

TITLE 7 - AGRICULTURE  
CHAPTER XVIII - RURAL DEVELOPMENT, DEPARTMENT OF AGRICULTURE

SUBCHAPTER H - PROGRAM REGULATIONS

PART 1944 - HOUSING

SUBPART K - TECHNICAL AND SUPERVISORY ASSISTANCE GRANTS

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PART 1944 - HOUSING

Subpart K - Technical and Supervisory Assistance Grants

§ 1944.501 General.

This Subpart sets forth the policies and procedures for making grants under Section 525 (a) of the Housing Act of 1949, 42 U.S.C. 1490e(a), to provide funds to eligible applicants to conduct programs of technical and supervisory assistance (TSA) for low-income rural residents to obtain and/or maintain occupancy of adequate housing. Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to Farmers Home Administration (Rural Development) employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of Subpart D of Part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an Rural Development employee. This financial assistance may pay part or all of the cost of developing, conducting, administering, or coordinating effective and comprehensive programs of technical and supervisory assistance which will aid needy low-income individuals and families in benefiting from federal, state, and local programs in rural areas. Rural Development will provide technical and supervisory grant assistance to applicants without discrimination because of race, color, religion, sex, national origin, age, marital status, or physical or mental handicap. (Revised 02-04-93, SPECIAL PN.)

§ 1944.502 Policy.

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

- (1) Provide homeownership and financial counseling to reduce both the potential for delinquency by loan applicants and the level of payment delinquency by present Rural Development housing loan borrowers; and
- (2) Facilitate the delivery of housing programs to serve the most needy low-income families in rural areas of greatest need for housing.

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

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

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Loan and Grant Making  
Housing

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

§ 1944.503 Objectives.

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

§§ 1944.504 - 1944.505 [Reserved]

§ 1944.506 Definitions.

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

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

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

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

(d) Low-income family. Any household, including those with one member, whose adjusted annual income, computed in accordance with 7 CFR part 3550, subpart B, does not exceed the maximum low-income limits specified in Appendix 9 of HB-1-3550. (available in any Rural Development Office). (Revised 01-23-03, SPECIAL PN.)

(e) Organization.

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

## § 1944.506(e) (2) (Con.)

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

(f) Rural area. The definition in 7 CFR part 3550 applies. (Revised 01-23-03, SPECIAL PN.)

(g) Sponsored applicant. An eligible applicant which has a commitment of financial and/or technical assistance to apply for the TSA program and to implement such a program from a state, count, municipality, or other governmental entity or public body.

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

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

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

(ii) Monitoring payment of taxes and insurance;

(iii) Home maintenance and management; and

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

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

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

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

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

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

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

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

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

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

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

§§ 1944.507 - 1944.509 [Reserved]

§ 1944.510 Applicant eligibility.

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

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

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

- (1) Have necessary background and experience with proven ability to perform responsibly in the field of low-income rural housing development and counseling, or other business management or administrative experience which indicates an ability to provide responsible technical and supervisory assistance; or
  - (2) Be assisted by an organization which has such background experience and ability and which agrees in writing that it will provide, without charge, the assistance the applicant will need to carry out its responsibilities.
- (c) Legally obligate itself to administer TSA funds, provide an adequate accounting of the expenditure of such funds, and comply with the grant agreement and Rural Development regulations;
- (d) Demonstrate an understanding of the needs of low-income rural families;
- (e) Have the ability and willingness to work within established guidelines; and
- (f) If the applicant is engaged in or plans to become engaged in any other activities, it must be able to provide sufficient evidence and documentation that it has adequate resources, including financial resources, to carry on any other programs or activities to which it is committed without jeopardizing the success and effectiveness of its TSA project.

§1944.511 [Reserved]

§1944.512 Authorized representative of the applicant.

Rural Development will deal only with authorized representatives designated by the applicant. The authorized representatives must have no pecuniary interest in any of the following as they would relate in any way to the TSA grant: the award of any engineering, architectural, management, administration, or construction contracts; purchase of the furnishings, fixtures or equipment; or purchase and/or development of land. Note: (Rural Development has designated the District Office as the primary point of contact for all matters relating to the TSA program and as the office responsible for the administration of approved TSA projects.)

§1944.513 [Reserved]

§1944.514 Comprehensive TSA Grant Projects.

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

(b) Consideration of the following items may assist applicants develop TSA projects which meet the needs of low-income families in the proposed TSA service area: present population distribution, projected population growth or decline, the amount of inadequate housing, economic conditions, and trends of the rural areas concerned, and any other factors affecting the quantity and quality of housing currently available or planned for the area. Consideration must also be given to the needs and desires of the community; the financial and social condition of the individuals within the community; the needs of areas with a concentration of low-income minority families and the needs of Rural Development borrowers who are delinquent in their housing loan payments; the availability of supporting services such as water, sewerage, health and educational facilities, transportation, recreational and community facilities, and the types of housing facilities and services presently available or planned to which the low-income families have or will have ready access.

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

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

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

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



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

§1944.515 [Reserved]

§1944.516 Grant purposes.

Grant funds are to be used for a housing delivery system and counseling program to include a comprehensive program of technical and supervisory assistance as set forth in the grant agreement and any other special conditions as required by Rural Development. Uses of grant funds may include, but are not limited to:

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

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

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

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

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

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

§1944.517 [Reserved]

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§1944.518 (Con.)

§1944.518 Term of grant.

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

§1944.519 [Reserved]

§1944.520 Ineligible activities.

(a) Grant funds may not be used for:

- (1) Acquisition, construction, repair, or rehabilitation of structures or acquisition of land, vehicles, or equipment.
- (2) Replacement of or substitution for any financial support which would be available from any other source.
- (3) Duplication of current services in conflict with the requirements of §1944.514 (c) of this Subpart.
- (4) Hiring personnel to perform construction.
- (5) Buying property of any kind from families receiving technical or supervisory assistance from the grantee under the terms of the TSA grant.
- (6) Paying for or reimbursing the grantee for any expenses or debts incurred before Rural Development executes the grant agreement.
- (7) Paying any debts, expenses, or costs which should be the responsibility of the individual families receiving technical and supervisory assistance.
- (8) Any type of political activities.
- (9) Other costs including contributions and donations, entertainment, fines and penalties, interest and other financial costs, legislative expenses and any excess of cost from other grant agreements.

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

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

§1944.521 [Reserved]

§1944.522 Equal opportunity requirements.

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

§1944.523 Other administrative requirements.

The policies of 7 CFR part 1970 apply to grants made under this subpart regarding historic properties and environmental compliance. (Revised 04-01-16, SPECIAL PN.)

§1944.524 [Reserved]

§1944.525 Targeting of TSA funds to States.

(a) The Administrator will determine, based on the most current available information (generally that information used to determine the allocation to States of Rural Development housing loan funds), those States with the highest degree of substandard housing and persons in poverty in rural areas eligible to receive Rural Development housing assistance. The Administrator will distribute a portion of the available funds for TSA to these States, leaving the balance available for national competition.

(b) The Administrator will provide annual notice through a published Notice on the distribution of appropriated TSA funds, the number of preapplications to be submitted to the National Office from the State Offices, and the maximum grant amount per project.

§1944.526 Preapplication procedure.

(a) Preapplication submission.

(1) All applicants will file an original and two copies of SF 424.1, "Application for Federal Assistance (For Non-construction)," and supporting information detailed below with the appropriate District Office serving the proposed TSA area. A preapplication packet including SF 424.1 is available in all District and State Offices. (Revised 4-11-90, SPECIAL PN.)

(i) The applicant will provide informational copies of the preapplication to the County Supervisor(s) of the area to be served to the TSA project at the time of submittal to the appropriate District Office.

(ii) If the TSA area encompasses more than one District Office, the preapplication will be filed at the District Office which serves the area in which the grantee will provide the greatest amount of TSA efforts. Additional informational copies of the preapplication will be sent by the applicant to the other affected District Office(s).

(2) All preapplications shall be accompanied by the following information which will be used to determine the applicant's eligibility to undertake a TSA program and to determine whether the applicant might be funded.

(i) A narrative presentation of the applicant's proposed TSA program, including:

- (A) The technical and supervisory assistance to be provided;
- (B) The time schedule for implementing the program;
- (C) The staffing pattern to execute the program and salary range for each position, existing and proposed;
- (D) The estimated number of low-income and low-income minority families the applicant will assist in obtaining affordable adequate housing;
- (E) The estimated number of Rural Development borrowers who are delinquent or being foreclosed that the applicant will assist in resolving their financial problems relating to their delinquency;
- (F) The estimated number of households which will be assisted in obtaining adequate housing in the TSA area through new construction and/or rehabilitation;
- (G) Annual estimated budget for each of the two years based on the financial needs to accomplish the objectives outlined in the proposal. The budget should include proposed direct and indirect costs for personnel, fringe benefits, travel, equipment, supplies, contracts, and other costs categories, detailing those costs for which the grantee proposes to use the TSA grant separately from non-TSA resources, if any;
- (H) The accounting system to be used;
- (I) The method of evaluation proposed to be used by the applicant to determine the effectiveness of its program;
- (J) The sources and estimated amounts of other financial resources to be obtained and used by the applicant for both TSA activities and housing development and/or supporting facilities; and
- (K) Any other information necessary to explain the manner of delivering the TSA assistance proposed.

(ii) Complete information about the applicant's previous experience and capacity to carry out the objectives of the proposed TSA program;

(iii) Evidence of the applicant's legal existence, including, in the case of a private nonprofit organization, a copy of, or an accurate reference to, the specific provisions of State law under which the applicant is organized; a certified copy of the applicant's Articles of Incorporation and Bylaws or other evidence of corporate existence; certificate of incorporation for other than public bodies; evidence of good standing from the State when the corporation has been in existence one year or more; the names and addresses of the applicant's members, directors, and officers; and, if another organization is a member of the applicant-organization, its name, address, and principal business.

(iv) For a private nonprofit entity, a current financial statement dated and signed by an authorized officer of the entity showing the amounts and specific nature of assets and liabilities together with information on the repayment schedule and status of any debt(s) owed by the applicant. If the applicant is an organization being assisted by another private nonprofit organization, the same type of financial statement should also be provided by that organization.

(v) A brief narrative statement which includes information about the area to be served and the need for improved housing (including both percentage and actual number of both low-income and low-income minority families and substandard housing), the need for the type of technical and supervisory assistance being proposed, the method of evaluation to be used by the applicant in determining the effectiveness of its efforts (as related to paragraph (a)(2)(i) of this section), and any other information necessary to specifically address the selection criteria in §1944.529 of this Subpart.

(vi) A list of other activities the applicant is engaged in and expects to continue and a statement as to any other funding and whether it will have sufficient funds to assure continued operation of the other activities for at least the period of the TSA grant agreement.

(3) An applicant should submit written statements from the county, parish, or township governments of the area affected that the project is beneficial and does not duplicate current activities. If the local governmental units will not provide such statements, the applicant will prepare and include with its preapplication a summary of its analysis of alternatives considered under §1944.514 (c) of this Subpart. However, Indian nonprofit organization applicants should obtain the written concurrence of the Tribal governing body in lieu of the concurrence of the county governments.

(4) Sponsored applicants should submit a written commitment for financial and/or technical assistance from their sponsoring entity.

(5) Environmental review documentation in accordance with 7 CFR part 1970. (Revised 04-01-16, SPECIAL PN.)

(b) District Office processing of preapplications.

(1) The District Director with whom the preapplication is filed will review the preapplication, SF 424.1, and any other supporting information from the applicant. The District Director will also:  
(Revised

(i) Complete any required environmental review documentation in accordance with 7 CFR part 1970, and attach to the application. (Revised 04-01-16, SPECIAL PN.)

(ii) Complete an historical and archaeological review in accordance with 7 CFR part 1970, and attach to the application. (Revised 04-01-16, SPECIAL PN.)

(2) All District Directors and County Supervisors receiving informational copies of the preapplication should submit their comments within five working days to the District Director with whom the preapplication is filed.

(3) The original and one copy of the preapplication, together with the District Director's written comments and recommendations, reflecting the criteria used in §1944.529 and Exhibit C of this Subpart, will be forwarded to the State Director within ten working days of receipt of the preapplication.

(c) State Office processing of preapplications.

(1) Upon receipt of a preapplication, the State Office will review and evaluate the preapplication and accompanying documents in accordance with the project selection criteria of §1944.529 and Exhibit B of this Subpart. The State Office will also:

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§1944.526 (c) (Con.)

(i) Make a determination regarding the appropriate level of environmental review in accordance with 7 CFR part 1970. (Revised 04-01-16, SPECIAL PN.)

(ii) Complete an historical and archaeological review in accordance with 7 CFR part 1970, and attach to the application. (Revised 04-01-16, SPECIAL PN.)

(2) Within 30 days of the closing date for receipt of preapplications as published in the Federal Register, the State Director will forward to the National Office the original preapplication(s) and supporting documents of the selected applicant(s), including any comments received in accordance with 7 CFR Part 3015, Intergovernmental Review of Agriculture Programs and Activities." See RD Instruction 1970-I available in any Rural Development Office and the comments and recommendations of the County Office(s), District Office(s), and the State Office. The State Office will submit the preapplication(s) in accordance with the annual notice provided for by §1944.525 (b) of this Subpart. (Revised 01-18-12, SPECIAL PN.)

(3) Concurrently the State Office will send a copy of the selected applicant's SF 424.1 and relevant documents to the Regional Office of the General Counsel (OGC) requesting a legal determination be made of the applicant's legal existence and authority to conduct the proposed program of technical and supervisory assistance. (Revised 4-11-90, SPECIAL PN.)

(4) The State Office will notify other applicants that their preapplications were not selected and advise them of their appeal rights under Subpart B of Part 1900 of this Chapter.

(d) National Office processing of preapplications.

(1) Preapplication for this program from those States targeted under §1944.255 of this Subpart will be reviewed by the National Office for completeness and compliance with this Subpart. If a grant is recommended, the National Office will return the preapplication(s) with any comments and recommendations to the State Office and advise that office to proceed with the issuance of Form AD-622, "Notice of Preapplication Review Action," and to request the applicant to prepare SF 424.1 for submission to the District Office. If a grant is not recommended, the National office will advise the State Office of action to take. (Revised 4-11-90, SPECIAL PN.)

(2) Preapplications from States which are not targeted in accordance with §1944.525 of this Subpart will be reviewed for completeness and compliance with this Subpart and then evaluated in accordance with the project selection criteria of §1944.529. Those preapplications which are selected, and for which funds are available, will be returned to the appropriate State Office with any National Office comments



and recommendations. The State Office will be advised to proceed with the issuance of Form AD-622 and to request the applicant to prepare SF 424.1 for submission to the District Office as detailed in §1944.531 of this Subpart. (Revised 4-11-90, SPECIAL PN.)

(3) Those preapplications for which funds are not available will be returned to the appropriate State Office which will notify each applicant and advise the applicant of its appeal rights under Subpart B of Part 1900 of this Chapter.

(4) State Directors will be advised of the National Office's action on their selected preapplication within 30 days of receipt of all preapplications.

§1944.527 [Reserved]

§1944.528 Preapplication submission deadline. Dates governing the review and selection of TSA grant preapplications will be published annually in the Federal Register. Preapplications received after that time will not be considered for funding. For use of fiscal year 1979 funds, the deadline for submission of preapplications will be 45 calendar days from date of publication of final regulations.

§1944.529 Project selection.

(a) Projects must meet the following criteria:

(1) Provide a program of supervisory assistance as defined in §1944.506(h) of this Subpart, and

(2) Serve areas with a concentration of substandard housing and low-income and low-income minority households.

(b) In addition to the items listed in paragraph (a) of this section, the following criteria will be considered in the selection of grant recipients:

(1) The extent to which the project serves areas with concentrations of Rural Development single family housing loan borrowers who are delinquent in their housing loan payments and/or threatened with foreclosure.

(2) The capability and past performance demonstrated by the applicant in administering its programs.

(3) The effectiveness of the current efforts by the applicant to assist low-income families in obtaining adequate housing.

- (4) The extent to which the project will provide or increase the delivery of housing resources to low-income and low-income minority families in the area who are not currently occupying adequate housing.
- (5) The services the applicant will provide that are not presently available to assist low-income families in obtaining or maintaining occupancy of adequate housing and the extent of duplication of technical and supervisory assistance activities currently provided for low-income families.
- (6) The extent of citizen and local government participation and involvement in the development of the preapplication and project.
- (7) The extent of planned coordination with other Federal, State or local technical and/or supervisory assistance programs.
- (8) The extent to which the project will make use of other Financial and contribution-in-kind resources for both technical and supervisory assistance and housing development and supporting facilities.
- (9) Any comments received in accordance with 7 CFR Part 3015 Subpart V, "Intergovernmental Review of Department of Agriculture Programs and Activities." See RD Instruction 1970-I, available in any Rural Development Office. (Revised 01-18-12, SPECIAL PN.)
- (10) The extent to which the project will be cost effective, including but not limited to the ratio of personnel to be hired by the applicant to the cost of the project, the cost, both direct and indirect, per person benefiting from the project, and the expected benefits to low-income families from the project.
- (11) The extent to which the proposed staff and salary ranges, including qualifications, experience, proposed hiring schedule, and availability of any prospective employees, will meet the objectives of the proposed TSA program.
- (12) The anticipated capacity of the applicant to implement the proposed time schedule for starting and completing the TSA program and each phase thereof.
- (13) The adequacy of the records and practices, including personnel procedures and practices, that will be established and maintained by the applicant during the term of the agreement.

(c) Among the projects proposed by private nonprofit entities, preference will be given to sponsored applicants.

§1944.530 [Reserved]

§1944.531 Application submission.

(a) Upon notification that the applicant has been tentatively selected for funding, the State Office will forward to the applicant a signed Form AD-622 and provide SF 424.1 with instructions to the applicant for preparation of an application. (Revised 4-11-90, SPECIAL PN.)

(b) Upon receipt of Form AD-622, the applicant will submit an application in an original and 2 copies on SF 424.1, and provide whatever additional information is requested to the District Office within 30 days. (Revised 4-11-90, SPECIAL PN.)

(c) Upon receipt of an application on SF 424.1 by the District Office, a docket shall be assembled which will include the following:  
(Revised 4-11-90, SPECIAL PN.)

(1) SF 424.1 and the information submitted in accordance with §1944.526 (a) (2) of this Subpart. (Revised 4-11-90, SPECIAL PN.)

(2) Form AD-622.

(3) Any comments received in accordance with 7 CFR Part 3015 Subpart V, "Intergovernmental Review of Department of Agriculture Programs and Activities." See RD Instruction 1970-I, available in any Rural Development Office. (Revised 01-18-12, SPECIAL PN.)

(4) SF 424.1. (Revised 4-11-90, SPECIAL PN.)

(5) OGC legal determination made pursuant to §1944.526 (c) (3) of this Subpart.

(6) Grant Agreement.

(7) Form RD 440-1, "Request for Obligation of Funds."

(8) Form RD 400-1, "Equal Opportunity Agreement."

(9) Form RD 400-4, "Nondiscrimination Agreement."

(10) Environmental review documentation and historical and archaeological review in accordance with 7 CFR part 1970. (Revised 04-01-16, SPECIAL PN.)

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(11) The detailed budget for the agreement period based upon the needs outlined in the proposal and the comments and recommendations by Rural Development. (Renumbered 04-01-16, SPECIAL PN.)

§1944.532 [Reserved]

§1944.533 Grant approval and announcement.

Grant approval and announcement will be accomplished under the following procedure. The Administrator may modify this section if necessary to obligate funds in a timely and efficient manner.

(a) The District Office will review the docket to determine whether the application complies with these regulations and is consistent with the information and supporting documents submitted with the preapplication and any comments and recommendations of the State and National Offices.

(b) If major problems occur during the development of the docket, the District Office will call upon the State Office for assistance.

(c) If a grant is recommended, Form RD 1940-1 and the Grant Agreement will be prepared by the District Office and forwarded to the applicant for signature as authorized in its authorization resolution, Exhibit A, Grant Agreement, is a part of those regulations.  
(Revised 4-11-90, SPECIAL PN.)

(d) When Form RD 1940-1 and the Grant Agreement are received from the applicant and signed by the applicant, the docket will be forwarded to the State Director. (Revised 4-11-90, SPECIAL PN.)

(e) Exhibit A to RD Instruction 2015-C, will be prepared and sent to the Director of Information in the National Office. (Revised SP PN 7-1-83)

(f) If the State Director approves the project, the following actions will be taken in the order listed:

(1) The State Director, or the State Director's designee, will telephone the Finance Office Check Request Station requesting that grant funds for a particular project be obligated. Immediately after contacting the Finance Office, the requesting official will furnish the requesting office's security identification code. Failure to furnish the security code will result in the rejection of the request

information from Form RD 1940-1 will be furnished to the Finance Office. Upon receipt of the telephone request for obligation of funds, the Finance Office will record all information necessary to process the request for obligation in addition to the date and time of the request. (Revised 4-11-90, SPECIAL PN.)

(2) The individual making the request will record the date and the of the request and sign Section 37 of Form RD 1940-1. (Revised 4-11-90, SPECIAL PN.)

(i) The Finance Office will notify the State Office by telephone when funds are reserved and of the date of obligation. If funds cannot be reserved for a project, the

Finance Office will notify the State Office that funds are not available. The obligation date will be the date the request for obligation is processed. (Revised 08-29-19, PN 527.)

(ii) The Finance Office will terminally process telephone obligation requests. Those requests received prior to 2:30 p.m. Central Time will be processed on the date of the request. Those requests received after 2:30 p.m., to the extent possible, will be processed on the day received, however, there may be instances where the obligation will be processed on the next working day.

(iii) The Finance Office will mail Form RD 440-57, "Acknowledgment of Obligated Funds/Check Request," to the State Director, confirming the reservation of funds with the obligation date inserted as required by Item 9 on the Forms Manual Insert (FMI) for Form RD 440-57.

(iv) Form RD 1940-1 will not be mailed to the Finance Office. (Revised 4-11-90, SPECIAL PN.)

(3) The State Director will notify the Director of Information in the National Office with a recommendation that the project announcement be released.

(4) An executed Form RD 1940-1 will be sent to the applicant along with an executed copy of the Grant Agreement and scope of work 6 working days from the date funds are obligated. (Revised 08-29-19, PN 527.)

(i) The actual date of applicant notification will be entered on the original of Form RD 1940-1 and the original of the form will be included as a permanent part of the file. (Revised 4-11-90, SPECIAL PN.)

(ii) Standard Form 270, "Request for Advance or Reimbursement," will be sent to the applicant for completion and returned to Rural Development.

(5) If it is determined that a project will not be funded or if major changes in the scope of the project are made after release of the approval announcement, the State Director will notify the Administrator and the Director, Legislative Affairs and Public Information Staff (LAPIS) by telephone or electronic mail giving the reasons for such action. The Director, LAPIS will inform all parties who were notified by the project announcement if the project will not be funded or of major changes in the project using a procedure similar to the announcement process. Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation," will not be submitted to the Finance Office until five working days after notifying the Administrator and the Director, LAPIS. (Revised 8-19-82, SPECIAL PN.)

RD Instruction 1944-K

§1944.533 (f) (Con.)

(6) Upon receipt from the grantee of a properly completed SF-270, Form 440-57 will be completed and the check request will be called to the Finance Office Check Request Station in accordance with the FMI for Form RD 440-57.

§1944.534 [Reserved]

§1944.535 Cancellation of an approval grant.

An approved grant may be canceled before closing if the applicant is determined to no longer be eligible, the proposal is no longer feasible, or the applicant requests cancellation. Cancellation will be accomplished as follows:

(a) The District Director will prepare Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation," in an original and two copies (three copies if the technical and supervisory assistance (TSA) check has been received in the District Office from the disbursing office.) Form RD 1940-10 will be sent to the State Director (original and two copies with the check if the Treasury check is being canceled) with the reasons for requesting cancellation. (Revised 8-19-82, SPECIAL PN.)

(b) If the State Director approves the request for cancellation, he/she will forward the original request for cancellation (original and one copy of Form RD 1940-10 with the check if the Treasury check is being canceled) to the Finance Office. If the TSA check is received in the District Office, the District Director will return it to the Finance Office with an original and one copy of Form RD 1940-10. (Revised 8-19-82, SPECIAL PN.)

(c) The District Director will notify the applicant of the cancellation and unless the applicant requested the cancellation, its right to appeal in accordance with the Rural Development Appeal Procedure contained in Subpart B of Part 1900 of this Chapter.

§1944.536 Grant closing.

Closing is the process by which Rural Development determines that applicable administrative actions have been completed and the Grant Agreement is signed. The Grant Agreement (Exhibit A) will be executed by the State Director at the time the Form RD 1940-1 and Grant Agreement is sent to the Grantee in accordance with §1944.533 (f) (4) of this Subpart. An executed original of the Grant Agreement shall be sent to the District Director and one copy to the grantee. (Revised 4-11-90, SPECIAL PN.)

§1944.537 [Reserved]

§1944.538 Extending and revising grant agreements.

(a) All requests extending the original grant agreement or revising the TSA program must be in writing. Such requests will be processed through the District Director. Any such request will be processed in accordance with the processing procedure specified in §1944.526 (b) and (c) of this Subpart. The State Office will respond to the applicant within 30 days of receipt of the request in the State Office.

(b) An extension of a grant beyond the two year term may be granted by the State Director when:

(1) There are grant funds remaining and the grantee requests an extension at the end of the grant period,

(2) The grantee has demonstrated its ability to conduct a comprehensive program of technical and supervisory assistance in accordance with the terms of its grant agreement and in a manner satisfactory to Rural Development,

(3) The grantee is likely to complete the goals outlined in the initial proposal,

(4) There is an unmet need to continue the delivery of the technical and supervisory assistance being provided by the grantee, and

(5) The District Director recommends continuation of the grant until the grantee has expended all of the remaining grant funds.

(c) Upon approval of the extension, the State Director will authorize the District Director to amend the ending date of the grant agreement and revise the budgets, if necessary, on behalf of the Government.

(d) If the grant agreement must be revised and amended other than by extension, including any changes in the scope and objectives of the TSA program, the grantee will submit a revised budget and TSA program together with any information necessary to justify its requests. Such requests will be submitted to the State Director through the District Director.

(e) The State Office will advise the National Office of all requests to extend or modify the original grant agreement. Prior concurrence of the National Office is not required unless the State Director so desires, in which case the State Director will advise the applicant that the request has been forwarded to the National Office for concurrence. The State Director's recommendation will accompany such requests.



(f) Exhibit D to this Subpart shall be executed upon approval of an extension of the grant period, or significant change in either the project budget or the objectives of the approved technical and supervisory activities.

(g) If extension or modification is not approved, the State Office will notify the applicant in writing of the decision and advise the applicant of the appeal procedures under Subpart B of Part 1900 of this Chapter.

§1944.539 [Reserved]

§1944.540 Requesting TSA checks.

(a) The initial TSA check may cover the applicant's needs for the first calendar month. If the first calendar month is a partial month, the check will cover the needs for the partial month and the next whole month.

(b) The initial advance of TSA grant funds may not be requested simultaneously with the request for obligation of TSA grant funds. The initial advance must be requested on Form RD 440-57 in accordance with the FMI after it has been received from the Finance Office indicating that funds have been obligated.

(c) All advances will be requested only after receipt of Standard Form 270 from the grantee. The amount requested must be in accordance with the detailed budget, including amendments, as approved by Rural Development. Standard Form 270 will not be submitted more frequently than once every 30 days. In no case will additional funds be advanced if the grantee fails to submit required reports or is in violation of the grant agreement.

§1944.541 Reporting requirements.

(a) Standard Form 269, "Financial Status Report," and a project performance report will be required of all grantees on a quarterly basis. All grantees shall submit an original and two copies of these reports to the District Director. The project performance reports will be submitted not later than January 15, April 15, July 15, and October 15 of each year.

(b) As part of the grantee's preapplication submission required by §1944.526 (a)(2)(i) of this Subpart, the grantee established the objectives of its TSA program including the estimated number of low-income families to be assisted by the TSA program and established its method of evaluation to determine the effectiveness of its program. The project performance report should relate the activities during the report period to the project's objectives and analyze the effectiveness of the program. Accordingly, the report should include, but need not be limited to the following:

(1) A comparison of actual accomplishments to the objectives established for that period, including:

(i) The number of low-income families assisted in improving their housing conditions or in obtaining affordable adequate housing.

(ii) The number of Rural Development borrowers who were delinquent or being foreclosed who were assisted in resolving their financial problems.

(iii) The number of households assisted in obtaining adequate housing by the TSA program through new construction and/or rehabilitation.

(2) Reasons why, if established objectives are not met.

(3) Problems, delays, or adverse conditions which will materially affect attainment of the TSA grant objectives, prevent the meeting of time schedules or objectives, or preclude the attainment of project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated and any Federal assistance needed to resolve the situation.

(4) Objectives established for the next reporting period, sufficiently detailed to identify the type of assistance to be provided, the number and type of families to be assisted, etc.

(c) These reports will be reviewed by the District Director to determine satisfactory progress. The District Director will work with the grantee to resolve any problems. The District Director will forward the original and one copy of the reports with any comments and recommendations to the State Director within ten working days of receipt.

(d) The State Director will review the reports, comments, and recommendations forwarded by the District Director within five working days of receipt.

(1) If the reports indicate satisfactory progress, the State Director will forward the original to the National Office with any comments or suggestions and return the remaining copy to the grantee through the District Director with a copy of the comments or recommendations.

(2) If the reports indicate unsatisfactory progress, the State Director will recommend appropriate action to resolve the indicated problem(s). The State Director has the discretion to not authorize further advances where the progress of the project is unsatisfactory.

RD Instruction 1944-K  
§1944.541 (d) (2) (Con.)

The State Director will notify the grantee through the District Director of a decision not to authorize further advances and advise the grantee of its appeal rights under Subpart B of Part 1900 of this Chapter.

(3) A copy of the memorandum returning the unsatisfactory reports will be forwarded to the National Office together with the State Director's decision, comments and recommendations, if appropriate.

(e) The grantee will complete a final Standard Form 269 and a final performance report upon termination or expiration of the grant agreement.

§1944.542 [Reserved]

§1944.543 Grant monitoring.

Each grant will be monitored by Rural Development to ensure that the grantee is complying with the terms of the grant and that the TSA project activity is completed as approved. Ordinarily, this will involve a review of quarterly and final reports by Rural Development and review by the appropriate District Director.

§1944.544 [Reserved]

§1944.545 Additional grants.

An additional grant may be made to an applicant that has previously received a TSA grant and has achieved or nearly achieved the goals established for the previous grant by submitting a new proposal for TSA funds. The additional grant application will be processed as if it were an initial application. Upon approval, a new grant agreement will be required and the grant will be coded as an initial grant on Form RD 440-1.

§1944.546 [Reserved]

§1944.547 Management assistance.

The District Director will see that each TSA grantee receives management assistance to help achieve a successful program.

(a) TSA employees who will be contacting and assisting families will receive training in packaging single family housing and Rural Rental Housing loans when, or very shortly after, they are hired so that they can work effectively.

(b) TSA employees who will provide counseling, outreach, and other technical and supervisory assistance will receive training on Rural Development policies, procedures, and requirements appropriate to their positions and the type of assistance the grantee will provide at the outset of the grant.

(c) Training will be provided by Rural Development employees and/or outside sources approved by Rural Development when the technical and supervisory assistance involves rural housing programs other than Rural Development programs. Appropriate training of TSA employees should be anticipated during the planning stages of the grant and the reasonable cost of such training included in the budget.

(d) The District Director, in cooperation with the appropriate County Supervisor(s), should coordinate the management assistance given to the TSA grantee in a manner which is timely and effective. This will require periodic meetings with the grantee to discuss problems being encountered and offer assistance in solving these problems; to discuss the budget, the effectiveness of the grant, and any other unusual circumstances affecting delivery of the proposed TSA services; to keep the grantee aware of procedural and policy changes, availability of funds, etc.; and to discuss any other matters affecting the availability of housing opportunities for low-income families.

(e) The District Director will advise the grantee of the options available to bring the delinquent borrowers' accounts current and advise the grantee that the appropriate County Supervisor retains all approval authority for any resolution of the delinquent accounts and all other authority currently available to remedy delinquent accounts.

§1944.548 Counseling consent by Rural Development single family housing borrowers.

(a) Subsequent to execution of the TSA grant agreement, the County Supervisor(s) serving the TSA project area will contact the delinquent Rural Development single family housing borrowers who appear to be in need of supervisory assistance as defined in paragraph 1944.506 (h) (1) of this subpart. Such contact will indicate the availability or the counseling services of the grantee and solicit the borrower's participation in the program. Exhibit E should be used in contacting and/or discussing counseling with the borrowers.

(b) Upon indication of the borrower's willingness to participate in the program by his or her signature on Exhibit E or similar letter or statement, the County Supervisor will make available to the grantee (at no cost) the borrower's Rural Development loan history including the following information:

- (1) Name, address, and telephone number;
- (2) Status of the account including the amount of the loan, the repayment schedule, and the amount of the delinquency; and
- (3) Other information needed for counseling purposes which may be provided in accordance with RD Instruction 2018-F.

§1944.549 Grant evaluation, closeout, suspension, and termination.

(a) Grant evaluation will be an ongoing activity performed by both the grantee and Rural Development. The grantee will perform self-evaluations by preparing periodic project performance reports in accordance with §1944.541 of this Subpart. Rural Development will also review all reports prepared and submitted by the grantee in accordance with the grant agreement and this Part.

(b) Within forty-five (45) days after the grant ending date, the grantee will complete closeout procedures as specified in the grant agreement.

(c) The grant can also be terminated before the grant ending date for the causes specified in the grant agreement. No further grant funds will be disbursed when grant suspension or termination procedures have been initiated in accordance with the grant agreement.

§1944.550 [Reserved]

Attachments: Exhibits A, B, C, D, and E

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EXHIBIT A  
Grant Agreement  
Technical and  
Supervisory Assistance

This Agreement dated \_\_\_\_\_ is between \_\_\_\_\_ (name), \_\_\_\_\_ (address), (Grantee) and the United States of America acting through the Farmers Home Administration (Grantor or Rural Development). The Grantor agrees to grant to Grantee a sum not to exceed \$ \_\_\_\_\_ subject to the terms and conditions established by the Grantor; provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant. The grantee may appeal this decision in accordance with the Rural Development Appeal Procedure contained in Subpart B of Part 1900 of this Chapter. In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 525 (a) of the Housing Act of 1949 for the purpose of providing funds to eligible nonprofit applicants (grantees) to pay part or all of the cost of developing, conducting, administering, or coordinating comprehensive programs of technical and supervisory assistance (TSA) which will aid needy low-income individuals and families in benefiting from Federal, State and local housing programs in rural areas, the Grantee will provide such a program in accordance with the terms of this agreement and applicable Rural Development regulations.

PART A Definitions:

1. "Beginning date" means the date when work under this grant will commence. Such date is set forth in Paragraph 2 of Part B of this Agreement.
2. "Ending date" means the date when all work under this agreement is scheduled to be completed. It is also the latest date grant funds will be provided under this agreement, without an approved extension. Such date is set forth in Paragraph 2 of Part B of this Agreement.
3. "Disallowed costs" are those charges to a grant which the Rural Development determines cannot be authorized in accordance with applicable Federal costs principles or other conditions contained in this Agreement.
4. "Grant closeout" is the process by which the grant operation is concluded at the expiration of the grant period or following a decision to terminate the grant.
5. "Termination" of a grant means the cancellation of Federal assistance, in whole or in part, under a grant at any time before the date of completion.

PART B Terms of agreement:

Grantor and grantee agree:

1. This agreement shall be effective when executed by both parties.
2. The TSA activities approved by Rural Development shall commence not later than \_\_\_\_\_, and shall be completed by \_\_\_\_\_, unless earlier terminated under paragraph B 18 below, or extended.
3. Grantee shall carry out the TSA activities described in the application docket which is made a part of this Agreement. Grantee will be bound by the conditions set forth in the docket and the further conditions set forth in this Agreement. If any of the conditions in the docket are inconsistent with those in the Agreement, the latter will govern. A change of any conditions must be in writing and must be signed by an authorized representative of Rural Development.
4. Grantee shall use grant funds only for the purpose and activities specified in Rural Development regulations and in the application docket approved by Rural Development including the approved budget. Any uses not provided for in the approved budget must be approved in writing by Rural Development in advance.
5. If the Grantee is a private nonprofit corporation, expenses charged for travel or per diem will not exceed the rates paid Rural Development employees for similar expenses. If the Grantee is a public body, the rates will be those that are allowable under the customary practice in the government of which the grantee is a part; if none are customary, the Rural Development rates will be the maximum allowed.
6. Grant funds will not be used for any of the following:
  - (a) To pay obligations incurred before the effective date of this Agreement.
  - (b) To pay obligations incurred after the grant termination or ending date.
  - (c) Entertainment purposes.
  - (d) To pay for capital assets, the purchase of real estate or vehicles, improvement or renovation of space, or repair or maintenance of privately owned vehicles.

(e) Any other purpose specified in 7 CFR §1944.520.

7. Grant funds shall not be used to replace any financial support previously provided or assured from any other source.

8. Disbursal of grants will be governed as follows:

(a) In accordance with Treasury Circular 1075 (fourth revision) Part 205, Chapter II of title 31 of the Code of Federal Regulations, grant funds will be provided by Rural Development as cash advances on an as needed basis not to exceed one advance every 30 days. The advance will be made by direct Treasury check to the Grantee. The financial management system of the recipient organization shall provide for effective control over and accountability for all Federal funds as stated in 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.

(c) Grant funds should be promptly refunded to the Rural Development 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 Rural Development that all officers of the Grantee organization authorized to receive and/or disburse Federal funds are covered by satisfactory fidelity bonds sufficient to protect the Grantor's interests.



(e) Grant funds will be placed in the Grantee's bank account(s) until disbursed.

9. The Grantee will submit Performance and Financial reports as indicated below to the appropriate Rural Development District Office:

(a) As needed, but not more frequently than once every 30 days, an original and 2 copies of Standard Form 270, "Request for Advance or Reimbursement."

(b) Quarterly, (not later than January 15, April 15, July 15, and October 15 of each year) an original and 2 copies of Standard Form-269, "Financial Status Report," and a Project Performance report in accordance with §1944.541 of this Subpart.

(c) Within forty-five (45) days after the termination or expiration of the grant agreement, an original and 2 copies of Standard Form 269, and a final Project Performance report which will include a summary of the project's accomplishments, problems, and planned future activities of the Grantee for TSA. Final reports may serve as the last quarterly report.

(d) Rural Development may require performance reports more frequently if it deems necessary.

10. In accordance with FMC 74-4, Attachment B, compensation for employees will be considered reasonable to the extent that such compensation is consistent with that paid for similar work in other activities of the State or local government.

11. If the grant exceeds \$100,000, transfers among direct cost budget categories totaling more than 5 percent of the total budget must have prior written approval by the appropriate District Director.

12. Results of the program assisted by grant funds may be published by the grantee without prior review by Rural Development, provided that such publications acknowledge the support provided by funds pursuant to the provisions of Title V of the Housing Act of 1949 and that five copies of each such publication are furnished to the District Director.

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

14. No person in the United States shall, on the grounds of race, creed, color, sex, marital status, age, national origin, or mental or physical handicap, be excluded from participating in, be denied the proceeds of, or be subject to discrimination in connection with the use of grant funds. Grantee will comply with pertinent nondiscrimination regulations of Rural Development.

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

16. The grantee accepts responsibility for accomplishing the TSA program as submitted and included in the application docket. The Grantee shall also:

(a) Endeavor to coordinate and provide liaison with State and local housing organizations, where they exist.

(b) Provide continuing information to Rural Development on the status of Grantee programs, projects, related activities, and problems.

(c) The Grantee shall inform the Grantor as soon as the following types of conditions become known:

(i) Problems, delays, or adverse conditions which materially affect the ability to attain program objectives, prevent the meeting of time schedules or goals, or preclude the

attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated, and any Grantor assistance needed to resolve the situation.

(ii) Favorable developments or events which enable meeting time schedules and goals sooner than anticipated or producing more work units than originally projected.

17. Grant closeout and termination procedures will be as follows:

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

(i) The Grantee shall immediately refund to Rural Development any uncommitted balance of grant funds.

(ii) The Grantee will furnish to Rural Development within 45 days after the date of completion of the grant a Standard Form 269 and all financial, performance, and other reports required as a condition of the grant.

(iii) The Grantee shall account for any property acquired with TSA grant funds, or otherwise received from Rural Development.

(iv) After the grant closeout, Rural Development retains the right to recover any disallowed costs which may be discovered as a result of an audit.

(b) When there is reasonable evidence that the Grantee has failed to comply with the terms of this Agreement, the State Director can, on reasonable notice, terminate the grant pursuant to paragraph (c) below and withhold further payments or prohibit the Grantee from further obligating grant funds. Rural Development may allow all necessary and proper costs which the Grantee could not reasonably avoid.

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

(i) Termination for cause. This grant may be terminated in whole, or in part, at any time before the date of completion, whenever Rural Development determines that the Grantee

has failed to comply with the terms of the Agreement. The reasons for termination may include, but are not limited to, such problems as:

(A) Failure to make satisfactory progress in attaining grant objectives.

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

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

(D) Violation of any of the provisions of any laws administered by Rural Development or any regulation issued thereunder.

(E) Violation of any nondiscrimination or equal opportunity requirement administered by Rural Development in connection with any Rural Development programs.

(F) Failure to maintain an accounting system acceptable to Rural Development.

(ii) Termination for convenience. Rural Development or the Grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in case of partial termination, the portion to be terminated.

(d) Procedure for termination of grant for cause. Rural Development shall notify the Grantee in writing of the determination and the reasons for and the effective date of the whole or partial termination in accordance with 7 CFR §1900.53.

18. Extension and/or revision of this grant agreement may be approved by Rural Development provided, in its opinion, the extension and/or revision is justified and there is a likelihood that the Grantee can accomplish the goals set out and approved in the application docket during the period of the extension and/or revision as specified in 7 CFR §1944.538.

PART C Grantee agrees:

1. To comply with property management standards for expendable and nonexpendable personal property established by Attachment N of OMB Circular A-102 or Attachment N of 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. "Nonexpendable personal property" means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided that such definition would at least include all tangible personal property as defined above. "Expendable personal property" refers to all tangible personal property other than nonexpendable personal property. When nonexpendable tangible personal property is acquired by a Grantee with project funds, title shall not be taken by the Federal Government but shall vest in the Grantee subject to the following conditions:

(a) Right to transfer title. For items of nonexpendable personal property having a unit acquisition cost of \$1,000 or more, Rural Development 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) Rural Development shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If Rural Development fails to issue disposition instructions within the 120 calendar day period, the Grantee shall apply the standards of paragraph 1(c) below.

(iii) When Rural Development 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 benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(b) Use of other tangible nonexpendable property for which the Grantee has title.

(i) The Grantee shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When it is no longer needed for the original project or program, the Grantee shall use the property in connection with its other Federally sponsored activities, in the following order of priority:

(A) Activities sponsored by Rural Development.

(B) Activities sponsored by other Federal agencies.

(ii) Shared use. During the time that nonexpendable personal property is held for use on the project or program for which it was acquired, the Grantee shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by Rural Development; 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. 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 Rural Development 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. Rural Development 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 Rural Development to determine whether a requirement for the property exists in other Federal agencies. Rural Development shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(A) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse Rural Development 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 Rural Development for such costs incurred in its disposition.

(C) The Grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and shall include:

(a) A description of the property.

(b) Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

(c) Sources of the property including grant or other agreement number.

(d) Whether title vests in the Grantee or the Federal Government.

(e) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

(f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government).

(g) Location, use, and condition of the property and the date the information was reported.

(h) Unit acquisition cost.

(i) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value when a Grantee compensates the Federal agency for its share.



(2) Property owned by the Federal Government must be marked to indicate Federal ownership.

(3) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any difference between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The Grantee shall, in 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 Rural Development.

(5) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(6) When the Grantee is authorized or required to sell the property, proper sales procedures shall be established which will provide for competition to the extent practicable and result in the highest possible return.

(7) Expendable personal property shall vest in the Grantee upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the Grantee shall retain the property

for use on nonfederally sponsored activities, or sell it, but must in either case compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

2. To provide a financial management system which will include:
  - (a) Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
  - (b) Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
  - (c) Effective control over and accountability for all funds, property, and other assets. Grantee shall adequately safeguard all such assets and shall assure that they are solely for authorized purposes.
  - (d) Accounting records supported by source documentation.
3. To retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after the submission of the final Project Performance report pursuant to paragraph B (9)(c) of this agreement except in the following situations:
  - (a) If any litigation, claim, or audit is commenced before the expiration of the three year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.
  - (b) Records for nonexpandable property acquired with Federal funds shall be retained for three years after final disposition
  - (c) When records are transferred to or maintained by Rural Development, the three year retention requirement is not applicable.Microfilm copies may be substituted in lieu of original records. the Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have

access to any books, documents, papers, and records of the Grantee which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts, and transcripts.

4. To provide information as requested by the Grantor concerning the Grantee's actions in soliciting citizen participation in the application process, including published notice of public meetings, actual public meetings held, and content of written comments received.

5. Not encumber, transfer, or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in Part C 1.

6. To provide Grantor with such periodic reports of Grantee operations as may be required by authorized representatives of the Grantor.

7. To execute Form RD 400-1, "Equal Opportunity Agreement," and to execute any other agreements required by Grantor to implement the civil rights requirements.

8. To include in all contracts in excess of \$100,000 a provision for compliance with all applicable standards, orders, or regulations issued pursuant to the Federal Clean Air Act as amended. Violations shall be reported to the Grantor and the Regional Office of the Environmental Protection Agency.

9. That, upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will, to the extent legally permissible, repay to the Grantor forthwith the grant funds received with interest at the rate of five percent per annum from the date of the default. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State Courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

10. That no member of Congress shall be admitted to any share or part of this Grant or any benefit that may arise therefrom;

but this provision shall not be construed to bar as a contractor under the Grant a publicly held corporation whose ownership might include a member of Congress.

11. That all nonconfidential information resulting from its activities shall be made available to the general public on an equal basis.

12. That the purpose for which this grant is made may complement, but shall not duplicate programs for which monies have been received, are committed, or are applied for from other sources, public and private.

13. That the Grantee shall relinquish any and all copyrights and/or privileges to the materials developed under this grant, such material being the sole property of the Federal Government. In the event anything developed under this grant is published in whole or in part, the material shall contain notice and be identified by language to the following effect: "The material is the result of tax-supported research and as such is not copyrightable It may be freely reprinted with the customary crediting of the source."

14. That the Grantee shall abide by the policies promulgated in OMB Circular A-102, Attachment 0, or OMB Circular A-110, Attachment 0, which provides standards for use by Grantees in establishing procedures for the procurement of supplies, equipment and other services with Federal grant funds.

15. That it is understood and agreed that any assistance granted under this Agreement will be administered subject to the limitations of Title V of the Housing Act of 1949 as amended, 42 USC 1471 et. seq., and related regulations, and that rights granted to Rural Development therein or elsewhere may be exercised by it in its sole discretion to carry out the purposes of the assistance, and protect Rural Development's financial interest.

16. Standard of Conduct. No employee, officer or agent of Grantee shall participate in the selection, award or administration of a contract in which Federal funds are used where, to the knowledge of such employee, officer or agent, the employee, officer or agent or such person's immediate family members, partners or any organization in which such person or such person's immediate family award or administration of the contract, or (2) when such person is negotiating or has any arrangement concerning future employment. The recipient's officers, employees or agents shall neither solicit

nor accept gratuities, favors or anything of monetary value from landlords or developers of rental or ownership housing projects in which the persons receiving TSA assistance may be placed as a result of such assistance.

PART D Grantor agrees:

1. That it may assist Grantee, within available appropriations, with such technical and management assistance as needed in planning the project and coordinating the plan with local officials, comprehensive plans, and any State or area plans for improving housing for low-income families in the area in which the project is located.
  
2. That at its sole discretion, Grantor may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (a) advisable to further the purposes of the grant or to protect Grantor's financial interests therein, and (b) consistent with the statutory purposes of the grant and the limitations of the statutory authority under which it is made and Grantor's regulations.

This Agreement is subject to current Grantor regulations and any future regulations not inconsistent with the express terms hereof. Grantee on \_\_\_\_\_, 19\_\_, has caused this Agreement to be executed by its duly authorized \_\_\_\_\_ and attested and its corporate seal affixed by its duly authorized \_\_\_\_\_.

Attest:

Grantee  
\_\_\_\_\_

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

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

Grantor

UNITED STATES OF AMERICA  
RURAL DEVELOPMENT

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

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ADMINISTRATIVE INSTRUCTIONS FOR STATE OFFICES  
REGARDING THEIR RESPONSIBILITIES IN THE ADMINISTRATION  
OF THE TECHNICAL AND SUPERVISORY ASSISTANCE GRANT PROGRAM

A. The State Office will maintain for distribution to potential applicants, upon request, a supply of preapplication packets consisting of:

1. SF 424.1.
2. Form RD 400-1, "Equal Opportunity Agreement."
3. Form RD 400-4, "Nondiscrimination Agreement."
4. Environmental review documentation in accordance with 7 CFR part 1970. (Revised 04-01-16, SPECIAL PN.)
5. Subpart K of Part 1944 of this Chapter.

B. The State Office should inform all potential applicants, at the time they pick up forms, that:

1. The preapplication must be submitted to the District Office serving the area in which the applicant proposes to operate the Technical and Supervisory Assistance (TSA) program.

2. The State Office will refer all requests for assistance in completing the preapplication to the appropriate District Office.

C. Beyond the responsibilities of the State Office in the selection of grantees and the administration of the program, and as stated in §1944.502 of this Subpart, the TSA program provides an opportunity for the State Director to give priority to applicants serving the rural areas of greatest need as well as use the program cooperatively with other Federal and State agencies in addressing the housing needs of the residents of a proposed TSA service area. Therefore, the State Office should be prepared, before receipt of preapplications, to advise the District Directors, potential applicants, and other Federal and State agencies which part(s) of the State has the greatest need for the TSA program. The State Director should identify target areas in a similar manner to the process used by the Administrator pursuant to §1944.525 of this Subpart. Proposals which are clearly inappropriate and do not meet the basic priorities of §1944.529 (a) of this Subpart should not be encouraged due to the complexity of the preapplication submission.

D. In addition to the instructions of §1944.526 of this Subpart, the State Office should follow the procedures outlined below:

1. Review preapplications for completeness and adequacy and make assessments required by §1944.526(c) (1) of this Subpart.
2. Request clarifications from the District Office if necessary.
3. Evaluate the proposals in light of §1944.529 of this Subpart and select the proposal(s) which best meets the priorities established under the project selection criteria in §1944.529(a), (b) and (c) of this Subpart.
4. The State Office must provide written comments to be attached to the preapplication(s) justifying the selection(s) and addressing the items in §1944.529 of this Subpart.
5. The State Office will forward the original SF 424.1 and accompanying documents of the selected preapplication(s) as quickly as possible to the National Office, Attention: Special Authorities Division, Multi-Family Housing. In no case should the State Office forward their selected TSA preapplication(s) later than thirty (30) days after the closing date for receipt of applications.
6. Preapplications not selected by the State Office will be returned to the applicants through the appropriate District Offices with notice of appeal rights.
7. In accordance with §1944.525 of this Subpart, State Offices will be advised of the number of preapplications to be submitted from each State to the National Office.

E. §§1944.531 and 1944.533 of this Subpart detail the responsibilities of the State Office after tentative selection of concurrence of the TSA grantees by the National Office. Those preapplications not selected will be promptly notified and their preapplication returned with notice of appeal rights. Form AD-622, "Notice of Preapplication Review Action," will be mailed from the State Office to the applicants. District Offices will receive a copy from the State Office.

F. After execution of the grant agreement, the State Office will work closely with the District Office and the grantee to obtain additional resources from other Federal and State agencies to meet the needs of the TSA service area. The State Office should closely review the quarterly project performance reports and assist the District Director, as appropriate, in resolving any problems or taking advantage of favorable funding or program opportunities.

INSTRUCTIONS FOR DISTRICT OFFICES  
REGARDING THEIR RESPONSIBILITIES IN THE ADMINISTRATION  
OF THE TECHNICAL AND SUPERVISORY ASSISTANCE GRANT PROGRAM

A. The District Office will maintain for distribution to potential applicants, upon request, a supply of preapplication packets consisting of:

1. SF 424.1.
2. Form RD 400-1, "Equal Opportunity Agreement."
3. Form RD 400-4, "Nondiscrimination Agreement."
4. Environmental review documentation in accordance with 7 CFR part 1970. (Revised 04-01-16, SPECIAL PN.)
5. Subpart K of Part 1944 of this Chapter.

B. District Director will provide any necessary assistance in completing preapplication forms.

C. All applicants will submit preapplications to District Offices. Upon receipt of the preapplication the District Director will review it to ensure that the preapplication is complete and make assessments required by §1944.526 (b) (1) of this Subpart.

D. The District Director will provide written comments to be attached to the preapplication. These comments will, at a minimum, address the following items:

1. Whether the area to be covered by the project is a "rural area" as defined by Rural Development regulations.
2. The District Director's knowledge of the applicant's past history.
3. The need for the proposed activity, and its relationship to the targeting strategies for the District.
4. Appropriateness and applicability of this proposal for Rural Development implementation funds.



5. Extent of citizen involvement in development of preapplication, particularly the involvement of minority and/or low-income groups.

6. All other criteria specified in §1944.529 of this Subpart.

7. The comments and recommendations of the County Supervisors for the proposed TSA service area.

E. The District Director will forward the original and one copy of the preapplication and accompanying documents along with the comments and a summary recommendation to the State Director within ten (10) working days of receipt of the preapplication.

F. Those applicants invited to submit applications will submit their applications to the District Office with two copies. The District Office will retain the original for the docket and forward one copy to the appropriate State Office after making sufficient copies to forward one copy to each of the appropriate County Offices.

G. The District Director, upon receipt of the application, will prepare a docket in accordance with §1944.531 of this Subpart. The procedures for approval and project servicing are detailed in this Subpart.

EXHIBIT D

Amendment  
to  
Technical and Supervisory Assistance Grant Agreement

This Amendment to Agreement dated \_\_\_\_\_ 19 \_\_\_\_\_  
between \_\_\_\_\_  
herein called "Grantee," organized and operating under  
\_\_\_\_\_ and the United States of America acting  
(authorizing State Statute)  
through the Rural Development, Department of Agriculture, herein called  
"Rural Development," 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)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Title)  
RURAL DEVELOPMENT

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EXHIBIT E  
Guide Letter to Delinquent Rural Development

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) 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 Rural Development or limit the remedies Rural Development 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

Enclosure

(On attached copy only:)

I desire to participate in the counseling program with  
         (name of TSA grantee)         .

\_\_\_\_\_

Borrower

\_\_\_\_\_

Date

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