

**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 HPO 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		

**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