantee in writing of the determination and the reasons for and the effective date of the suspension or termination. Except for termination convenience, grantees have the opportunity to appeal a suspension or termination under FmHA or its successor agency under Public Law 103-354's appeal procedure, subpart B of part 1900 of this chapter.

19. Upon any default under its representatives or agreements set forth in this instrument, the grantee, at the option and demand of FmHA or its successor agency under Public Law 103-354, will, to the extent legally permissible, repay to FmHA or its successor agency under Public Law 103-354 forthwith the grant funds received with interest at the rate of five per centum per annum from the date of the default. The provisions of this Grant Agreement may be enforced by FmHA or its successor agency under Public Law 103-354, at its option and without regard to prior waivers by it or previous defaults of the grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State Courts, as may be deemed necessary by FmHA or its successor agency under Public Law 103-354 to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

20. Extension of this Grant Agreement and/or modifications of the Statement of Activities may be approved by FmHA or its successor agency under Public Law 103-354 provided, in its opinion, the extension and/or modification is justified and there is a likelihood that the grantee can accomplish the

goals set out and approved in the Statement of Activities during the period of the extension and/or modifications as specified in § 1944.684 of this subpart.

PART C—GRANTEE AGREES

1. To comply with property management standards for expendable and nonexpendable personal property established by Attachment N of OMB Circular A-102 or Attachment N of OMB Circular A-110 for State and local governments or nonprofit organizations respectively. *Personal property* means property of any kind except real property. It may be tangible—having physical existence—or intangible—having no physical existence, such as patents, inventions, and copyrights. *Non-expendable personal property* means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit. A grantee may use its own definitions of nonexpendable personal property provided that such definition would at least include all tangible personal property as defined above. *Expendable personal property* refers to all tangible personal property other than nonexpendable personal property. When nonexpendable tangible personal property is acquired by a grantee with project funds, title shall not be taken by the Federal Government but shall vest in the grantee subject to the following conditions:

(a) Right to transfer title. For items of nonexpendable personal property having a unit acquisition cost of \$1,000 or more, FmHA or its successor agency under Public Law 103-354 may reserve the right to transfer title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

(i) The property shall be appropriately identified in the grant or otherwise made known to the grantee in writing.

(ii) FmHA or its successor agency under Public Law 103-354 shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If FmHA or its successor agency under Public Law 103-354 fails to issue disposition instructions within the 120 calendar day period, the grantee shall apply the standards of paragraph 1(c) below.

(iii) When FmHA or its successor agency under Public Law 103-354 exercises its right to take title, the personal property shall be subject to the provisions for federally owned nonexpendable property discussed in paragraph 1(a)(iv) below.

(iv) When title is transferred either to the Federal Government or to a third party and the grantee is instructed to ship the property elsewhere, the grantee shall be reimbursed by the benefitting Federal agency with an amount which is computed by applying the percentage of the grantee participa-

tion in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(b) Use of other tangible nonexpendable property for which the grantee has title.

(i) The grantee shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When it is no longer needed for the original project or program, the grantee shall use the property in connection with its other federally sponsored activities, in the following order of priority:

(A) Activities sponsored by FmHA or its successor agency under Public Law 103-354.

(B) Activities sponsored by other Federal agencies.

(ii) Shared use. During the time that non-expendable personal property is held for use on the project or program for which it was acquired, the grantee shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by FmHA or its successor agency under Public Law 103-354; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by FmHA or its successor agency under Public Law 103-354. User charges should be considered if appropriate.

(c) Disposition of other nonexpendable property. When the grantee no longer needs the property, the property may be used for other activities in accordance with the following standards:

(i) Nonexpendable property with a unit acquisition cost of less than \$1,000. The grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(ii) Nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The grantee may retain the property for other use provided that compensation is made to FmHA or its successor agency under Public Law 103-354 or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the grantee has no need for the property and the property has further use value, the grantee shall request disposition instructions from the original Grantor agency. FmHA or its successor agency under Public Law 103-354 shall determine whether the property can be used to meet the agency's



requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR) to the General Services Administration by FmHA or its successor agency under Public Law 103-354 to determine whether a requirement for the property exists in other Federal agencies. FmHA or its successor agency under Public Law 103-354 shall issue instructions to the grantee no later than 120 calendar days after the grantee request and the following procedures shall govern:

(A) If so instructed or if disposition instructions are not issued within 120 calendar days after the grantee's request, the grantee shall sell the property and reimburse FmHA or its successor agency under Public Law 103-354 an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the grantee shall be permitted to deduct and retain from the Federal shares \$100 or ten percent of the proceeds, whichever is greater, for the grantee's selling and handling expenses.

(B) If the grantee is instructed to dispose of the property other than as described in paragraph 1(a)(iv) above, the grantee shall be reimbursed by FmHA or its successor agency under Public Law 103-354 for such costs incurred in its disposition.

(C) The grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and shall include:

(a) A description of the property.

(b) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(c) Sources of the property including grant or other agreement number.

(d) Whether title vests in the grantee or the Federal Government.

(e) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

(f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government).

(g) Location, use, and condition of the property and the date the information was reported.

(h) Unit acquisition cost.

(i) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value when a grantee compensates the Federal agency for its share.

(2) Property owned by the Federal Government must be marked to indicate Federal ownership.

(3) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The grantee shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

(4) A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the grantee shall promptly notify FmHA or its successor agency under Public Law 103-354.

(5) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(6) When the grantee is authorized or required to sell the property, proper sales procedures shall be established which will provide for competition to the extent practicable and result in the highest possible return.

(7) Expendable personal property shall vest in the grantee upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the grantee shall retain the property for use on nonfederally sponsored activities, or sell it, but must in either case compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

2. To provide a financial management system which will include:

(a) Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

(b) Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

(c) Effecting control over and accountability for all funds, property, and other assets. Grantee shall adequately safeguard all such assets and shall assure that they are solely for authorized purposes.

(d) Accounting records supported by source documentation.

3. To retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after the submission of the final Project Performance report pursuant to part B (10)(c) of this Agreement except in the following situations:

(a) If any litigation, claim, audit, or investigation is commenced before the expiration of the three year period, the records shall be retained until all litigations, claims, audit or investigation findings involving the records have been resolved.

(b) Records for nonexpendable property acquired by FmHA or its successor agency under Public Law 103-354, the three year retention requirement is not applicable.

(c) When records are transferred to or maintained by FmHA or its successor agency under Public Law 103-354, the three year retention requirement is not applicable.

Microfilm copies may be substituted in lieu of original records. FmHA or its successor agency under Public Law 103-354 and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the grantee which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts, and transcripts.

4. To provide information as requested by FmHA or its successor agency under Public Law 103-354 concerning the grantee's actions in soliciting citizen participation in the application process, including published notice of public meetings, actual public meetings held, and content of written comments received.

5. Not to encumber, transfer, or dispose of the property or any part thereof, furnished by FmHA or its successor agency under Public Law 103-354 or acquired wholly or in part with HPG funds without the written consent of FmHA or its successor agency under Public Law 103-354 except as provided in part C 1 of this Agreement.

6. To provide FmHA or its successor agency under Public Law 103-354 with such periodic reports of grantee operations as may be required by authorized representatives of FmHA or its successor agency under Public Law 103-354.

7. To execute Form FmHA or its successor agency under Public Law 103-354 400-1, and to execute any other agreements required by FmHA or its successor agency under Public Law 103-354 to implement the civil rights requirements.

8. To include in all contracts in excess of \$100,000 a provision for compliance with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, 42 U.S.C. 1875C-9 as amended. Violations shall be reported to FmHA or its successor agency under Public Law 103-354 and the Regional

Office of the Environmental Protection Agency.

9. That no member of Congress shall be admitted to any share or part of this grant or any benefit that may arise therefrom, but this provision shall not be construed to bar as a contractor under the grant a publicly held corporation whose ownership might include a member of Congress.

10. That all nonconfidential information resulting from its activities shall be made available to the general public on an equal basis.

11. That the purpose for which this grant is made may complement, but shall not duplicate programs for which monies have been received, are committed, or are applied for from other sources, public and private.

12. That the grantee shall relinquish any and all copyrights and/or privileges to the materials developed under this grant, such material being the sole property of the Federal Government. In the event anything developed under this grant is published in whole or in part, the material shall contain notice and be identified by language to the following effect: "The material is the result of tax-supported research and as such is not copyrightable. It may be freely reprinted with the customary crediting of the source."

(13) That the grantee shall abide by the policies promulgated in OMB Circular A-102, Attachment O, or OMB Circular A-110, Attachment O, as applicable, which provides standards for use by Grantees in establishing procedures for the procurement of supplies, equipment, and other services with Federal grant funds.

14. That it is understood and agreed that any assistance granted under this Agreement will be administered subject to the limitations of Title V of the Housing Act of 1949 as amended, 42 U.S.C. 1471 *et seq.*, and related regulations, and that all rights granted to FmHA or its successor agency under Public Law 103-354 herein or elsewhere may be exercised by it in its sole discretion to carry out the purposes of the assistance, and project FmHA or its successor agency under Public Law 103-354's financial interest.

15. That it will adopt a Standard of Conduct that provides that, if an employee, officer, or agent of the grantee, or such person's immediate family members conducts business with the grantee, the grantee must not:

(a) Participate in the selection, award, or administration of a contract to such persons for which Federal funds are used;

(b) Knowingly permit the award or administration of the contract to be delivered to such persons or other immediate family members or to any entity (*i.e.*, partnerships, corporation, etc.) in which such persons or their immediate family members have an ownership interest; or

(c) Permit such person to solicit or accept gratuities, favors or anything of monetary

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value from landlords or developers of rental or ownership housing projects or any other person receiving HPG assistance.

**PART D—FMHA OR ITS SUCCESSOR AGENCY UNDER PUBLIC LAW 103-354 AGREES**

1. That it may assist grantee, within available appropriations, with such technical and management assistance as needed in coordinating the Statement of Activities with local officials, comprehensive plans, and any State or area plans for improving housing for very low- and low-income households in the area in which the project is located.

2. That at its sole discretion, FmHA or its successor agency under Public Law 103-354 may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (a) advisable to further the purposes of the grant or to protect FmHA or its successor agency under Public Law 103-354's financial interests therein, and (b) consistent with the statutory purposes of the grant and the limitations of the statutory authority under which it is made and FmHA or its successor agency under Public Law 103-354 regulations.

This Agreement is subject to current FmHA or its successor agency under Public Law 103-354 regulations and any future regulations not inconsistent with the express terms hereof. Grantee has caused this Agreement to be executed by its duly authorized \_\_\_\_\_, properly attested to and its corporate seal affixed by its duly authorized \_\_\_\_\_.

Attest:  
Grantee:  
By \_\_\_\_\_  
(Title) \_\_\_\_\_

United States Of America Farmers Home Administration or its successor agency under Public Law 103-354:

By \_\_\_\_\_  
(Title) \_\_\_\_\_

Date of Execution of Grant Agreement by FmHA or its successor agency under Public Law 103-354: \_\_\_\_\_

Attached Statement of Activities Is Made Part of This Agreement.

**EXHIBIT B TO SUBPART N OF PART 1944—AMENDMENT TO HOUSING PRESERVATION GRANT AGREEMENT**

This Amendment between \_\_\_\_\_ herein called "Grantee," and the United States of America acting through the Farmers Home Administration, Department of Agriculture, herein called "FmHA," or its successor agency under Public Law 103-354 hereby amends the Housing Preservation Grant Agreement executed by said parties on \_\_\_\_\_, 19\_\_\_\_, hereinafter called the "Agreement."

Said Agreement is amended by extending the Agreement to \_\_\_\_\_, 19\_\_\_\_, and/or by making the following changes noted in the attachments hereto: (List and identify proposal and any other documents pertinent to the grant which are attached to the Amendment.)

Grantee has caused this Agreement to be executed by its duly authorized \_\_\_\_\_, properly attested to and its corporate seal affixed by its duly authorized \_\_\_\_\_.

Attest:  
Grantee:  
By \_\_\_\_\_  
(Title) \_\_\_\_\_

United States Of America Farmers Home Administration or its successor agency under Public Law 103-354.

By \_\_\_\_\_  
(Title) \_\_\_\_\_

Date of Execution of Amendment to Grant Agreement by FmHA or its successor agency under Public Law 103-354: \_\_\_\_\_.

**EXHIBIT C TO SUBPART N OF PART 1944 [RESERVED]**

**EXHIBIT D TO SUBPART N OF PART 1944—PROJECT SELECTION CRITERIA—OUTLINE RATING FORM**

Applicant \_\_\_\_\_ Name \_\_\_\_\_  
Applicant \_\_\_\_\_ Address \_\_\_\_\_

Application received on \_\_\_\_\_.  
State \_\_\_\_\_ District Office \_\_\_\_\_.

**Threshold Criteria**

Applicant must meet the following:

- 1. Proposes a financially feasible HPG program ... yes— no\_\_
- 2. Serves an eligible rural area ..... yes— no\_\_
- 3. Is an eligible HPG grantee ..... yes— no\_\_
- 4. Has met consultation and public comment rules ..... yes— no—

If answer to any of the above is "no", application is rejected and applicant so notified.

**Selection Criteria:**

Select the appropriate rating:

1. Points awarded based on the percentage of very-low income homeowners or families the applicant proposes to assist, using the following scale \_\_\_\_\_:

- (a) More than 80%: 20 points.
- (b) 61% to 80%: 15 points.
- (c) 41% to 60%: 10 points.

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- (d) 20% to 40%: 5 points.
- (e) Less than 20%: 0 points.
- 2. Points awarded based on the applicant's percentage of use of HPG funds to total cost of unit preservation. This percentage reflects maximum rehabilitation with the least possible HPG funds due to leveraging, innovative financial assistance, or other specified approaches. Points are based on the following percentage of HPG funds to total funds \_\_\_\_\_:
  - (a) 50% or less: 20 points.
  - (b) 51% to 65%: 15 points.
  - (c) 66% to 80%: 10 points.
  - (d) 81% to 95%: 5 points.
  - (e) 96% to 100%: 0 points.
- 3. The applicant has demonstrated its administrative capacity in assisting very low- and low-income families obtain adequate housing based on the following:
  - (a) The organization or a member of its staff has at least one or more years experience successfully managing and operating a rehabilitation or weatherization type program \_\_\_\_\_:
    - Yes—10 points.
    - No—0 points.
  - (b) The organization or a member of its staff has at least one or more years experience successfully managing and operating a program assisting very low- and low-income families obtain housing assistance \_\_\_\_\_:
    - Yes—10 points.
    - No—0 points.
  - (c) If the organization has administered grant programs, there are no outstanding or unresolved audit or investigative findings which might impair carrying out the proposal \_\_\_\_\_:
    - No findings: 10 points.
    - Outstanding findings: 0 points.
- 4. The proposed program will be undertaken *entirely* in rural areas outside Metropolitan Statistical Areas (MSAs) identified by FmHA or its successor agency under Public Law 103-354 as having populations below 10,000 or in remote parts of other rural areas (*i.e.*, rural areas contained in MSAs with less than 5,000 population) \_\_\_\_\_:
  - Non-MSA area below 10,000 pop.: 10 points.
  - MSA area below 5,000 pop.: 10 points.
  - Neither: 0 points.
- 5. The program will use less than 20 percent of HPG funds for administration \_\_\_\_\_:
  - Less than 20%: 5 points.
  - 20%: 0 points.
- 6. The proposed program contains a component for alleviating overcrowding \_\_\_\_\_:
  - Has component: 5 points.
  - No component: 0 points.
- 7. The applicant is an existing grantee and meets the conditions of §1944.686 of this subpart for additional points \_\_\_\_\_:
  - Meets conditions: 10 points.
  - Doesn't meet conditions: 0 points.
  - Total Points \_\_\_\_\_:

Ranking of This Applicant \_\_\_\_\_  
 [58 FR 21894, Apr. 26, 1993, as amended at 73 FR 36269, June 26, 2008; 79 FR 76011, Dec. 19, 2014]

**EXHIBIT E TO SUBPART N OF PART 1944—  
 GUIDE FOR QUARTERLY PERFORMANCE REPORT**

Grantee name: \_\_\_\_\_  
 Grantee address: \_\_\_\_\_  
 Grant quarter: \_\_\_\_\_

Report Period: From: \_\_\_\_\_ To: \_\_\_\_\_

**I. General Information on Use of HPG Funds During Period:**

**A. Use of Administrative Funds:**  
 Budgeted Amount .....\$ \_\_\_\_\_  
 Expended Thru Last Quarter ..... \_\_\_\_\_  
 Direct Cost:  
 Personnel .....\$ \_\_\_\_\_  
 Supplies & Equip ..... \_\_\_\_\_  
 Travel ..... \_\_\_\_\_  
 Indirect Costs:  
 ( \_\_\_\_\_ % Rate)..... \_\_\_\_\_  
 This Quarter Total ..... \_\_\_\_\_

**B. Use of Program Funds:**  
 Budgeted Amount ..... \_\_\_\_\_  
 Expended Thru Last Quarter ..... \_\_\_\_\_  
 Loans .....No. \_\_\_\_\_ \$ \_\_\_\_\_  
 Grants .....No. \_\_\_\_\_  
 Other subsidies  
 (describe briefly) .....No. \_\_\_\_\_  
 This Quarter Total ..... \_\_\_\_\_

**II. Description of recipients provided assistance during report period: (Attach breakdown for each HPG recipient on separate page including name, address, income, size, race, housing preservation activities, and type of assistance received):**

Number of low-income homeowners assisted ..... \_\_\_\_\_  
 Number of very low-income homeowners assisted ..... \_\_\_\_\_  
 Total number of homeowners assisted ..... \_\_\_\_\_

**Racial composition:**  
 White ..... \_\_\_\_\_  
 Black ..... \_\_\_\_\_  
 Hispanic ..... \_\_\_\_\_  
 Am. Indian ..... \_\_\_\_\_  
 Other ..... \_\_\_\_\_

**III. Description of types of housing preservation provided:**

Item	Housing preservation activity		Financial assistance		Total
	Cost of materials/labor	HPG	Other	HPG	

**IV. Objectives for next period:**  
 Loans .....No. \_\_\_\_\_ \$ \_\_\_\_\_  
 Grants .....No. \_\_\_\_\_ \$ \_\_\_\_\_  
 Other subsidy .....No. \_\_\_\_\_ \$ \_\_\_\_\_

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Totals .....No. \_\_\_\_\_ \$ \_\_\_\_\_

V. Project summary:

	No. home-owners	HPG funds	Other
Assistance objectives of project .....		\$ _____	\$ _____
Assistance to date .....		_____	_____
Assistance during next period .....		_____	_____
Average amount of HPG assistance.			
Per unit provided (program to date) (per unit)	\$ _____		

- VI. Narrative:  
 A. Significant accomplishments.  
 B. Problem areas.  
 C. Proposed changes/assistance needed, etc.  
 D. Status of implementing environmental and historic preservation requirements. Include number of historic properties assisted.

**PART 1946 [RESERVED]**

**PART 1948—RURAL DEVELOPMENT**

**Subpart A [Reserved]**

**Subpart B—Section 601 Energy Impacted Area Development Assistance Program**

- Sec.  
 1948.51 General.  
 1948.52 Objectives.  
 1948.53 Definitions.  
 1948.54 Eligible applicants.  
 1948.55 Source of funds.  
 1948.56 Program purposes.  
 1948.57 Eligible activities.  
 1948.58 [Reserved]  
 1948.59 Ineligible activities.  
 1948.60 Delegation and redelegation of authority.  
 1948.61 State supplements and guides.  
 1948.62 Environmental impact requirements.  
 1948.63 Historic preservation requirements.  
 1948.64 Equal opportunity requirements.  
 1948.65 Relocation Act requirements.  
 1948.66 [Reserved]  
 1948.67 Procedure for designation.  
 1948.68 Criteria for designation.  
 1948.69 [Reserved]  
 1948.70 Designation approval.  
 1948.71 [Reserved]  
 1948.72 Industry reports.  
 1948.73–1948.77 [Reserved]  
 1948.78 Growth management and housing planning projects.  
 1948.79 Application procedure for planning grants.  
 1948.80 Planning grant selection criteria.

- 1948.81 State Investment Strategy for Energy Impacted Areas.  
 1948.82 Plan and State Investment Strategy approval procedure.  
 1948.83 Performance of site development work.  
 1948.84 Application procedure for site development and acquisition grants.  
 1948.85 [Reserved]  
 1948.86 Site development and acquisition grant selection criteria.  
 1948.87 [Reserved]  
 1948.88 Direct land acquisition by Rural Development.  
 1948.89 Land condemnation by Rural Development.  
 1948.90 Land transfers.  
 1948.91 Inspections of development.  
 1948.92 Grant approval and fund obligation.  
 1948.93 Appeal procedure.  
 1948.94 Reporting requirements.  
 1948.95 Grant monitoring.  
 1948.96 Audit requirements.  
 1948.97 Grant closing and fund disbursement.  
 1948.98 Grant agreements.  
 1948.99–1948.100 [Reserved]

EXHIBIT A TO SUBPART B OF PART 1948—GRANT AGREEMENT—GROWTH MANAGEMENT AND HOUSING PLANNING FOR APPROVED DESIGNATED ENERGY IMPACTED AREAS

EXHIBIT B TO SUBPART B OF PART 1948—GRANT AGREEMENT (PUBLIC BODIES) FOR SITE DEVELOPMENT AND/OR SITE ACQUISITION FOR HOUSING AND/OR PUBLIC FACILITIES AND/OR SERVICES

**Subpart C [Reserved]**

AUTHORITY: 5 U.S.C. 301, 7 U.S.C. 1932 note.  
 EDITORIAL NOTE: Nomenclature changes to part 1948 appear at 80 FR 9888, Feb. 24, 2015.

**Subpart A [Reserved]**

**Subpart B—Section 601 Energy Impacted Area Development Assistance Program**

AUTHORITY: Sec. 601, Pub. L. 95-620, delegation of authority by the Sec. of Agri., 7 CFR 2.23; delegation of authority by the Asst. Sec. for Rural Development, 7 CFR 2.70.

SOURCE: 44 FR 35984, June 19, 1979, unless otherwise noted.

**§ 1948.51 General.**

This subpart sets forth policies and procedures for designation, approval of designation, and making grants for assistance to areas impacted by increased