

PART 1944 - HOUSING

Subpart N - Housing Preservation Grants

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PART 1944 - HOUSING

Subpart N - Housing Preservation Grants

§ 1944.651 General.

(a) This subpart sets forth the policies and procedures for making grants under Section 533 of the Housing Act of 1949, 42 U.S.C. 1490(m), to provide funds to eligible applicants (hereafter also referred to as grantee(s)) to conduct housing preservation programs benefiting very low- and low-income rural residents. Program funds cover part or all of the grantee's cost of providing loans, grants, interest reduction payments or other assistance to eligible homeowners, owners of single or multiple unit rental properties or for the benefit of owners (as occupants) of consumer cooperative housing projects (hereafter also referred to as co-ops). Such assistance will be used to reduce the cost of repair and rehabilitation, to remove or correct health or safety hazards, to comply with applicable development standards or codes, or to make needed repairs to improve the general living conditions of the residents, including improved accessibility by persons with a disability. Individual housing that is owner occupied may qualify for replacement housing when it is determined by the grantee that the housing is not economically feasible for repair or rehabilitation.

(b) The Rural Housing Service (RHS) will provide Housing Preservation Grant (HPG) assistance to grantees who are responsible for providing assistance to eligible persons without discrimination because of race, color, religion, sex, national origin, age, familial status, or disability.

(c) The preapplication must only address a proposal to finance repairs and rehabilitation activities to individual housing or rental properties or co-ops. Any combination proposal will not be accepted.

(d) Any processing or servicing activity conducted pursuant to this subpart involving authorized assistance to RHS employees, members of their families, known close relatives, or business or close personal associates, is subject to the provisions of Subpart D of Part 1900 of this chapter. Applicants for this assistance are required to identify any known relationship or association with an RHS employee.

§ 1944.652 Policy.

(a) The policy of RHS is to provide HPG's to grantees to operate a program which finances repair and rehabilitation activities to individual housing, rental properties, or co-ops for very low- and low-income persons. Individual housing that is owner occupied may qualify for replacement housing when it is determined by the grantee that the housing is not economically feasible for repair or rehabilitation. Grantees are expected to:

- (1) Coordinate and leverage funding for repair and rehabilitation activities, as well as replacement, with housing and community development organizations or activities operating in the same geographic area; and
- (2) Focus the program on rural areas and smaller communities so that it serves very low- and low-income persons.

(b) RHS intends to permit grantees considerable latitude in program design and administration. The forms or types of assistance must provide the greatest long term benefit to the greatest number of persons residing in individual housing, rental properties, or co-ops needing repair and rehabilitation or replacement of individual housing.

(c) Repairs and rehabilitation or replacement activities affecting properties on or eligible for listing on the National Register of Historic Places will be accomplished in a manner that supports national historic preservation objectives as specified in § 1944.673 of this subpart.

§ 1944.653 Objective.

The objective of the HPG program is to repair or rehabilitate individual housing, rental properties, or co-ops owned and/or occupied by very low- and low-income rural persons. Grantees will provide eligible homeowners, owners of rental properties, and owners of co-ops with financial assistance through loans, grants, interest reduction payments or other comparable financial assistance for necessary repairs and rehabilitation. Further, individual housing that is owner occupied may qualify for replacement housing when it is determined by the grantee that the housing is not economically feasible for repair or rehabilitation, except as specified in § 1944.659 of this subpart.

§ 1944.654 Debarment and suspension -- drug-free workplace.

(a) For purposes of this subpart, Exhibit A of RD Instruction 1940-M requires all RHS applicants for an HPG to sign and submit with their preapplication, Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions," which basically states that the applicant has not been debarred or suspended from Government assistance. Further, all grantees after receiving a HPG must obtain a signed certification (Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions") from all persons or entities (excluding homeowner recipients) that the grantee does business with as a result of the HPG. Grantees are responsible for informing these persons or entities of the provisions of Exhibit A of RD Instruction 1940-M and of maintaining Form AD-1048 in the grantee's office.

(b) Grantees must also be made aware of the Drug-free Workplace Act of 1988 requirements found in Exhibit A of RD Instruction 1940-M. For this subpart, a grantee is defined as any organization who applies for or receives a direct grant from RHS. All preapplications must include a signed Form AD-1049, "Certification Regarding Drug-free Workplace Requirements (Grants) Alternative I - Grantees Other Than Individuals."

§ 1944.655 [Reserved]

§ 1944.656 Definitions.

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

Adjusted income. As defined in 7 CFR 3550.54 (c).

Applicant or grantee. Any eligible organization which applies for or receives HPG funds under a grant agreement.

Cooperative (co-op). For the purposes of the HPG program, a cooperative (co-op) is one which:

- (1) Is a corporation organized as a consumer cooperative;

(2) Will operate the housing on a nonprofit basis solely for the benefit of the occupants; and

(3) Is legally precluded from distributing, for a minimum period of 5 years from the date of HPG assistance from the grantee, any gains or profits from operation of the co-op. For this purpose, any patronage refunds to occupants of the co-op would not be considered gains or profits. A co-op may accept non-members as well as members for occupancy in the project.

Grant agreement. The contract between RHS and the grantee which sets forth the terms and conditions under which HPG funds will be made available. (See Exhibit A of this subpart.)

Homeowner. For the purposes of the HPG program, a homeowner is one who can meet the conditions of income and ownership under § 1944.661 of this subpart.

Household. For the purposes of the HPG program, a household is defined as all persons living all or part of the next 12 months in a unit or dwelling assisted with HPG funds.

Housing preservation. The repair and rehabilitation activities that contribute to the health, safety, and well-being of the occupant, and contribute to the structural integrity or long-term preservation of the unit. As a result of these activities, the overall condition of the unit or dwelling must be raised to meet RHS Thermal Standards for existing structures adopted by the locality/jurisdiction and applicable development standards for existing housing recognized by RHS in subpart A of part 1924 or standards contained in any of the voluntary national model codes acceptable upon review by RHS. Properties included on or eligible for inclusion on the National Register of Historic Places are subject to the standards and conditions of § 1944.673 of this subpart. The term "housing preservation" does not apply to replacement housing.

HPG. HPG means Housing Preservation Grant (see section 1944.652).

Low-income. An adjusted annual income that does not exceed the "lower" income limit according to size of household as established by the United States Department of Housing and Urban Development (HUD) for the county or Metropolitan Statistical Area (MSA) where the property is located. Maximum low-income limits are set forth in Appendix 9 of HB-1-3550 (available in any Rural Development Office).

Organization. An organization is defined as one of the following:

- (1) A State, commonwealth, trust territory, other political subdivision, or public nonprofit corporation authorized to receive and administer HPG funds;
- (2) An American Indian tribe, band, group, nation, including Alaskan Indians, Aleuts, Eskimos and any Alaskan Native Village, of the United States which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act (Pub. L. 93-638) or under the State and Local Fiscal Assistance Act of 1972 (Pub. L. 92-512);
- (3) A private nonprofit organization, including faith-based and community organizations, that is owned and controlled by private persons or interests for purposes other than making gains or profits for the corporation, is legally precluded from distributing any gains or profits to its members, and is authorized to undertake housing development activities; or
- (4) A consortium of units of government and/or private nonprofit organizations, including faith-based and community organizations, which is otherwise eligible to receive and administer HPG funds and which meets the following conditions:
 - (i) Be comprised of units of government and/or private nonprofit corporations that are close together, located in the same state, and serve areas eligible for USDA Rural Development assistance; and
 - (ii) Have executed an agreement among its members designating one participating unit of government or private nonprofit corporation as the applicant or designating a legal entity (such as a Council of Governments) to be the applicant.

Overcrowding. Guidance is provided at 7 CFR part 3560.155, Subpart E. These guidelines should result in an ideal range of persons per housing unit.

Rental properties. Rental properties are defined as single-unit or multi-unit dwellings used for occupancy by tenants, owners, or members of an owner's immediate family.

Replacement housing. The replacement of existing, individual owner occupied housing where repair and rehabilitation assistance is not economically feasible or practical. The term replacement housing does not apply to housing preservation.

The overall condition of the unit or dwelling must meet RHS Thermal Standards adopted by the locality/jurisdiction for new or existing structures and applicable development standards for new or existing housing recognized by RHS in subpart A of part 1924 or standards contained in any of the voluntary national model codes acceptable upon review by RHS. Properties included on or eligible for inclusion on the National Register of Historic Places are subject to the standards and conditions of § 1944.673 of this subpart prior to replacement.

RHS. RHS means the Rural Housing Service, or a successor agency.

Rural area. The definition in 7 CFR part 3550 applies.

Tenant. Any person who resides in a single- or multi-unit rental property.

Very low-income. An adjusted annual income that does not exceed the very low-income limit according to size of household as established by HUD for the county or MSA where the property is located. Maximum very low-income limits are set forth in 7 CFR part 3550.

§ 1944.657 Restrictions on lobbying.

All applicants must comply with RD Instruction 1940-Q which prohibits applicants of Federal grants from using appropriated funds for lobbying the Federal Government in connection with a specific grant.

§ 1944.658 Applicant eligibility.

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

- (1) Be an organization as defined in § 1944.656 of this subpart;
- (2) Have the necessary background and experience on the part of its staff or governing body with proven ability to perform responsibly in the field of low-income rural housing development, repair and rehabilitation or have other business management or administrative experience which indicates an ability to operate a program providing repair and rehabilitation financial assistance as well as for replacement housing;
- (3) Legally obligate itself to administer HPG funds, provide an adequate accounting of the expenditure of such funds in compliance with the terms of this regulation, the grant agreement, and 2 CFR Part 200, as adopted by

USDA through 2 CFR part 400, as appropriate, and comply with the grant agreement and RHS regulations; and

(4) If the applicant is engaged in or plans to become engaged in any other activities, provide sufficient evidence and documentation that they have adequate resources, including financial resources, to carry on any other programs or activities to which they are committed without jeopardizing the success and effectiveness of the HPG project.

(b) An applicant will not be considered eligible if it is a nonprofit entity and its proposal is based solely on an identity of interest, as defined in § 1924.4 (i) of subpart A of part 1924, between the applicant and the owner(s) of the proposed dwelling or co-op to be rehabilitated or repaired.

§ 1944.659 Replacement housing.

Replacement housing applies only to existing, individual owner occupied housing. Replacement housing does not apply to rental properties (single-unit or multiple-unit) or to cooperative housing projects. The grantee is responsible for determining the extent of the repairs and rehabilitation prior to any assistance given to an individual homeowner. If the cost of such repairs and rehabilitation is not economically feasible or practical, then the grantee may consider replacing the existing housing with replacement housing, subject to the following:

(a) The HPG grantee:

(1) Shall document the total costs for all repairs and rehabilitation on the existing housing; and

(2) Shall document the basis for the determination that the costs for all repairs and rehabilitation for the existing housing are not economically feasible or practical.

(b) The individual homeowner:

(1) Must meet all requirements of § 1944.661;

(2) Must lack the income and repayment ability to replace their existing home without the assistance of the HPG grantee;

(3) Must have been determined by the HPG grantee and RHS to be unable to afford a loan under Section 502 for replacement housing; and

(4) Must be able to afford the replacement housing on terms set forth by the HPG grantee.

(c) The existing home:

(1) Must be demolished as part of the process of providing replacement housing. It will be determined by the grantee and individual homeowner when is the best time for demolition; and

(2) May not be sold to make way for the replacement housing.

(d) The replacement housing:

(1) May be either new housing or a dwelling brought onto the site of the existing housing;

(2) May use no more than \$15,000 in HPG funds;

(3) Must meet all applicable requirements of 7 CFR 3550.57 (c); and

(4) May not be sold within 5 years of completion of the project.

(e) Any moneys received by the homeowner from selling salvaged material after demolishing the existing home must be used towards the replacement housing.

§ 1944.660 Authorized representative of the HPG applicant and RHS point of contact.

(a) RHS will deal only with authorized representatives designated by the HPG applicant.

(b) The State Director will designate either the State Office and/or the District Office as the processing office and/or the servicing office for the HPG program. The State Director's selection may be based on staffing, total program size, number of preapplications anticipated, type of applicants, or similar criteria. The State Director must publish this designation each year at the time the Federal

Register is published informing the public of the open period for acceptance of preapplications as outlined in § 1944.678 of this subpart.

§ 1944.661 Individual homeowners - eligibility for HPG assistance.

The individual homeowners assisted must have income that meets the very low- or low-income definitions, be the owner of an individual dwelling at least 1 year prior to the time of assistance, and be the intended occupant of the dwelling subsequent to the time of assistance. The dwelling must be located in a rural area and be in need of housing preservation assistance. Each homeowner is required to submit evidence of income and ownership for retention in the grantee's files.

(a) Income. Determination of income will be made in accordance with 7 CFR 3550.54 (c). All members of the household, as defined in § 1944.656 of this subpart, must be included when determining income. Grantees must use certifications, may require additional information from the homeowner, and should seek advice from their attorney.

(b) Ownership. Evidence of ownership may be a photostatic copy of the instrument evidencing ownership. Methods for assuring the intention of the homeowner to continue to occupy the dwelling after assistance will be established by the grantee. Any of the following will satisfy or fulfill this requirement of ownership:

(1) Full marketable title.

(2) An undivided or divided interest in the property to be repaired, rehabilitated or replaced when not all of the owners are occupying the property. HPG assistance may be made in such cases when:

(i) The occupant has been living in the house for at least 1 year prior to the date of requesting assistance;

(ii) The grantee has no reason to believe the occupant's position of owner occupant will be jeopardized as a result of the improvements to be made with HPG funds; and

(iii) In the case of a loan, and to the extent possible, the co-owner(s) should also sign the security instrument.

(3) A leasehold interest in the property to be repaired, rehabilitated or replaced. When the potential HPG recipient's "ownership" interest in the property is based on a leasehold interest, the lease must be in writing and a copy must be included in the grantee's file. The unexpired portion of the lease must not be less than 5 years and must permit the recipient to make modifications to the structure without increasing the recipient's lease cost.

(4) A life estate, with the right of present possession, control, and beneficial use of the property.

(5) Land assignments may be accepted as evidence of ownership only for American Indians living on a reservation, when historically the permits have been used by the tribe and have had the comparable effect of a life estate.

(c) Other evidence of ownership. The following items may be accepted as evidence of ownership if a recorded deed cannot be provided:

(1) Any legal instrument, whether or not recorded, which is commonly considered evidence of ownership.

(2) Evidence that the person(s) receiving assistance from the HPG grantee is listed as the owner of the property by the local taxing authority and is responsible for any real estate taxes.

(3) Affidavits by others in the community that the person(s) receiving assistance from the HPG grantee has occupied the property as the apparent owner for a period of not less than 10 years, and is generally believed to be the owner.

§ 1944.662 Eligibility of HPG assistance on rental properties or co-ops.

(a) Ownership. The owner(s) of rental properties or co-ops must own the dwelling at the time of receiving assistance from the HPG grantee. The dwelling must be located in a rural area and be in need of housing preservation assistance. Evidence of ownership may be a photostatic copy of the instrument evidencing ownership. Owners of rental properties and co-ops are required to submit evidence of ownership for retention in the grantee's files. Any of the following will satisfy or fulfill this requirement of ownership:

- (1) Full marketable title.
- (2) An undivided or divided interest in the property to be repaired or rehabilitated.
- (3) A leasehold interest in the property to be repaired or rehabilitated. Ownership interest in the property is based on a leasehold interest. The lease must be in writing and a copy must be included in the grantee's file. The unexpired portion of the lease must not be less than 5 years and must permit the recipient to make modifications to the structure without increasing the recipient's lease cost.
- (4) Land assignments may be accepted as evidence of ownership only for American Indians living on a reservation, when historically the permits have been used by the tribe and have had the comparable effect of a life estate.

(b) Tenant eligibility. The following requirements must be met in order for a unit within a rental property or co-op to be assisted with HPG funds:

- (1) The tenant must have income that meets the very low- or low-income definition.
- (2) The tenant must be the intended occupant of the unit, but is not required to have resided previously in the dwelling.
- (3) Any owner(s) who receives assistance from an HPG grantee or a member of the immediate family of the owner(s), who also resides in a unit within the dwelling to be repaired or rehabilitated is eligible to have their unit repaired or rehabilitated, if they are income eligible and meet all other requirements.

(c) Identity of interest. When an identity of interest, as defined in § 1924.4 (j) of subpart A of part 1924, exists between a nonprofit entity and the owner(s) of a dwelling, the property is not eligible for assistance.

§ 1944.663 Ownership agreement between HPG grantee and rental property owner or co-op.

HPG assistance may be provided by a grantee with respect to rental properties or co-ops only if the following conditions are met by the rental property owner(s) or by the co-op during a minimum 5 year restrictive period beginning on the date agreed upon in

the agreement between the grantee and the rental property owner (or co-op). The HPG grantee is responsible for preparing, executing, and monitoring for compliance, the ownership agreement with the owner(s) of the rental property or the co-op. The rental property owner(s) or the co-ops are required to enter into an ownership agreement with the grantee to assure compliance with the requirements of this section.

(a) Ownership agreement. At a minimum, the ownership agreement must include the following clauses:

- (1) The owner(s) agrees to make the units repaired or rehabilitated available for occupancy to very low- or low-income persons for a period of not less than 5 years, such restrictive period beginning on the date agreed upon in the agreement between the grantee and the rental property owner(s) or co-op.
- (2) The owner(s) agrees to pass on to the tenants any reduction in the debt service payments resulting from the HPG assistance provided by the HPG grantee to the owner(s).
- (3) The owner(s) of rental properties agrees not to convert the units to condominium ownership. In the case of co-ops, the owner(s) agrees not to convert the dwelling(s) to condominium ownership or any form of cooperative ownership not eligible under this section. This paragraph is subject to the restrictive period noted in paragraph (a)(1) of this section.
- (4) The owner(s) agrees not to refuse to rent a unit to any person solely because the person is receiving or is eligible to receive assistance under any Federal, State, or local housing assistance program.
- (5) The owner(s) agrees that the units repaired or rehabilitated will be occupied or available for occupancy by persons of very low- or low-income.
- (6) The owner(s) agrees to enter into and abide by written leases with the tenants and that such leases shall provide that the tenants may be evicted only for good cause.
- (7) The owner(s) agrees that, in the event the owner(s) or the owner's successors in interest fail to carry out the requirements of this section during the applicable period, they shall make a payment to Rural Development in an amount that equals the total amount of assistance provided by the grantee plus interest thereon (without compounding) for each year and any

fraction thereof that the assistance was outstanding. The interest rate shall be that as determined by Rural Development at the time of infraction taking into account the average yield on outstanding marketable long-term obligations of the United States during the month preceding the date on which the assistance was initially made available.

(8) The owner(s) agrees that, notwithstanding any other provisions of law, the HPG assistance provided to the owner(s) shall constitute a debt which is payable in the case of any failure of this section and shall be secured by a security instrument provided by the owner(s) or co-op to the grantee, that provides for Rural Development to take such action upon incapacity or dissolution of the grantee.

(9) The owner(s) agrees and certifies that the assistance is being made available in conformity with Pub. L. 88-352, the "Civil Rights Act of 1964," and Pub. L. 90-284, the "Civil Rights Act of 1968."

(b) Responsibilities of the grantee. The grantee is responsible for insuring through verification and monitoring that the areas listed below are in compliance:

(1) That HPG funds used for loans, grants, or interest reduction payments providing repair or rehabilitation assistance to owners of rental properties or co-ops are not in excess of 75 percent of the total cost of all repairs and rehabilitation activities eligible for HPG assistance.

(2) That the owner(s) is not repairing and/or rehabilitating any unit unless it meets the requirements of §1944.662 (b)(3) of this subpart.

(3) That rental property units being repaired and/or rehabilitated and occupied by owners or members of the owner's immediate family meet all other requirements of this subpart.

(4) That, for multi-units not considered eligible as a result of paragraph (b)(2) or (b)(3) of this section, the grantee and owner(s) shall agree on a method, if any is needed, of determining the prorata share of repairs and rehabilitation activities to the dwelling, based on a percentage of the ineligible units to the total dwelling.

§ 1944.664 Housing preservation and replacement housing assistance.

- (a) Grantees are responsible for providing loans, grants, or other comparable assistance to homeowners, owners of rental properties, or co-ops for housing preservation or for replacement housing as described in § 1944.656 of this subpart.
- (b) HPG funds used for loans, grants, or interest reduction payments to provide rental repair and/or rehabilitation assistance to owners of rental properties or co-ops shall not exceed the requirement noted in § 1944.663 (b)(1) of this subpart.
- (c) Authorized housing preservation assistance includes, but is not limited to, cost of labor and materials for:
- (1) Installation and/or repair of sanitary water and waste disposal systems, together with related plumbing and fixtures, which will meet local health department requirements;
 - (2) Energy conservation measures such as:
 - (i) Insulation; and
 - (ii) Combination screen-storm windows and doors;
 - (3) Repair or replacement of the heating system including the installation of alternative systems such as woodburning stoves or space heaters, when appropriate and if local codes permit;
 - (4) Electrical wiring;
 - (5) Repair of, or provision for, structural supports and foundations;
 - (6) Repair or replacement of the roof;
 - (7) Replacement of severely deteriorated siding, porches or stoops;
 - (8) Alterations of the unit's interior or exterior to provide greater accessibility for any handicapped person;

(9) For properties listed on or eligible for the National Register of Historic Places, activities associated with conforming repair and rehabilitation activities to the standards and/or design comments resulting from the consultation process contained in §1944.673 of this subpart;

(10) Necessary repairs to manufactured housing provided:

(i) For homeowners only, the recipient owns the home and the site on which the home is situated and the homeowner has occupied that home on that site for at least 1 year prior to receiving HPG assistance; and

(ii) For homeowners, owners of single- or multiple- unit rental properties, and co-ops, the manufactured housing is on a permanent foundation or will be put on a permanent foundation with HPG funds. Advice on the requirements for a permanent foundation is available from RHS. Guidance may be found in § 1944.223 (e) of subpart E of this part and in exhibit J of subpart A of part 1924;

(11) Additions to any dwelling (conventional or manufactured) only when it is clearly necessary to alleviate overcrowding or to remove health hazards to the occupants; or

(12) Relocation costs either permanent or temporary for assistance to rental properties or co-ops, as noted in §1944.667 of this subpart.

(d) Authorized replacement housing assistance includes, but is not limited to:

(1) Building a dwelling and providing related facilities for use by the individual homeowner as a permanent resident;

(2) Providing a safe and sanitary water and waste disposal system, together with related plumbing and fixtures, which will meet local health department requirements;

(3) Providing minimum site preparation and other on-site improvement including grading, foundation plantings, minimal landscaping, and other on-site improvements required by local jurisdictions;

(4) Providing special design features or equipment when necessary because of physical handicap or disability of the HPG recipient or member of the household;

(5) Purchasing and installing approved energy saving measures and approved furnaces and space heaters which use a type of fuel that is commonly used, and is economical and dependably available;

(6) Providing storm cellars and similar protective structures, if typical for the area;

(7) Paying real estate taxes which are due and payable on the existing dwelling or site at the time of closing, if this amount is not a substantial part of the HPG assistance;

(8) Providing living area for the HPG recipient and all members of the household as specified in 7 CFR 3550.54 (c); and

(9) Moving a dwelling onto the site of the demolished, previously existing housing and meeting all HPG housing preservation requirements for repair and rehabilitation;

(10) Providing funds for demolishing the existing housing; and

(11) Any other cost that is reasonable and justifiable directly related to replacement activities.

(e) HPG funds may be used for payment of incidental expenses directly related to accomplishing authorized activities such as fees for connection of utilities (water, sewer, gas, electric), credit reports, surveys, title clearance, loan closing, inspections, and architectural or other technical services. All fees will be in accordance with local prevailing rates and so documented.

(f) HPG funds may be used where they do not contribute to the health, safety and well being of the occupant or do not materially contribute to the structural integrity or long-term preservation of the unit. The percentage of the funds to be used for such purposes must not exceed 20 percent of the total funding for the unit(s) and/or dwelling, and such work must be combined with improvements listed as eligible under paragraph (c) of this section. These improvements may include, but are not limited to the following:

- (1) Painting;
- (2) Paneling;
- (3) Floor covering, including carpeting;
- (4) Improving clothes closets or shelving;
- (5) Improving kitchen cabinets;
- (6) Air conditioning; or
- (7) Landscape plantings.

(g) Under the following conditions, HPG funds may be used to reimburse the grantee for authorized housing preservation or replacement housing activities performed by employees of the grantee where the grantee acts as a construction contractor and furnishes construction services:

- (1) The grantee must demonstrate that such work performed by the grantee results in cost savings in terms of time and labor over cost for such work prevailing in the area;
- (2) The grantee has established a process for third party review of all performance by a local government, building inspector or other independent party;
- (3) The grantee has established or makes available a process that provides for consumer protection to the individual homeowner, owner of a rental property, or co-op assisted; and
- (4) The grantee's accounting system provides a clear delineation between administrative costs and construction contractor (non-administrative) costs.

(h) HPG funds may not be used to:

- (1) Assist in the construction or completion of an addition (excluding paragraph (c)(11) of this section) or a new dwelling. This paragraph does not apply to replacement housing.

(2) Refinance any debt or obligation of the grantee, the individual homeowner, owners of a rental property, or co-ops other than obligations incurred for eligible items covered by this section entered into after the date of agreement with the HPG grantee.

(3) Repair or rehabilitate as well as replace any property located in the Coastal Barrier Resources System.

§ 1944.665 Supervision and inspection of work.

Grantees are responsible for supervising all rehabilitation and repair work, as well as replacement housing financed with HPG assistance. After all HPG work has been completed, a final inspection must be done by a disinterested third party, such as local building and code enforcement officials. If there are no such officials serving the area where HPG activities will be undertaken, or if the grantee would also normally make such inspections, the grantee must use qualified contract or fee inspectors.

§ 1944.666 Administrative activities and policies.

Grant funds are to be used primarily for housing repair and rehabilitation activities. Use of grant funds for direct and indirect administrative costs is a secondary purpose and must not exceed 20 percent of the HPG funds awarded to the grantee.

(a) Administrative expenses may include:

(1) Payment of reasonable salaries or contracts for professional, technical, and clerical staff actively assisting in the delivery of the HPG project.

(2) Payment of necessary and reasonable office expenses such as office rental, supplies, utilities, telephone services, and equipment. (Any item of nonexpendable personal property having a unit value of \$1,000 or more, acquired with HPG funds, will be specifically identified to RHS in writing.)

(3) Payment of necessary and reasonable administrative costs such as workers' compensation, liability insurance, and the employer's share of Social Security and health benefits. Payments to private retirement funds are permitted if the grantee already has such a fund established and ongoing.

(4) Payment of reasonable fees for necessary training of grantee personnel.

(5) Payment of necessary and reasonable costs for an audit upon expiration of the grant agreement.

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

(b) HPG administrative funds may not be used for:

(1) Preparing housing development plans and strategies except as necessary to accomplish the specific objectives of the HPG project.

(2) Substitution of any financial support previously provided or currently available from any other source.

(3) Reimbursing personnel to perform construction related to housing preservation assistance. Non-administrative funds may be used if construction is for housing preservation assistance under the provisions of § 1944.664 (g) of this subpart.

(4) Buying property of any kind from persons receiving assistance from the grantee under the terms of the HPG agreement.

(5) Paying for or reimbursing the grantee for any expense or debts incurred before RHS executes the grant agreement.

(6) Paying any debts, expenses, or costs which should be the responsibility of the individual homeowner, owner, tenant or household member of a rental property, or owner (member) or non-member of a co-op receiving HPG assistance outside the costs of repair and rehabilitation as well as for replacement housing (individual homeowners only).

(7) Any type of political activities prohibited by the Office of Management and Budget (OMB) Circular A-122.

(8) Other costs including contributions and donations, entertainment, fines and penalties, interest and other financial costs unrelated to the HPG assistance to be provided, legislative expenses, and any excess of cost from other grant agreements.

(9) Paying added salaries for employees paid by other sources, i.e., public agencies who pay employees to handle grants.

(c) Advice concerning ineligible costs may be obtained from RHS as part of the HPG preapplication review or when a proposed cost appears ineligible.

(d) The grantee may not charge fees or accept any compensation or gratuities from HPG recipients for the grantee's technical or administrative services under this program. Where the grantee performs as a construction contractor, the grantee may be paid such compensation directly related to construction services provided and limited to authorized housing preservation activities.

(e) The policies, guidelines and requirements of 2 CFR Part 200, as adopted by USDA through 2 CFR part 400, apply to the acceptance and use of HPG funds.

§ 1944.667 Relocation and displacement.

(a) Relocation. Public bodies and agencies must comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970. The grantee must provide assistance for permanent or temporary relocation of displaced persons for units repaired or rehabilitated or for individual homes replaced with HPG assistance. HPG funds may be used to cover costs incurred in the relocation of displaced persons. The applicant shall include in its statement of activities, a statement concerning the temporary relocation of homeowners and/or tenants during the period of repairs and/or rehabilitation to the units or dwellings. Any contract or agreement between the homeowner and the grantee, as well as between the grantee and the owner(s) of rental properties and co-ops shall include a statement covering at a minimum:

(1) The period of relocation (if any);

(2) The name(s) of the party (or parties) who shall bear the cost of temporarily relocating; and

(3) The name(s) of the party (or parties) who shall bear the cost of permanent relocation; and

(4) If paragraphs (a) (2) or (3) of this section is the grantee, the maximum amount of temporary or permanent relocation costs proposed to be allowed.

(b) Displacement. The applicant shall include in its statement of activities, a statement as to how its proposed HPG financial assistance program shall keep to a minimum the displacement of homeowners and/or tenants.

§ 1944.668 Term of grant.

HPG projects may be funded under the terms of a grant agreement for a period of up to 2 years commencing on the date of execution of the grant agreement by the RHS approval official. Term of the project will be based upon HPG resources available for the proposed project and the accomplishability of the applicant's proposal within 1 or 2 years. Applicants requesting a 2-year term may be asked to develop a feasible 1-year program if sufficient funds are not available for a 2 year program.

§ 1944.669 [Reserved]

§ 1944.670 Project income.

(a) Project income during the grant period from loans made to homeowners, owners of rental properties, and co-ops is governed by 2 CFR Part 200 as adopted through 2 CFR part 400. All income during the grant period, including amounts recovered by the grantee due to breach of agreements between the grantee and the HPG recipient, must be used under (and in accordance with) the requirements of the HPG program.

(b) Grantees are encouraged to establish a program which reuses income from loans after the grant period for continuing repair and rehabilitation activities, as well as for individual housing replaced.

§ 1944.671 Equal opportunity requirements and outreach efforts.

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

(a) Fair housing. The Fair Housing Act prohibits any person or entity whose business includes engaging in residential real estate-related transactions to discriminate against any person in making loans, grants, or other financial assistance for a unit or dwelling, or which will be secured by a unit or dwelling, because of race, color, religion, sex, national origin, age, familial status, or handicap/disability. Prohibited practices under this section include:

(1) Failing to provide any person in connection with a residential real estate-related transaction, information regarding the availability of loans, grants, or other financial assistance, or providing information that is inaccurate or different from that provided others; and

(2) The term "residential real estate-related transaction" includes the making or purchasing of loans, grants, or other financial assistance for purchasing, constructing, improving, repairing, or rehabilitating a unit or dwelling, as well as for replacement housing for individual homeowners.

(b) Outreach. In addition, the HPG grantee is required to address an outreach effort in their program. The amount of outreach should sufficiently reach the entire service area. As a measure of compliance, the percentages of the individuals served by the HPG grantee should be in proportion to the percentages of the population of the service area by race/national origin. If the percentages are not proportional, then adequate justification is to be made. Exhibit E-1 of this subpart will be used to monitor these requirements. (Further explanation and guidance of Exhibit E-1 can be found in Exhibit E-2 of this subpart.) A separate file will be maintained by the grantee that will include the following outreach activities:

(1) Community contacts to community organizations, community leaders, including minority leaders, by name, race, and date contacted;

(2) Copies of all advertising in local newspapers, and through other media. Any advertising must reach the entire service area. RHS encourages the use of minority-owned radio stations and other types of media, if available, in the service area. The grantee's file shall also include the name of the media used, and the percentage of its patronage by race/national origin; and

(3) Copies of any other advertising or other printed material, including the application form used. The application form shall include the nondiscrimination slogan: "This is an equal opportunity program. Discrimination is prohibited by Federal Law."

(c) Additional requirements. In order to meet the Fair Housing requirements and the nondiscrimination requirements of Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, the HPG grantee will need to adhere to the recommendations of Exhibit H of this subpart.

§ 1944.672 Environmental review requirements.

Grants made under this subpart must comply with the environmental review requirements in accordance with 7 CFR part 1970.

(a) The approval of an HPG grant for the repair, rehabilitation, or replacement of dwellings is classified as a Categorical Exclusion without an Environmental Report, pursuant to § 1970.53. As part of their preapplication materials, applicants shall submit environmental documentation in accordance with 7 CFR part 1970, for the geographical areas proposed to be served by the program.

(b) The use of HPG funds by the grantee to repair, rehabilitate, or replace on the same site specific dwellings is generally exempt from an RHS environmental review. However, if such dwellings are located in or adjacent to an environmental resource, further environmental review may be required in accordance with 7 CFR part 1970. Dwellings within the Coastal Barrier Resources System are not eligible for HPG assistance. Applicants must include in their preapplication a process for identifying dwellings that may receive housing preservation or replacement housing assistance that will require an environmental assessment.

(c) If, in accordance with 7 CFR part 1970, the dwelling does not require further environmental review, the grantee must complete and submit to RHS a RD Form 1970-1 for each recipient, and include a copy in the recipient's file. The grantee must also include in each recipient's file:

(1) Documentation on how the process for historic preservation review under § 1944.673 of this subpart has been complied with, including all relevant reviews and correspondence; and

(2) Determination as to whether the unit is located in a 100-year floodplain or a wetland.

(3) Documentation of this review. Suggested language is: "We have considered this dwelling under RHS's environmental and historic preservation requirements for a HPG (§§ 1944.672 and 1944.673 of this subpart) and an environmental assessment is not required. The review was completed in accordance with the process to identify properties requiring an RHS environmental assessment approved with our statement of activities."

(d) When an HPG proposal does not qualify as a Categorical Exclusion under § 1970.53 and may require either an environmental report under § 1970.54 or an environmental assessment, the applicant will immediately contact the RHS office designated to service the HPG grant. Prior to approval of HPG assistance to the recipient by the applicant, RHS must complete the environmental review process in accordance with 7 CFR part 1970, with the assistance of the applicant, as necessary.

(e) If an environmental assessment is required, the grantee will prepare the document in accordance with 7 CFR part 1970 and submit it to RHS for review. A copy of the environmental assessment will also be made part of the recipient's file.

(f) Proposed use of funds by an applicant to use moneys for additions under § 1944.664 (c)(11) of this subpart must be addressed in the statement of activities.

(g) Grantees must contact Rural Development prior to actual usage of funds by the grantees under § 1944.664 (c)(11) of this subpart. Rural Development must complete the appropriate level of environmental review in accordance with part 1970 of this chapter.

§ 1944.673 Historic preservation and replacement housing requirements and procedures.

(a) RHS has entered into a Programmatic Memorandum of Agreement (PMOA) with the National Conference of State Historic Preservation Officers (SHPO) and the Advisory Council on Historic Preservation in order to implement the specific requirements regarding historic preservation contained in Section 533 of the Housing Act of 1949, 42 U.S.C. 1490(m) of the enabling legislation. The PMOA, with attachments, can be found in RD Instruction 2000-FF. A copy of the PMOA will be provided to each applicant for a HPG as part of the preapplication package specified in paragraph II of Exhibit C of this subpart.

(b) Accordingly, each applicant for a HPG grant will provide, as part of its preapplication documentation submitted to RHS, a description of its proposed process for assisting very low- and low-income persons owning historic properties needing rehabilitation, repair, or replacement. "Historic properties" are defined as properties that are listed or eligible for listing on the National Register of Historic Places. Each HPG proposal shall comply with the provisions of Stipulation I, A-G of the PMOA (RD Instruction 2000-FF). Should RHS be required to assume responsibility for compliance with 36 CFR part 800 in accordance with Stipulation III of the PMOA, the grantee will prepare an environmental assessment in

accordance with 7 CFR part 1970 and submit it to RHS for review. RHS will work with the grantee to develop alternative actions or mitigation measures, as appropriate.

(c) Such assumption of responsibility by RHS on a particular property shall not preclude the grantee from carrying out the requirements of 36 CFR part 800 on other properties as though it were a Federal agency, but no work may be commenced on any unit or dwelling in controversy until and unless so advised by RHS.

§ 1944.674 Public participation and intergovernmental review.

(a) In preparing its statement of activities, the applicant is responsible for consulting with leaders from the county, parish and/or township governments of the area where HPG activities will take place for the purpose of assuring that the proposed HPG program is beneficial and does not duplicate current activities. American Indian nonprofit organization applicants should obtain the written concurrence of the tribal governing body in lieu of consulting with the county governments when the program is operated only on tribal land.

(b) The applicant must also make its statement of activities available to the public for comment. The applicant must announce the availability of its statement of activities for review in a newspaper of general circulation in the project area and allow at least 15 days for public comment. The start of this 15-day period must occur no later than 16 days prior to the last day for acceptance of preapplications by RHS.

(c) The HPG program is subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. Under RD Instruction 1970-I, prospective applicants for HPG grants must submit its statement of activities to the State single point of contact prior to submitting their preapplication to RHS. Evidence of submittal of the statement of activities to the State single point of contact is to be submitted with a preapplication. Comments and recommendations made through the intergovernmental review process are for the purpose of assuring consideration of State and local government views. The name of the State single point of contact is available from any Rural Development office. This section does not apply to American Indian tribes, bands, groups, etc., as noted in §1944.656 of this subpart.

§ 1944.675 Allocation of HPG funds to States and unused HPG funds.

The allocation and distribution of HPG funds is found in § 1940.578 of subpart L of part 1940.

§ 1944.676 Preapplication procedures.

(a) All applicants will file an original and two copies of Standard Form (SF) 424.1, "Application For Federal Assistance (For Nonconstruction)," and supporting information with the appropriate Rural Development office. A preapplication package, including SF-424.1, is available in any Rural Development Office.

(b) All preapplications shall be accompanied by the following information which Rural Development will use to determine the applicant's eligibility to undertake the HPG program and to evaluate the preapplication under the project selection criteria of § 1944.679 of this subpart.

(1) A statement of activities proposed by the applicant for its HPG program as appropriate to the type of assistance the applicant is proposing, including:

(i) A complete discussion of the type of and conditions for financial assistance for housing preservation, including whether the request for assistance is for a homeowner assistance program, a rental property assistance program, or a co-op assistance program;

(ii) The process for selecting recipients for HPG assistance, determining housing preservation needs of the dwelling, performing the necessary work, and monitoring/inspecting work performed;

(iii) A description of the process for identifying potential environmental impacts in accordance with §1944.672 of this subpart, and the provisions for compliance with Stipulation I, A-G of the PMOA (RD Instruction 2000-FF available in any Rural Development office) in accordance with § 1944.673 (b) of this subpart. With the exception of Stipulation I, D of the PMOA, this may be accomplished by adoption of Exhibit F-1 of this subpart (available in any Rural Development office), or another process supplying similar information acceptable to Rural Development;

(iv) The development standard(s) the applicant will use for the housing preservation work; and, if not the Rural Development standards for

existing dwellings, the evidence of its acceptance by the jurisdiction where the grant will be implemented;

(v) The time schedule for completing the program;

(vi) The staffing required to complete the program;

(vii) The estimated number of very low- and low-income minority and nonminority persons the grantee will assist with HPG funds; and, if a rental property or co-op assistance program, the number of units and the term of restrictive covenants on their use for very low- and low-income;

(viii) The geographical area(s) to be served by the HPG program;

(ix) The annual estimated budget for the program period based on the financial needs to accomplish the objectives outlined in the proposal. The budget should include proposed direct and indirect administrative costs, such as personnel, fringe benefits, travel, equipment, supplies, contracts, and other cost categories, detailing those costs for which the grantee proposes to use the HPG grant separately from non-HPG resources, if any. The applicant budget should also include a schedule (with amounts) of how the applicant proposes to draw HPG grant funds, i.e., monthly, quarterly, lump sum for program activities, etc.;

(x) A copy of an indirect cost proposal as required in 2 CFR Part 200 as adopted by USDA through 2 CFR part 400, when the applicant has another source of federal funding in addition to the Rural Development HPG program;

(xi) A brief description of the accounting system to be used;

(xii) The method of evaluation to be used by the applicant to determine the effectiveness of its program which encompasses the requirements for quarterly reports to Rural Development in accordance with §1944.683 (b) of this subpart and the monitoring plan for rental properties and co-ops (when applicable) according to §1944.689 of this subpart;

(xiii) The source and estimated amount of other financial resources to be obtained and used by the applicant for both HPG activities and housing development and/or supporting activities;

(xiv) The use of program income, if any, and the tracking system used for monitoring same;

(xv) The applicant's plan for disposition of any security instruments held by them as a result of its HPG activities in the event of its loss of legal status;

(xvi) Any other information necessary to explain the proposed HPG program; and

(xvii) The outreach efforts outlined in §1944.671 (b) of this subpart.

(2) Complete information about the applicant's experience and capacity to carry out the objectives of the proposed HPG program.

(3) Evidence of the applicant's legal existence, including, in the case of a private nonprofit organization, a copy of, or an accurate reference to, the specific provisions of State law under which the applicant is organized; a certified copy of the applicant's Articles of Incorporation and Bylaws or other evidence of corporate existence; certificate of incorporation for other than public bodies; evidence of good standing from the State when the corporation has been in existence 1 year or more; and, the names and addresses of the applicant's members, directors and officers. If other organizations are members of the applicant-organization, or the applicant is a consortium, preapplications should be accompanied by the names, addresses, and principal purpose of the other organizations. If the applicant is a consortium, documentation showing compliance with §1944.656 of this subpart will also be included.

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

(5) A brief narrative statement which includes information about the area to be served and the need for improved housing (including both percentage and actual number of both low-income and low-income minority households and substandard housing), the need for the type of housing preservation assistance being proposed, the anticipated use of HPG resources for historic properties, the method of evaluation to be used by the applicant in determining the effectiveness of its efforts (according to paragraph (b)(1)(xii) of this section).

(6) A statement containing the component for alleviating overcrowding as defined by §1944.656 of this subpart.

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

(8) Any other information necessary that specifically addresses the selection criteria in §1944.679 of this subpart.

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

(d) The applicant must submit a description of its process for:

(1) Identifying and rehabilitating properties that are listed on or eligible for listing on the National Register of Historic Places.

(2) Identifying properties that are located in a floodplain or wetland.

(3) Identifying properties located within the Coastal Barrier Resources System.

(4) Coordinating with other public and private organizations and programs that provide assistance in the rehabilitation of historic properties (Stipulation I, D, of the PMOA, RD Instruction 2000-FF, available in any Rural Development office).

(5) Paragraphs (d)(1), (2), and (3) of this section may be accomplished by adoption of Exhibit F-1 of this subpart (available in any Rural Development office), or another process supplying similar information acceptable to Rural Development.

(e) The applicant must submit evidence of SHPO concurrence in the proposal, or in the event of nonconcurrence, a copy of SHPO's comments together with evidence that the applicant has sought the Advisory Council on Historic Preservation's advice as to how the disagreement might be resolved, and a copy of any advice provided by the Council.

(f) The applicant must submit written statements and related correspondence reflecting compliance with §1944.674 (a) and (c) of this subpart regarding consultation with local government leaders in the preparation of its program and the consultation with local and state government pursuant to the provisions of Executive Order 12372.

(g) The applicant is to make its statement of activities available to the public for comment prior to submission to Rural Development pursuant to §1944.674 (b) of this subpart. The application must contain a description of how the comments (if any were received) were addressed.

(h) The applicant must submit an original and one copy of Form RD 400-1, "Equal Opportunity Agreement," and Form RD 400-4, "Assurance Agreement," in accordance with §1944.674 (c) of this subpart.

§ 1944.677 [Reserved]

§ 1944.678 Preapplication submission deadline.

Dates governing the invitation and review of HPG preapplications will be published annually in the Federal Register and may be obtained from Rural Development offices processing HPG preapplications. Preapplications received after the date specified in the Federal Register will not be considered for funding in that fiscal year and will be returned.

§ 1944.679 Project selection criteria.

(a) Applicants must meet all of the following threshold criteria:

- (1) Provide a financially feasible program of housing preservation assistance. "Financially feasible" is defined as proposed assistance which will be affordable to the intended recipient or result in affordable housing for very low- and low-income persons;
- (2) Serve eligible rural areas with a concentration of substandard housing for households with very low- and low-income;
- (3) Be an eligible applicant entity as defined in §1944.658 of this subpart;
- (4) Meet the requirements of consultation and public comment in accordance with §1944.674 of this subpart; and
- (5) Submit a complete preapplication as outlined in §1944.676 of this subpart.

(b) For applicants meeting all of the requirements listed in paragraph (a) of this section, Rural Development will use the weighted criteria in this paragraph in the selection of grant recipients. Each preapplication and its accompanying statement of activities will be evaluated and, based solely on the information contained in the preapplication, the applicant's proposal will be numerically rated on each criteria within the range provided. The highest ranking applicant(s) will be selected based on allocation of funds available to the State. Exhibit D of this subpart (available in any Rural Development office) will be used to document the rating.

(1) Points are awarded based on the percentage of very low-income persons that the applicant proposes to assist, using the following scale:

- (i) More than 80%: 20 points.
- (ii) 61% to 80%: 15 points.
- (iii) 41% to 60%: 10 points.
- (iv) 20% to 40%: 5 points.
- (v) Less than 20%: 0 points.

(2) The applicant's proposal may be expected to result in the following percentage of HPG fund use (excluding administrative costs) to total cost of unit preservation. This percentage reflects maximum repair or rehabilitation

with the least possible HPG funds due to leveraging, innovative financial assistance, owner's contribution or other specified approaches. Points are awarded based on the following percentage of HPG funds (excluding administrative costs) to total funds:

- (i) 50% or less: 20 points.
- (ii) 51% to 65%: 15 points.
- (iii) 66% to 80%: 10 points.
- (iv) 81% to 95%: 5 points.
- (v) 96% to 100%: 0 points.

(3) The applicant has demonstrated its administrative capacity in assisting very low- and low-income persons to obtain adequate housing based on the following:

- (i) The organization or a member of its staff has at least one or more years experience successfully managing and operating a rehabilitation or weatherization type program: 10 points.
- (ii) The organization or a member of its staff has at least one or more years experience successfully managing and operating a program assisting very low- and low-income persons obtain housing assistance: 10 points.
- (iii) If the organization has administered grant programs, there are no outstanding or unresolved audit or investigative findings which might impair carrying out the proposal: 10 points.

(4) The proposed program will be undertaken entirely in rural areas outside MSAs identified by Rural Development as having populations below 10,000 or in remote parts of other rural areas (i.e., rural areas contained in MSAs with less than 5,000 population) as defined in §1944.656 of this subpart: 10 points.

(5) The program will use less than 20 percent of HPG funds for administration purposes:

(i) More than 20%: Not Eligible.

(ii) 20%: 0 points.

(iii) 19%: 1 point.

(iv) 18%: 2 points.

(v) 17%: 3 points.

(vi) 16%: 4 points.

(vii) 15% or less: 5 points.

(6) The proposed program contains a component for alleviating overcrowding as defined in §1944.656 of this subpart: 5 points.

(c) In the event more than one preapplication receives the same amount of points, those preapplications will then be ranked based on the actual percentage figure used for determining the points under paragraph (b)(1) of this section. Further, in the event that preapplications are still tied, then those preapplications still tied will be ranked based on the percentage figures used (low to high) in paragraph (b)(2) of this section. Further, for applications where assistance to rental properties or co-ops is proposed, those still tied will be further ranked based on the number of years the units are available for occupancy under the program (a minimum of 5 years is required). For this part, ranking will be based from most to least number of years. Finally, if there is still a tie, then a "lottery" system will be used.

§ 1944.680 Limitation on grantee selection.

After all preapplications have been reviewed under the selection criteria and if more than one preapplication has met the criteria of § 1944.679 (a) of this subpart, the State Director or approval official may not approve more than 50 percent of the State's allocation to a single entity.

§ 1944.681 Application submission.

Applicants selected by Rural Development will be advised to submit a full application in an original and two copies of SF 424.1, and are to include any condition or amendments that must be incorporated into the statement of activities prior to

submitting a full application. Instructions on submission and timing will be provided by Rural Development.

§ 1944.682 Preapplication/application review, grant approval, and requesting HPG funds.

The Rural Development offices processing HPG preapplications/applications will review the preapplications and applications submitted. Further review and actions will be taken by Rural Development personnel in accordance with Exhibit C of this subpart (available in any Rural Development office). Exhibit G of this subpart (available in any Rural Development office) will be used by the State Office to notify the National Office of preapplications received, eligibility, ranking, number of proposed units, amount requested by applicants, and amount recommended by State Office. Preapplications determined not eligible and/or not meeting the selection criteria will be notified in the manner prescribed in Exhibit C of this subpart (available in any Rural Development office). In addition, Rural Development will document its findings and advise the applicant of its review rights or appeal rights (if applicable). Applications determined not eligible will be handled in the same manner. The preapplications or applications determined incomplete will be notified in the manner prescribed in Exhibit C of this subpart (available in any Rural Development office) and will not be given appeal rights. The State Director is authorized to approve an HPG in accordance with this subpart and Subpart A of Part 1901 of this chapter. The State Director may delegate this authority in writing to designated State Office personnel and District Directors. Further:

(a) Grant approval is the process by which Rural Development determines that all applicable administrative and legal conditions for making a grant have been met, the grant agreement is signed, and funds have been obligated for the HPG project. If acceptable, the approval official will inform the applicant of approval, having the applicant sign Form RD 1940-1, "Request for Obligation of Funds," and Exhibit A of this subpart (available in any Rural Development office). The applicant will be sent a copy of the executed grant agreement and Form RD 1940-1. Should any conditions be attached to the grant agreement that must be satisfied prior to the applicant receiving any HPG funds, the grant agreement and the conditions will be returned to the applicant for acceptance and acknowledgement on the grant agreement prior to execution by the approval official.

(b) The application may be disapproved before execution of the grant agreement if the applicant is no longer eligible, the proposal is no longer feasible, or the applicant requests cancellation of its project. Except when the applicant requests

cancellation, Rural Development will document its findings and advise the applicant of its appeal rights.

(c) With the executed grant agreement and Form RD 1940-1, Rural Development will send the approved applicant (now the "grantee") copies of SF-270, "Request for Advance or Reimbursement". The grantee must submit an original and two copies of SF-270 to the Rural Development office servicing the project. In addition, the grantee must submit SF-272, "Federal Cash Transactions Report," each time an advance of funds is made. This report shall be used by Rural Development to monitor cash advances made to the grantee. Advances or reimbursements must be in accordance with the grantee's budget and statement of activities, including any amendments, prior approved by Rural Development. Requests for reimbursement or advances must be at least 30 calendar days apart.

(d) If the grantee fails to submit required reports pursuant to § 1944.683 of this subpart or is in violation of the grant agreement, Rural Development may suspend HPG reimbursements and advances or terminate the grant in accordance with §1944.688 of this subpart and the grant agreement.

§ 1944.683 Reporting requirements.

(a) SF-269, "Financial Status Report," is required of all grantees on a quarterly basis. Grantees shall submit an original and two copies of the report to the designated Rural Development servicing office. When preparing the Financial Status Report, the total program outlays (Item 10, g, of SF-269) should be less any rebates, refunds, or other discounts. Reports must be submitted no later than 15 days after the end of each calendar quarter.

(b) Quarterly performance reports shall be submitted by grantees with SF-269, in an original and two copies (see Exhibit E-1 of this subpart). The quarterly report should relate the activities during the report period to the project's objectives and analyze the effectiveness of the program. As part of the grantee's preapplication submission, as required by § 1944.676 (b) of this subpart, the grantee establishes its objectives for the HPG program, including its method of evaluation to determine its effectiveness. Accordingly, the report must include, but need not be limited to, the following:

- (1) Use of HPG funds for administration and housing preservation activities.
- (2) The following specific information for each unit or dwelling assisted:

(i) Name(s), address, and income(s) of each homeowner assisted or the name and address of the owner(s) or co-op for each rental property (single or multi-unit) or co-op assisted;

(ii) Total cost of repair/rehabilitation, a list of major repairs made, amount financed by HPG, and amount financed from which other sources;

(iii) Type of assistance provided (interest subsidy, loan, grant, etc.); and

(iv) Results of implementing the environmental process contained in § 1944.672 of this subpart and the historic preservation process contained in § 1944.673 of this subpart.

(3) The use of HPG and any other funds for replacement housing.

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

(i) The number of very low- and low-income, minority and nonminority persons assisted in obtaining adequate housing by the HPG program through repair, rehabilitation as well as for replacement housing; and

(ii) The average cost of assistance provided to each household.

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

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

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

(8) A certification that the final building inspection reports for each rehabilitation or repair work financed as well as for replacement housing with HPG funds for that quarter is on file.

(c) The grantee should be prepared to meet with the Rural Development office servicing the project to discuss its quarterly report shortly after submission.

(d) If the reports are not submitted in a timely manner or if the reports indicate that the grantee has made unsatisfactory progress or the grantee is not meeting its established objectives, the RHS official servicing the grant will recommend to the State Director appropriate action to resolve the indicated problem(s). If appropriate corrective action is not taken by the grantee, the State Director has the discretion to not authorize further advances by suspending the project in accordance with § 1944.68 of this subpart and the grant agreement.

§ 1944.684 Extending grant agreement and modifying the statement of activities.

(a) All requests extending the original grant agreement or modifying the HPG program's statement of activities must be in writing. Such requests will be processed through the designated Rural Development office servicing the project. The approval official will respond to the applicant within 30 days of receipt of the request.

(b) A grantee may request an extension of the grant agreement prior to the end of the project term specified in the grant agreement if the grantee anticipates that there will be grant funds remaining and the grantee has demonstrated its ability to conduct its program in a manner satisfactory to Rural Development. The approval official may approve an extension when:

(1) The grantee is likely to complete or exceed the goals outlined in the approved statement of activities; and

(2) The Rural Development office responsible for servicing the grant recommends continuation of the grant until the grantee has expended all of the remaining grant funds.

(c) Modifications to the statement of activities, such as revising the processes the grantee follows in operating the HPG program, may be approved by the approval official when the modifications are for eligible purposes in accordance with §§1944.664 and 1944.666 of this subpart, meet any applicable review and process requirements of this subpart, and the program will continue to serve the

geographic area originally approved. The grantee will submit its proposed revisions together with the necessary supporting information to Rural Development prior to modifying its operation from the approved statement of activities.

(d) Exhibit B of this subpart (available in any Rural Development office) will be used for all extensions on and modifications to the grant agreement.

§ 1944.685 [Reserved]

§ 1944.686 Additional grants.

An additional HPG grant may be made when the grantee has achieved or nearly achieved the goals established for the previous or existing grant. The grantee must file a preapplication for the current fiscal year which will be processed and compared under the project selection criteria to others submitted at that time.

§ 1944.687 [Reserved]

§ 1944.688 Grant evaluation, closeout, suspension and termination.

(a) Grant evaluation will be an on-going activity performed by both the grantee and Rural Development. The grantee will perform self-evaluations by preparing quarterly performance reports in accordance with § 1944.683 of this subpart. Rural Development will also review all reports prepared and submitted by the grantee in accordance with the grant agreement and this subpart.

(b) The grant can be suspended or terminated before the grant ending date for the causes specified in the grant agreement. No further grant funds will be advanced when grant suspension or termination procedures have been initiated in accordance with the grant agreement. Grantees may be reimbursed for eligible costs incurred prior to the effective date of the suspension or termination. Grantees are prohibited from incurring additional obligations of funds after notification, pending corrective action by the grantee. Rural Development may allow necessary and proper costs that the grantee could not reasonably avoid during the period of suspension provided they are for eligible HPG purposes. In the event of termination, Rural Development may allow necessary and reasonable costs for an audit.

(c) Grantees will have the opportunity to appeal a suspension or termination under Rural Development's appeal procedures of part B of Part 1900 of this chapter.

(d) The grantee will complete the closeout procedures as specified in the grant agreement.

(e) The grantee will have an audit performed upon termination or completion of the project in accordance with 2 CFR Part 200 as adopted by USDA through 2 CFR part 400, as applicable. As part of its final report, the grantee will address and resolve all audit findings.

§ 1944.689 Long-term monitoring by grantee.

(a) The grantee is required to perform long-term monitoring on any housing preservation program involving rental properties and co-ops. This monitoring shall be at least on an annual basis and shall consist of, at a minimum, the following:

(1) All requirements noted in § 1944.663 of this subpart;

(2) All requirements of the "ownership agreement" executed between the grantee and the rental property owner or co-op; and

(3) All requirements noted in 2 CFR Part 200 as adopted by USDA through 2 CFR part 400 during the effective period of the grant agreement.

(b) The grantee is required to make available to Rural Development any such information as requested by Rural Development concerning the above. The grantee shall submit to the Rural Development servicing office an annual report every year while the ownership agreement is in effect. This report shall be submitted within 15 days after the anniversary date or end of the grant agreement. At a minimum, the report will consist of a statement that the grantee is in compliance with this subpart.

(c) All files pertaining to such rental property owner or co-op shall be kept separate and shall be maintained for a period of 3 years after the termination date of the ownership agreement.

§1944.690 Exception authority.

The Administrator of Rural Development may, in individual cases, make an exception to any requirements of this subpart not required by the authorizing statute if the Administrator finds that application of such requirement would adversely affect the interest of the Government, or adversely affect the accomplishment of the purposes of the HPG program, or result in undue hardship by applying the requirement. The Administrator or the Assistant Administrator for Housing may exercise this exception authority at the request of the State Director. The request must be supported by information demonstrating the adverse impact, citing the particular requirement involved, recommending proper alternative course(s) of action, and outlining how the adverse impact could be mitigated. Exception to any requirement may also be initiated by the Assistant Administrator for Housing.

§§ 1944.691 - 1944.699 [Reserved]

§ 1944.700 OMB Control Number.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0115.

Attachments: Exhibits A, B, C, D, E-1, E-2, F-1, G, H, I, J, K, L, L-1, L-2, L-3, L-4, L-5, L-6 and L-7

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Exhibit A - HOUSING PRESERVATION GRANT AGREEMENT

This agreement dated _____, is between

(name), _____

(address), the grantee, organized and operating under

_____ (authorizing State statute), and

the United States of America acting through the Rural Development. Rural Development agrees to grant a sum not to exceed \$ _____, subject to the terms and conditions of this agreement; provided, however, that the grant funds actually advanced and not needed for grant purposes shall be returned immediately to Rural Development. The Housing Preservation Grant (HPG) statement of activities approved by Rural Development, is attached, and shall commence within 10 days of the date of execution of this agreement by Rural Development and be completed by _____ (date). Rural Development may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the grantee has failed to comply with the conditions of this grant agreement or Rural Development regulations related hereto. The grantee may appeal adverse decisions in accordance with Rural Development's appeal procedures contained in Subpart B of Part 1900 of this chapter.

In consideration of said grant by Rural Development to the grantee, to be made pursuant to Section 533 of the Housing Act of 1949, HPG program, the grantee will provide such a program in accordance with the terms of this grant agreement and applicable Rural Development regulations.

PART A Definitions.

1. "Beginning date" means the date this agreement is executed by Rural Development and costs can be incurred.
2. "Ending date" means the date this agreement is scheduled to be completed. It is also the latest date grant funds will be provided under this agreement, without an approved extension.
3. "Disallowed costs" are those charges to a grant which Rural Development determines cannot be authorized in accordance with

applicable Federal cost principles contained in 7 CFR Parts 3015 and 3016, as appropriate.

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

5. "Termination" of the grant means the cancellation of Federal assistance, in whole or in part, at any time before the date of completion.

PART B Terms of agreement.

Rural Development and the grantee agree that:

1. All grant activities shall be limited to those authorized in this subpart.
2. This agreement shall be effective when executed by both parties.
3. The HPG activities approved by Rural Development shall commence and be completed by the date indicated above, unless earlier terminated under paragraph B, 18, of this grant agreement, or extended.
4. The grantee shall carry out the HPG activities and processes as described in the approved statement of activities which is made a part of this grant agreement. Grantee will be bound by the activities and processes set forth in the statement of activities and the further conditions set forth in this grant agreement. If the statement of activities is inconsistent with this grant agreement, then the latter will govern. A change of any activities and processes must be in writing and must be signed by the approval official.
5. The grantee shall use grant funds only for the purposes and activities approved by Rural Development in the HPG budget. Any uses not provided for in the approved budget must be approved in writing by Rural Development in advance.
6. If the grantee is a private nonprofit corporation, expenses charged for travel or per diem will not exceed the rates paid to Federal employees or (if lower) an amount authorized by the grantee for similar purposes. If the grantee is a public body, the rates will be those that are allowable under

the customary practice in the government of which the grantee is a party; if none are customary, the Rural Development rates will be the maximum allowed.

7. Grant funds will not be used for any of the following:

- (a) To pay obligations incurred before the beginning date or after the ending date of this agreement;
- (b) For any entertainment purposes;
- (c) To pay for any capital assets, the purchase of real estate or vehicles, the improvement or renovation of the grantee's office space, or for the repair or maintenance of privately owned vehicles;
- (d) Any other purpose specified in §1944.664 (g) or §1944.666 (b) of this subpart; or
- (e) For administrative expenses exceeding 20 percent of the HPG grant funds.

8. The grant funds shall not be used to substitute for any financial support previously provided and currently available or assured from any other source.

9. The dispersal 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. In addition, the grantee must submit Standard Form (SF) 272, "Federal Cash Transactions Report," each time an advance of funds is made. This report shall be used by Rural Development to monitor cash advances made to the grantee. The financial management system of the recipient organization shall provide for effective control over and accountability for all Federal funds as stated in 2 CFR Part 200 as adopted by USDA through 2 CFR part 400.

(b) Cash advances to the grantee shall be limited to the minimum amounts needed and shall be timed to be in accord only with the actual, immediate cash requirements of the grantee in carrying out the purpose of the planned project. The timing and amount of cash advances shall be as close as administratively feasible to the actual disbursements by the grantee for direct program costs (as identified in the grantee's statement of activities and budget and fund use plan) and proportionate share of any allowable indirect costs.

(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 7 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 grantees' organization authorized to receive and/or disburse Federal funds are covered by fidelity bonds in an amount not to exceed the grant amount to protect Rural Development's interests.

10. The grantee will submit performance, financial, and annual reports as indicated in this subpart to the appropriate Rural Development office. These reports must be reconciled to the grantees' accounting records, especially on the final report.

(a) As needed, but not more frequently than once every 30 calendar days, submit an original and two copies of SF-270, "Request for Advance or Reimbursement." In addition, the grantee must submit an SF-272, each time an advance of funds is made. This report shall be used by Rural Development to monitor cash advances made to the grantee.

(b) Quarterly reports will be submitted within 15 days, but no later than 45 days after the end of each calendar quarter. An original and one copy of SF-269, "Financial Status Report," and a quarterly performance report in accordance with §1944.683 of this subpart. Item 10, g (total program outlays) of SF-269, should be less any rebates, refunds, or other discounts.

(c) Within 90 days after the termination or expiration of the grant agreement, an original and two copies of SF-269, and a final performance report which will include a summary of the project's accomplishments, problems, and planned future activities of the grantee for HPG. Final reports may serve as the last quarterly report.

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

11. In accordance with Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State and Local Governments" (available in any Rural Development office), compensation for employees will be considered reasonable to the extent that such compensation is consistent with that paid for similar work in other activities of the State or local government.

12. If the grant exceeds \$100,000, cumulative transfers among direct cost budget categories totaling more than 5 percent of the total budget must have prior written approval by Rural Development.

13. The 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, as amended, and that five copies of each such publications are furnished to Rural Development.

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

15. No person in the United States shall, on the grounds of race, religion, color, sex, familial status, age, national origin, or handicap, be excluded

from participating in, be denied the proceeds of, or be subject to discrimination in connection with the use of grant funds. Grantee will comply with the nondiscrimination regulations of Rural Development contained in Subpart E of Part 1901 of this chapter.

16. In all hiring or employment made possible by or resulting from this grant, the grantee:

(a) Will not discriminate against any employee or applicant for employment because of race, religion, color, sex, familial status, age, national origin, or handicap, and

(b) Will take affirmative action to insure that employees are treated during employment without regard to their race, religion, color, sex, familial status, age, national origin, or 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.

(c) In the event grantee signs a contract related to this grant which would be covered by any Executive Order, law, or regulation prohibiting discrimination, grantee shall include in the contract the "Equal Employment Clause" as specified by Form RD 400-1, "Equal Opportunity Agreement."

17. The grantee accepts responsibility for accomplishing the HPG program as submitted and included in its preapplication, application, including its statement of activities. The grantee shall also:

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

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

(c) Inform Rural Development as soon as the following types of conditions become known:

(i) Problems, delays, or adverse conditions which materially affect the ability to attain program objectives, prevent the meeting of time schedules or goals, or preclude the attainment of project work units by established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated, new time schedules required and any Rural Development assistance needed to resolve the situation.

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

18. The 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 90 calendar days after the date of completion of the grant, SF-269 and all financial, performance, and other reports required as a condition of the grant, including a final audit report, as required by 7 CFR Parts 3015 and 3016.

(iii) The grantee shall account for any property acquired with HPG 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 grant agreement, the State Director can, on reasonable notice, suspend the grant pending corrective action or terminate the grant in accordance with paragraph B, 18 (c)

of this grant agreement. In such instances, Rural Development may reimburse the grantee for eligible costs incurred prior to the effective date of the suspension or termination and may allow all necessary and proper costs which the grantee could not reasonably avoid. Rural Development will withhold further advances and grantees are prohibited from further use of grant funds, pending corrective action.

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

(i) Termination for cause. This grant may be terminated in whole, or in part, at any time before the date of completion, whenever Rural Development determines that the grantee has failed to comply with the terms of this agreement. The reasons for termination may include, but are not limited to, such problems as:

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

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

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

(D) Violation of any of the provisions of any laws administered by 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) Rural Development shall notify the grantee in writing of the determination and the reasons for and the effective date of the suspension or termination. Except for termination for convenience, grantees have the opportunity to appeal a suspension or termination under Rural Development's appeal procedure, Subpart B of Part 1900 of this chapter.

19. Upon any default under its representatives or agreements set forth in this instrument, the grantee, at the option and demand of Rural Development, will, to the extent legally permissible, repay to Rural Development forthwith the grant funds received with interest at the rate of 5 percent per annum from the date of the default. The provisions of this grant agreement may be enforced by Rural Development, at its options and without regard to prior waivers by it or previous defaults of the grantee, by judicial proceedings to require specific performance of the terms of this grant agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Rural Development to assure compliance with the provisions of this grant agreement and the laws and regulations under which this grant is made.

20. Extension of this grant agreement, modifications of the statement of activities, or changes in the grantee's budget may be approved by Rural Development provided, in Rural Development's opinion, the extension or modification is justified and there is a likelihood that the grantee can accomplish the goals set out and approved in the statement of activities during the period of the extension and/or modifications as specified in § 1944.684 of this subpart.

PART C Grantee agrees:

1. To comply with property management standards for expendable and nonexpendable personal property established by 2 CFR Part 200 as adopted by USDA through 2 CFR part 400.

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 a cash basis. The financial management system shall include a tracking system to ensure that all program income, including loan repayments, are used properly.
 - (b) Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
 - (c) Effecting control over and accountability for all funds, property, and other assets. Grantee shall adequately safeguard all such assets and shall assure that they are solely for authorized purposes.
 - (d) Accounting records supported by source documentation.
3. To retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least 3 years after the submission of the final performance report, in accordance with paragraph B 10 (c) of this grant agreement, except in the following situations:
 - (a) If any litigation, claim, audit, or investigation is commenced before the expiration of the 3-year period, the records shall be retained until all litigations, claims, audit, or investigative findings involving the records have been resolved.
 - (b) Records for nonexpendable property acquired by Rural Development, the 3-year retention requirement is not applicable.
 - (c) When records are transferred to or maintained by Rural Development, the 3-year retention requirement is not applicable.
 - (d) Microfilm copies may be substituted in lieu of original records. Rural Development 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 Rural Development concerning the grantee's actions in soliciting citizen participation in the applications process, including published notices of public meetings, actual public meetings held, and content of written comments received.
5. Not to encumber, transfer, or dispose of the property or any part thereof, furnished by Rural Development or acquired wholly or in part with HPG funds without the written consent of Rural Development.
6. To provide Rural Development with such periodic reports of grantee operations as may be required by authorized representatives of Rural Development.
7. To execute Form RD 400-1, and to execute any other agreements required by Rural Development to implement the civil rights requirements.
8. To include in all contracts in excess of \$100,000, a provision for compliance with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, 42 U.S.C. §1875C-9, as amended. Violations shall be reported to Rural Development and the Regional Office of the Environmental Protection Agency.
9. That no member of Congress shall be admitted to any share or part of this grant or any benefit that may arise therefrom, but this provision shall not be construed to bar as a contractor under the grant a public-held corporation whose ownership might include a member of Congress.
10. That all nonconfidential information resulting from its activities shall be made available to the general public on an equal basis.
11. That the purpose for which this grant is made may complement, but shall not duplicate programs for which monies have been received, are committed, or are applied for from other sources, public and private.

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

13. That the grantee shall abide by the policies promulgated in 2 CFR part 200 as adopted by USDA through 2 CFR part 400, as applicable, which provides standards for use by grantees in establishing procedures for the procurement of supplies, equipment, and other services with Federal grant funds.

14. That it is understood and agreed that any assistance granted under this grant agreement will be administered subject to the limitations of Title V of the Housing Act of 1949, as amended, 42 U.S.C 1471, et. seq., and related regulations, and that all rights granted to Rural Development herein 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.

15. That the grantee will adopt a standard of conduct that provides that, if an employee, officer, or agency of the grantee, or such person's immediate family members conducts business with the grantee, the grantee must not:

- (a) Participate in the selection, award, or administration of a contract to such persons for which Federal funds are used;
- (b) Knowingly permit the award or administration of the contract to be delivered to such persons or other immediate family members or to any entity (i.e., partnerships, corporations, etc.) in which such persons or their immediate family members have an ownership interest; or
- (c) Permit such person to solicit or accept gratuities, favors, or anything of monetary value from landlords or developers of rental

or ownership housing projects or any other person receiving HPG assistance.

16. That the grantee will be in compliance with and provide the necessary forms concerning the Debarment and Suspension and the Drug-free Workplace requirements found in §1944.654 of this subpart.

17. That the grantee will comply with the requirements in respect to rental properties and cooperatives (co-ops) and will execute an agreement with the owners or co-op as found in §§1944.662 and 1944.663 of this subpart, specifically:

(a) If the co-op or rental property owner(s) or their successors in interest fail to carry out the requirements of this grant agreement, the ownership agreement, or any requirements noted in this subpart during the applicable period, they shall make a payment to Rural Development in an amount that equals the total amount of the assistance provided by the grantee plus interest thereon (without compounding) for each year and any fraction thereof that the assistance was outstanding. The interest rate shall be that as determined by Rural Development at the time of infraction taking into account the average yield on outstanding marketable long-term obligations of the United States during the month preceding the date on which the assistance was initially made available.

(b) Notwithstanding any other provision of law, any assistance provided shall constitute a debt, which is payable in the case of any failure to carry out the agreement between the grantee and the rental property owner(s) or co-op and shall be secured by the security instruments provided by them to Rural Development.

18. That all requirements of this subpart concerning HPG's will be followed.

PART D Rural Development agrees:

1. That it will assist the grantee, within available appropriations, with such technical and management assistance as needed in coordinating the statement of activities with local officials, comprehensive plans, and any

State or area plans for improving housing for very low- and low-income households in the area in which the project or program is located.

2. That at its sole discretion, Rural Development may at any time give any consent, deferment, subordination, release, satisfaction, or termination of any or all of the grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as the grantor may determine to be:

(a) Advisable to further the purposes of the grant or to protect Rural Development'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 Rural Development's regulations.

PART E Attachments:

The statement of activities is attached to and made a part of this grant agreement.

This grant agreement is subject to current Rural Development regulations and any future regulations not inconsistent with the express terms hereof. Grantee has caused this grant agreement to be executed by its duly authorized _____, properly attested to and its corporate seal affixed by its duly authorized _____.

Attest:

Grantee:

By: _____

(Title)

Date of Execution of Grant Agreement by Grantee:

United States Of America
Rural Development

By: _____

(Title)

Date of Execution of Grant Agreement by Rural
Development:

oOo

Exhibit B - AMENDMENT TO HOUSING PRESERVATION GRANT AGREEMENT

This amendment between _____, herein called the "Grantee," and the United States of America acting through the Rural Development, Department of Agriculture, herein called "Rural Development," hereby amends the Housing Preservation Grant Agreement originally executed by said parties on _____.

Said grant agreement is amended by extending the ending date of the grant agreement to _____, and/or by making the following changes noted in the attachments hereto (list and identify proposal(s) and any other documents pertinent to the grant agreement which are attached to this amendments).

The grantee has caused this "Amendment To Housing Preservation Grant Agreement" to be executed by its duly authorized _____, properly attested to and its corporate seal affixed by its duly authorized _____.

Attest:

Grantee:

By: _____

(Title)

Date of Execution of Amendment to Grant Agreement by Grantee:

United States of America
Rural Development:

By: _____

(Title)

Date of Execution of Amendment to Grant Agreement by Rural Development:

oOo

Exhibit C - ADMINISTRATIVE INSTRUCTIONS FOR RURAL DEVELOPMENT OFFICES

I. Overall guidance.

This exhibit is intended for use by Rural Development personnel and applicants. It is to be used as a guide to this subpart to detail the duties of Rural Development personnel and to reinforce specific program requirements.

II. Preapplications.

The State Director will designate the office(s) responsible for the HPG program in accordance with §1944.660 of this subpart. If an office other than the State Office is designated, the State Director will advise the National Office, otherwise the State's Housing Program Director will be the assumed designee.

Upon receiving the Federal Register and/or Administrative Notice (if any), the State Office should notify all field offices and work with the State Office, Public Affairs Officer (PIO) to publish a notice regarding the HPG program. At a minimum, this notice should include, how a preapplication package may be obtained, questions answered, and a preapplication submitted; the open dates that preapplications may be received; and the amount of the initial allocation received by the State and that "No entity can receive more than 50 percent of the State's allocation."

All requests for assistance in completing the preapplication will be forwarded to the appropriate RD office. When Area/Local Offices are designated as the processing office, the State Office is responsible for monitoring the Area/Local Office.

(A) Preapplication package. The State and Area/Local Offices will maintain for distribution to potential applicants, upon request, electronic preapplication packets will consist of the documents listed in Exhibit I, "Preapplication/Application Processing Checklist."

(B) Preapplication review. The Rural Development official will, within 30 days of receipt, review the preapplication (SF 424) and supporting documentation from the applicant, pursuant to § 1944.676 of this subpart. RD Offices should not hold application reviews until the close of a Federal Register notice. The reviewing official can follow Exhibit I, "Preapplication/Application Processing Checklist" and date/check the

appropriate fields to ensure the preapplication is complete. Preapplications which meet the project selection criteria outlined in § 1944.679(a) of this subpart will then be further reviewed and rated as outlined in § 1944.679(b) of this subpart.

(C) Ranking by State Office. The State Office will:

- (1) Check Do Not Pay (DNP) on the organization and its Principals.
- (2) Rate the preapplication using Exhibit D “Project Selection Criteria- Outline Rating” in accordance with §1944.679 of this subpart.
- (3) Complete Exhibit G, “Housing Preservation Grant Program-State Office Listing of Preapplications”, listing ALL preapplications received (i.e. not just top ranked preapplications) and submit a copy to: SFHDirectProgram@USDA.gov. States may request additional funds from the National Office reserve in accordance with the annual policy regarding funding.
- (4) For preapplications meeting the criteria of § 1944.679(a) of this subpart, a copy of the organizations' legal documentation needs only to be sent to the Office of General Counsel (OGC) for a review if the applicant's legal existence and/or authority to conduct the proposed program is in question. If review is determined necessary, the State Office will request and review OGC’s opinion of the applicant's legal existence and authority to conduct the proposed program prior to the obligation of funds.
- (5) Notify the applicants for all preapplications not meeting the criteria of § 1944.679(a) of this subpart. Those preapplications which do not meet Rural Development's requirements will be notified in accordance with Exhibit L, “Preapplication/Application Review Letters-Templates.” A copy will be retained in the State Office.

(D) National Office reallocation. When the National Office receives Exhibit G from all States, it will be reviewed within 30 days, and determine a reallocation of funds including all reserve funds in accordance with RD Instruction 1940-L, § 1940.578(k). State Offices will be notified accordingly.

III. Applications.

Upon notification from the National Office of the reallocation of funds and those applications that are to be funded, the State Director will:

(A) Unfunded preapplications should be return to the processing office with reasons noted. The Rural Development official will notify those applicants of the reason(s) that their preapplication was not selected using the appropriate Exhibit L, "Preapplication/Application Review Letters-Templates " with attached appeal rights under Subpart B of Part 1900 of this chapter.

(B) For those preapplications which are selected, and funds have been set aside, the applicant will be issued the appropriate Exhibit L letter(s) to request that the applicant submit any additional items necessary to complete the application. The template letter in Exhibit L should be used to request the items found in the 'Application' stage of Exhibit I.

(C) After receiving notification from the State Office, the applicant will then submit the SF-424 Form "Application for Federal Assistance (for Non- construction)," if applicable and only if the grant amount has changed. If the grant amount has changed a revised SF-424 must be completed, with any conditions of amendments, and RD Instruction 1940-Q, Exhibit A-1, if applicable, to the State Office within 30 calendar days.

(D) State Office will prepare RD Instruction 1970-B, Exhibit D "Categorical Exclusion Form".

(E) State Office will complete the Pre-Grant Compliance Review as outlined in Exhibit I.

(F) The approval official will review the application/docket and determine if it complies with all regulations.

IV. Obligations.

When funding has been authorized, the application is complete, and the approval official has determined that all requirements have been met, the processes outlined in Exhibit I will be followed.

(A) If the approval official disapproves the project at this stage in the processing, it should be based on new information about the applicant's eligibility, project feasibility, and/or applicant's noncompliance with conditions or instructions. In these instances, the template letter for 'Incomplete or Ineligible Application' found in Exhibit L, should be used. The approval official will fully document the findings and follow the appeal procedure in Subpart B of Part 1900 of this chapter. 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 procedure under RD Instruction 2015-C, § 2015.102(c) will be met.

(B) An approved grant may be cancelled before execution of the grant agreement if the applicant is determined to be no longer eligible, the proposal is no longer feasible, or the applicant requests cancellation. Cancellation will be accomplished as follows:

- (1) The approval official will prepare and sign Form RD 1940-10, "Cancellation of U.S. Treasury Check and/or Obligation" within 5 calendar days and send to the State Director with the reasons for requesting cancellation.
- (2) If the State Director approves the request for cancellation, the State Director will forward the original request for cancellation back to the approval official.
- (3) The approval official will deobligate the grant in ADPS within 15 days calendar days from the executed Form RD 1940-10.
- (4) A copy of Form RD 1940-10 and the deobligation screen from ADPS will be retained in the grantee's HPG file.
- (5) The approval official will notify the applicant of the cancellation and, unless the applicant requested the cancellation, the applicant's right to appeal under Subpart B of Part 1900 of this chapter. The template letter for 'Incomplete or Ineligible Application' found in Exhibit L can be used for this purpose and a copy of the notification will be saved in the file.

V. Draw Requests.

All draws will be requested only after receipt of SF-270 and SF- 425, "Federal Financial Report" from the grantee. The amount requested must be in accordance with the applicant's budget and statement of activities, including amendments, as approved by Rural Development. The SF-270 and SF-425 will not be submitted more frequently than once every 30 calendar days. The approval official has the discretion not to authorize draws if the grantee fails to submit required reports or is in violation of the grant agreement.

Funds will be transmitted via Electronic Funds Transfer (EFT) in accordance with RD Instruction 2018-D, Exhibit A.

VI. Grant servicing and monitoring.

Each grant will be monitored by Rural Development to ensure that the grantee is complying with the terms of the grant agreement, the statement of activities and the budget, and that the HPG project activity is completed as approved.

Major areas of grant servicing and monitoring are listed below.

(A) The Rural Development office servicing the grant should review ultimate recipient files on a quarterly basis for compliance. At a minimum, the number of files to be reviewed should be a 25% sample or two files, whichever is greater. Reviews can be done in person or electronically (pictures and email correspondence is acceptable). The servicing official should use Exhibit H "Ultimate Recipient File Application Checklist" for file reviews.

(B) Review of quarterly and final reports submitted by the grantee pursuant to § 1944.683 of this subpart. The quarterly performance reports (Exhibits E-1 and E-2 of this subpart) and SF-425 must be used by the grantee. These reports will be reviewed to determine satisfactory progress. If a grantee fails to submit quarterly reports, RD has the right to deny draw requests. The State Office will contact and meet with the grantee, only when problems are noted, to discuss the report and to resolve any problems. One copy of the report with comments, problem solutions, and recommendations will be

forwarded by the servicing office to the State Office (when the servicing office is not the State Office) within 15 calendar days of completions. The servicing official should use Exhibit K, "Quarterly Review Checklist" for these reviews.

(C) Grant closeout is defined in Exhibit A of this Subpart, "Grant Agreement". The grantee will submit SF 425 and Exhibit E-1 of this Subpart, other conditions required as a condition of the grant along with a final audit report as required by 2 CFR Part 200 to Rural Development within 120 days of grant completion.

(D) The State Office will email a copy of the final performance report, Exhibit E-1 of this subpart to the National Office at the closeout or termination of the grant agreement.

VII. Environmental requirements.

In accordance with 7 CFR 1970, § 1970.55, the environmental process for an HPG grant to repair, rehabilitate, or replace a dwelling is a multi-tier review. Primary recipients must agree in writing to certain conditions prior to obligation of financial assistance by the Agency to the primary recipient, see § 1970.55(a)(1) through (4). The applicant must complete and provide the Multi-Tier Action Environmental Compliance Agreement, see RD Instruction 1970-A, Exhibit H.

(A) In accordance with 7 CFR § 1970.51(a)(3) and § 1970.55, the environmental review is a two-step process. The first step is for Rural Development to complete the Categorical Exclusion without an Environmental Report pursuant to § 1970.55. RD Instruction 1970-B, Exhibit D, "Environmental Checklist for Categorical Exclusions," on the grantee without further environmental analysis.

(B) The second step is an environmental review performed by the grantee of the activity proposed by the ultimate recipient. The use of HPG funds by the grantee to repair, rehabilitate, or replacement housing assistance is generally classified as a Categorical Exclusion without an Environmental Report pursuant to 7 CFR § 1970.53, and therefore generally does not require the preparation of environmental documentation by the grantee beyond completing RD Instruction 1970-B Exhibit D "Categorical Exclusion form", completing FEMA 086-0-32

with flood map and documenting that the project qualifies for a Categorical Exclusion and that no extraordinary circumstances exist per 7 CFR §1970.52. A statement must be noted in the ultimate recipients file stating:

(1) "We have considered this dwelling under Rural Development's environmental and historic preservation requirements for HPG's (§§ 1944.672 and 1944.673 of this subpart) and an environmental assessment is not required. The review was completed in accordance with the process to identify properties requiring a Rural Development environmental assessment approved with our statement of activities."

(2) All HPG program ultimate recipient files must include the completed Federal Emergency Management Agency (FEMA) FEMA Form 086-0-32, "Standard Flood Hazard Determination," and a copy of the flood map in each file for properties being repaired. FEMA Form 086-0-32 identifies and certifies the availability of flood insurance and whether it is required. As required under the National Flood Insurance Act of 1968 as amended by the Flood Disaster Protection Act of 1973, flood insurance must be required under certain circumstances as detailed in RD Instruction 1970-F.

(3) If the grantee determines that the activities proposed by the ultimate recipient are classified as a Categorical Exclusion in accordance with 7 CFR §§ 1970.53 or 1970.54, the grantee will complete the environmental review and is not required to submit environmental documentation to the Agency for review and approval.

If the ultimate recipient's proposed project is determined by the grantee to require the preparation of an Environmental Assessment in accordance with RD Instruction 1970-C, the grantees shall submit to RD environmental documentation in accordance with RD Instruction 1970-C, Exhibit B, "Guide to Applicants for Preparing Environmental Assessments," for that specific property. The environmental review of the ultimate recipient's project must be completed prior to the commencement of any project activities.

(1) If such dwellings are located in or adjacent to an environmental resource, further environmental review may be required in accordance with 7 CFR 1970. Dwellings within the Coastal Barrier Resources System are not eligible for HPG assistance. Applicants must follow the process identified in RD Instruction 1944-N, Exhibit F-1, or another process supplying similar information acceptable to Rural Development, for identifying dwellings that may receive housing preservation or replacement housing assistance that will require Environmental Assessment.

(2) Rural Development is required to make an environmental assessment in accordance with 7 CFR part 1970 when a dwelling is located in a floodplain or wetland.

(3) "Protection of Historic and Cultural Properties," when the grantee is not able to obtain the concurrence of the Advisory Council on Historic Preservation for the rehabilitation of a historic property. The grantee will advise Rural Development of such instances. Rural Development will then prepare the appropriate assessment outlined in 7 CFR 1970, working with the grantee to develop alternative actions and/or mitigation measures, as appropriate.

(4) Upon completion of the Rural Development assessment, the grantee will be advised of appropriate action to comply with the results of the assessment. A copy of Rural Development's assessment will be given to the grantee for filing in the recipient's file. Rural Development will maintain a copy of the review and related correspondence in the HPG file in the servicing office. No work will be done on the dwelling until and unless so advised by Rural Development.

(C) RHS has entered into a Programmatic Memorandum of Agreement (PMOA) with the National Conference of State Historic Preservation Officers and the Advisory Council on Historic Preservation to implement the specific requirements regarding historic preservation contained in Section 533 of the Housing Act of 1949, 42 U.S.C. 1490(m) of the enabling legislation. The PMOA, with attachments, can be found in RD Instruction 2000-FF and will be provided to the applicant as part of the preapplication packet.

(D) Grantee shall comply with Rural Development's Lead Based Paint (LBP) requirements for Rehabilitation contained in subparts of 24 CFR Part 35, which apply to all HPG rehabilitation activities. Where other Federal or state standards are more stringent, those standards shall take precedence.

(1) The HPG Grantee shall provide documentation to Rural Development that LBP requirements have been complied with and that reporting requirements described in RD Instruction 1944-N, § 1944.683 have also been complied with.

(2) Rural Development will provide the current Compliance with Lead-Based Paint Rule information to ensure the grantee is in compliance.

(3) Documentation for each required action shall be provided to Rural Development and maintained by the HPG Grantee in the ultimate recipient grant file.

(4) In leverage situations where other Federal funds are used, the HPG grantee and the other Agency or organization should agree on who will be responsible for implementing the LBP Regulation.

VIII. Grant Modification Requests.

A grant extension MUST be approved and executed prior to the expiration of the grant agreement. Expired grant agreements cannot be extended, and the remaining funds will be deobligated (a final draw for costs incurred during the grant period may be authorized).

If a request for a grant extension or modification to the statement of activities or budget is requested prior to the expiration of the grant agreement, the approval official will document the actions taken.

(A) If the grantee requests an extension to the grant agreement, it must be thoroughly documented as to the reason(s) for the time extension. The statement of activities or the budget usually need to be revised in conjunction with extending the date.

(B) If the grantee requests any modifications to the statement of activities and/or the budget, the grantee must submit the modified statement of activities and/or the budget, as appropriate, together with all information necessary to justify the request. Such requests will be submitted to the RD State servicing office which will review and approve if they concur with the modifications and such modifications meet the requirements of this subpart.

(C) Exhibit B, of this subpart, shall be executed by the State Director or Designee upon approval of an extension of the grant period and/or change in either the statement of activities or the budget.

(D) If an extension or modification is not approved, the approval official 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.

IX. Long-term monitoring by Rural Development.

The Rural Development servicing office performs long-term monitoring on an annual basis per § 1944.689 of this subpart. The long-term servicing only pertains to rental properties and co-ops.

X. Additional instructions.

Additional Grants. Information about the status of prior grants should be made available to the Office approving officials when applications for additional grants are made. Pursuant to 7 CFR 1944.686, a new grant may be awarded to a grantee when it has achieved or nearly achieved the goals established for the previous or existing grant. Grantees who have submitted incomplete or untimely reports will likely be deemed high risk and subject to more Agency requirements. Grantees who have failed to properly monitor their own programs or lack the ability to run the program successfully would not qualify for additional grants.

Allocation: The term "allocation" is either the initial allocation or the final allocation to the State, whichever is more favorable to the State.

Appeals. The only appealable HPG preapplication rejection decision other than administrative errors, is when the project was not considered financially feasible

(§ 1944.679(a)(1) of this subpart). Appeals are handled by the National Appeals Staff in accordance with Subpart B of Part 1900 of this chapter.

All other rejection decisions will be issued with non-appeal rights. Exhibit L of this subpart will be used for this purpose.

Budget. The information in the budget must correspond to the information in the preapplication and in the statement of activities.

The budget must indicate the breakdown and source of leveraged funds.

Cash advances and reimbursements. Requests for reimbursement or advance should follow the proposed draw schedule originally submitted by the applicant. Cash advances and reimbursements must be limited to the minimum amounts needed to be expended within the next 30 days, see § 1944.682(c). Only one request for a cash advance or reimbursement may be made within any 30-day period. Disbursements to the grantee should be made via Electronic Funds Transfer. No paper checks should be ordered per RD Instruction 2018-D, Exhibit A.

The grantee must maintain advanced payments of Federal awards in interest-bearing accounts, unless, see 2 CFR 200.305(b)(8).

Contracts. The repair/rehabilitation contracts are normally between the ultimate recipient and the contractor and not between the grantee and the recipient. An exception may be made when the grantee is operating as the contractor (§1944.664 (f) of this subpart).

Construction inspections. Construction inspections may be an eligible preservation cost, especially when such inspections are on a fee basis and related to an individual unit/dwelling assisted. Construction inspections maybe treated as either an administrative expense or a preservation expense, as indicated on the grantees budget.

All units/dwellings repaired or rehabilitated must be inspected by a disinterested third party prior to the last payment to the contractor. Typically, the grantee, grantee's representative, or someone on the grantee's staff should not do the final inspection. However, this could be allowed in instances where a grantee had autonomist housing and inspection departments (e.g. tribes, municipalities, etc.). Rural Development personnel visiting the recipient units/dwellings are monitoring only for program compliance and not for construction compliance nor for code.

Rural Development personnel cannot sign off on the final inspection for the grantee.

Financially feasible. Financial feasibility under the project selection criteria (§ 1944.679(a)(1) of this subpart) is defined as "...proposed assistance which will be affordable to the intended recipient or result in affordable housing for very low- and low-income persons." Financial feasibility is the grantee providing affordable assistance to its intended clients (recipients), not how the grantee proposes to operate and achieve their objectives.

Indirect cost. Where there is more than one source of funding, the grantee must submit an indirect cost proposal (annually), unless a direct costing plan has been approved. The indirect cost rate is established through an agreement between the government agency or nonprofit organization and the cognizant Federal agency, which acts on behalf of all other Federal agencies in approving the rate. The cognizant Federal agency is the agency which provides the largest amount of federal funding to the government agency or nonprofit organization.

Any non-federal entity, even if they have previously received a negotiated indirect cost rate, except for those described in 2 CFR 200 Appendix VII paragraph (D)(1)(b), may elect to charge a de minimis rate of 10% modified total direct cost (MTDC) which may be used indefinitely.

Leveraged funds. When considering leveraged funds, the applicant needs to provide sufficient documentation (e.g. bank statements, commitment letter(s), etc.) in the preapplication to indicate that leveraged funds are, or will be available for the project. Leveraged materials, volunteer labor hours, etc. can be considered by State Offices if it can be converted to a dollar equivalent.

The leveraging of administrative funds does not contribute to the selection criteria on leveraging under § 1944.679(b)(2) of this subpart. Proposals are to receive points when less than 20% of HPG funds are used for administrative expenses. While no points are assigned for administrative funds leveraged, the availability of additional administrative funds may be critical to the management of the applicant's program.

The formula in § 1944.679(b)(2) of this subpart is: subtract HPG administrative cost from total HPG funds requested and then divide the resulting figure by the total cost of preservation proposed to obtain a percentage.

Market areas. Existing grantees requesting a modification to the statement of activities may propose to serve additional market areas with HPG funds. This may be approved; however, the grantee must provide information as to why it did not meet its original objective, what was done to attempt to meet that objective, and its administrative capacity to handle a new area.

Monitoring by Rural Development. Rural Development will review 25% or two ultimate recipient files, whichever is greater, per quarter to make sure the grantee is in compliance with all regulations. Rural Development will use RD Instruction 1944-N, Exhibit H for quarterly file reviews. Rural Development is only monitoring the grantee, not fully participating in construction.

Preapplications. An applicant can send in more than one preapplication. They may desire two different programs (i.e., one grant vs. one loan program or assisting homeowners and assisting rental properties) or they may desire to have two programs in separate areas. However, no one entity may receive more than 50 percent of the State's allocation.

Program income. Grantees are required to monitor and track the use of program income (loans, interest repayments, payments received from breach of agreement) to ensure that repayments are used properly which will include an accurate, current, and complete disclosure of the financial results of each grant. This method should be noted in the statement of activities.

Public comment process. Preapplications cannot be considered unless the applicant has made the statement of activities available to the public for at least 15 days prior to the last date for receipt of the preapplications. The 15-day comment period must be noted in the publication. This notice should be in the recognized print or online newspaper for the area to be served.

The preapplication must contain a description of how the comments (if any were received) were addressed. This does not mean that the comments received (if any) needs to be submitted with the preapplication.

American Indian tribes, etc. are exempt from publication in a newspaper, as long as a notice was sent out to all tribal members in the area or some other acceptable manner of notification was used.

Ultimate Recipient selection. After the grantee goes through a detailed and documented screening process (recipient eligible or not eligible), the grantee must have a process for selecting ultimate recipients (e.g. who is first, second, etc., in line to receive assistance.)

This process must be noted in the statement of activities and should be reviewed for compliance by Rural Development when visiting the grantee and reviewing the recipient files.

Staffing requirements. § 1944.676(b)(1)(vi) of this subpart. The statement of activities must include the staffing required to complete the program and be compared to information in the budget. Special notice should be on the percentage of time being spent by the staff on the program. Example: If the statement of activities states the Executive Director will work 50% of their workday in the HPG program, does this amount of time seem realistic to the need?

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Exhibit D - PROJECT SELECTION CRITERIA OUTLINE RATING

Applicant Name: _____

Applicant Address: _____

Preapplication Received On: ____/____/____ State: _____

THRESHOLD CRITERIA

Applicants must meet all of the following threshold criteria:

	Yes	No
1. Provide a financially feasible Housing Preservation Grant (HPG) program.	<input type="checkbox"/>	<input type="checkbox"/>
2. Serve an eligible rural area.	<input type="checkbox"/>	<input type="checkbox"/>
3. Is an eligible HPG applicant entity.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has met consultation and public comment rules.	<input type="checkbox"/>	<input type="checkbox"/>
5. Has submitted a complete preapplication.	<input type="checkbox"/>	<input type="checkbox"/>

If the answer to any of the above is "no," the preapplication is rejected and applicant so notified.

SELECTION CRITERIA

POINTS Select the appropriate rating:

- _____ 1. Points are awarded based on the percentage of very low- income persons that the applicant proposes to assist, using the following scale:
- (i) More than 80%: 20 points
 - (ii) 61% to 80%: 15 points
 - (iii) 41% to 60%: 10 points

(iv) 20% to 40%: 5 points

(v) Less than 20%: 0 points

Actual Percentage: _____%

POINTS

_____ 2. The applicant's proposal may be expected to result in the following percentage of HPG fund use (excluding administrative costs) to total cost of unit preservation. This percentage reflects maximum repair or rehabilitation with the least possible HPG funds due to leveraging, innovative financial assistance, owner's contribution or other specified approaches. Points are based on the following percentage of HPG funds (excluding administrative costs) to total funds:

(i) 50% or less: 20 points

(ii) 51% to 65%: 15 points

(iii) 66% to 80%: 10 points

(iv) 81% to 95%: 5 points

(v) 96% to 100%: 0 points

Actual percentage: _____%

3. The applicant has demonstrated its administrative capacity in assisting very low- and low-income persons to obtain adequate housing based on the following:

_____ (i) The organization or a member of its staff has at least one or more years experience successfully managing and operating a rehabilitation or weatherization type program: 10 points.

_____ (ii) The organization or a member of its staff has at least one or more years experience successfully managing and operating a program assisting very low- and low-income persons obtain housing assistance: 10 points

_____ (iii) If the organization has administered grant programs, there are no outstanding or unresolved audit or investigative

findings which might impair carrying out the proposal: 10 points

POINTS

- _____ 4. The proposed program will be undertaken entirely in rural areas outside MSAs identified by Rural Development as having populations below 10,000 or in remote parts of other rural areas (i.e., rural areas contained in MSAs with less than 5,000 population) as defined in §1944.656 of this subpart: 10 points
- _____ 5. The program will use less than 20 percent of HPG funds for administration purposes:
- (i) More than 20 percent: Not eligible
 - (ii) 20 percent: 0 points.
 - (iii) 19 percent: 1 point.
 - (iv) 18 percent: 2 points.
 - (v) 17 percent: 3 points.
 - (vi) 16 percent: 4 points.
 - (vii) 15 percent or less: 5 points.
- Actual Percentage: _____%
- _____ 6. The proposed program contains a component for alleviating overcrowding as defined in §1944.656 of this subpart: 5 points

=====

_____ TOTAL POINTS

Signature of Reviewer

Title of Reviewer

Date

RANKING - STATE OFFICE

Yes No N/A §1944.679 (c):

In the event more than one preapplication receives the same amount of points, those preapplications will then be ranked based on the actual percentage figure used for determining the points under paragraph (b)(1) of the selection criteria.

Further, in the event that preapplications are still tied, than those preapplications still tied will be ranked based on the percentage figures used (low to high) in paragraph (b)(2) of the selection criteria.

Further, for applications where assistance to rental properties or co-operatives is proposed, those still tied will be further ranked based on the number of years the units are available for occupancy under of program (a minimum of 5 years is required).

No. of
Years

Finally, if there is still a tie, then a "lottery" system will be used.

RANKING OF THIS APPLICANT: _____

Signature - State Office

Date

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Exhibit E-1 - QUARTERLY (and FINAL) PERFORMANCE REPORT

Grantee Name: _____

Grantee Address: _____

Assistance Program: Homeowner Rental Property Co-op

Grant Quarter: 1st 2nd 3rd 4th 5th

6th 7th 8th Final Report

Funding Year: _____ Report Period - From: _____ To: _____

I. GENERAL INFORMATION ON USE OF HOUSING PRESERVATION GRANT (HPG) FUNDS DURING CURRENT PERIOD

A. Use of Administrative Funds:

Budgeted Amount	\$ _____
Expended through Last Quarter	\$ _____
Direct Cost - Personnel	\$ _____
Supplies & Equipment	\$ _____
Travel	\$ _____
Other	\$ _____
Total	\$ _____
Indirect Costs - (_____ % Rate)	\$ _____
This Quarter Total	\$ _____
Previous Total	\$ _____
To-date Total	\$ _____

B. Use of Grantee's Program Funds:

Budgeted Amount	\$	_____
Expended through Last Quarter	\$	_____
Loans Number	\$	_____
Grants Number _____	\$	_____
Other Subsidies Number _____	\$	_____
(Describe briefly on an attachment)		
This Quarter Total	\$	_____
Previous Total	\$	_____
To-date Total	\$	_____

II. DESCRIPTION OF RECIPIENTS PROVIDED ASSISTANCE DURING REPORT PERIOD (Attach breakdown for each HPG recipient on a separate page. Include: name, address, income, size, race, housing preservation activities, and type of assistance received.)

	<u>This Period</u>	<u>Total To-date</u>
Number low-income persons assisted	_____	_____
Number very low-income persons assisted	_____	_____
Total number of persons assisted	_____	_____

Racial Composition and Outreach

	<u>Total % Pop. of Area Served</u>	<u>Total Number This Period</u>	<u>Total Percent This Period</u>	<u>Total Number To-date</u>	<u>Total Percent To-date</u>
Whites	_____%	_____	_____%	_____	_____%
Blacks	_____%	_____	_____%	_____	_____%
Asian/Pacific Islanders	_____%	_____	_____%	_____	_____%
Amer. Indians/ Alas. Natives	_____%	_____	_____%	_____	_____%
Hispanic	_____%	_____	_____%	_____	_____%
Total		Total			

III. DESCRIPTION OF TYPES OF HOUSING PRESERVATION PROVIDED

<u>Name of Recipient</u>	<u>Cost of Materials & Labor</u>	<u>HPG</u>	<u>Other</u>	<u>Total</u>
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____

(Use an attachment if necessary)

IV. OBJECTIVES FOR NEXT PERIOD

Loans Number _____ \$ _____

Grants Number _____ \$ _____

Other Subsidies Number _____ \$ _____

(Describe briefly on an attachment)

V. PROJECT SUMMARY

	<u>Number of Recipients</u>	<u>HPG Funds</u>	<u>Other Funds</u>
Objective of Project	_____	\$ _____	\$ _____
Assistance To-date	_____	\$ _____	\$ _____
Assistance Next Period	_____	\$ _____	\$ _____
Average Amount of HPG Assistance Provided To-date	\$ _____		

(Per Unit)

VI. NARRATIVE

A. Significant accomplishments:

B. Problem areas:

C. Proposed changes or assistance needed, etc.:

D. Status of implementing Environmental and Historic Preservation requirements. Include number and description of historic properties assisted:

I hereby certify that the information contained herein is true and accurate to the best of my knowledge and in accordance with the requirements of the Grant Agreement and Subpart N of Part 1944 of this chapter and that all final inspections have been made.

Date Prepared

Signature of Preparer

Date Signed

Grantee's Signature

This report is in compliance with Subpart N of Part 1944 of this chapter.

Date Signed

Rural Development

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Exhibit E-2 - QUARTERLY (and FINAL) PERFORMANCE REPORT

[example and explanation]

Grantee Name: _____
 (1)

Grantee Address: _____
 (2)

Assistance Program: Homeowner Rental Property Co-op
 (3)

Grant Quarter: 1st 2nd 3rd 4th 5th
 (4)

6th 7th 8th Final Report

Funding Year: _____ Report Period - From: _____ To: _____
 (5) (6) (6)

I. GENERAL INFORMATION ON USE OF HOUSING PRESERVATION GRANT (HPG) FUNDS DURING CURRENT PERIOD

A. Use of Administrative Funds:

	Budgeted Amount	\$ _____ (7)
	Expended through Last Quarter	\$ _____ (8)
Direct Cost – Personnel	\$ _____ (9a)	
Supplies & Equipment	\$ _____ (9b)	
Travel	\$ _____ (9c)	
Other	\$ _____ (9d)	
Total		\$ _____ (9e)
Indirect Costs - (_____ % Rate)		\$ _____ (10b)
(10a)		
This Quarter Total		\$ _____ (11)
Previous Total		\$ _____ (12)
To-date Total		\$ _____ (13)

B. Use of Grantee's Program Funds:

		Budgeted Amount	\$ _____
			(14)
		Expended through Last Quarter	\$ _____
			(15)
Loans	Number _____		\$ _____
	(16a)		(16b)
Grants	Number _____	\$ _____	
	(16c)	(16d)	
Other Subsidies	Number _____	\$ _____	
	(16e)	(16f)	
(Describe briefly on an attachment)			
		This Quarter Total	\$ _____
			(17)
		Previous Total	\$ _____
			(18)
		To-date Total	\$ _____
			(19)

II. DESCRIPTION OF RECIPIENTS PROVIDED ASSISTANCE DURING REPORT PERIOD
 (Attach breakdown for each HPG recipient on a separate page. Include: name, address, income, size, race, housing preservation activities, and type of assistance received.)

	<u>This</u> <u>Period</u>	<u>Total</u> <u>To-date</u>
Number low-income persons assisted	_____	_____
	(20a)	(20b)
Number very low-income persons assisted	_____	_____
	(20c)	(20d)
Total number of persons assisted	_____	_____
	(20e)	(20f)
Racial Composition and Outreach		

	<u>Total %</u> <u>Pop. of</u> <u>Area</u> <u>Served</u> <small>(21a)</small>	<u>Total</u> <u>Number</u> <u>This</u> <u>Period</u> <small>(21b)</small>	<u>Total</u> <u>Percent</u> <u>This</u> <u>Period</u> <small>(21c)</small>	<u>Total</u> <u>Number</u> <u>To-date</u> <small>(21d)</small>	<u>Total</u> <u>Percent</u> <u>To-date</u> <small>(21e)</small>
Whites	_____ %	_____	_____ %	_____	_____ %
Blacks	_____ %	_____	_____ %	_____	_____ %
Asian/Pacific Islanders	_____ %	_____	_____ %	_____	_____ %
Amer. Indians/ Alas. Natives	_____ %	_____	_____ %	_____	_____ %
Hispanic	_____ %	_____	_____ %	_____	_____ %
		(21f)		(21g)	
Total		_____		_____	
		Total		Total	

III. DESCRIPTION OF TYPES OF HOUSING PRESERVATION PROVIDED

<u>Name of Recipient</u> (22a)	<u>Cost of Materials & Labor</u> (22b)	<u>HPG</u> (22c)	<u>Other</u> (22d)	<u>Total</u> (22e)
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____	\$ _____

(Use an attachment if necessary)

IV. OBJECTIVES FOR NEXT PERIOD

Loans	(23a) Number _____	(23b) \$ _____
Grants	Number _____	\$ _____
Other Subsidies	Number _____	\$ _____

(Describe briefly on an attachment)

V. PROJECT SUMMARY

	<u>Number of Recipients</u>	<u>HPG Funds</u>	<u>Other Funds</u>
Objective of Project	_____	\$ _____	\$ _____
	(24a)	(24b)	(24c)
Assistance To-date	_____	\$ _____	\$ _____
	(25a)	(25b)	(25c)
Assistance Next Period	_____	\$ _____	\$ _____
	(26a)	(26b)	(26c) (25d)
Average Amount of HPG Assistance Provided To-date			\$ _____

(Per Unit)

VI. NARRATIVE

A. Significant accomplishments:

(27)

B. Problem areas:

(28)

C. Proposed changes or assistance needed, etc.:

(29)

D. Status of implementing Environmental and Historic Preservation requirements. Include number and description of historic properties assisted:

(30)

I hereby certify that the information contained herein is true and accurate to the best of my knowledge and in accordance with the requirements of the Grant Agreement and Subpart N of Part 1944 of this chapter and that all final inspections have been made.

Date Prepared (31a)

Signature of Preparer (31b)

Date Signed (31c)

Grantee's Signature (31d)

This report is in compliance with Subpart N of Part 1944 of this chapter.

Date Signed (32a)
(07-19-24) PN 619

Rural Development (32b)

GUIDELINE FOR PREPARATION

- (1) Insert name of grantee.
- (2) Insert address of grantee.
- (3) Indicate type of assistance program.
- (4) Indicate grant quarter (1st thru 8th) or final report. It is recommended the grantee be on calendar quarters (ending 9/30, 12/31, 3/31, 6/30) as soon as possible after grant signing.
- (5) Insert Fiscal Year funded.
- (6) Insert report period. For example: "8/25 to 9/30" if 1st quarter, or "10/1 to 12/31", etc.

I. GENERAL INFORMATION ON USE OF HOUSING PRESERVATION GRANT (HPG) FUNDS DURING CURRENT PERIOD

A. Use of Administrative Funds: (This section is used to detail how the HPG administrative funds were used during the current quarter.)

- (7) Insert total amount of HPG administrative funds for the entire project approved in the grantee's budget. In no event should this amount exceed 20 percent of the HPG grant awarded to the grantee.
- (8) Insert amount of HPG administrative funds expended through last quarter. This will be the same amount as item 13 from the previous quarterly performance report.
- (9a- 9d) Insert HPG administrative expenses (Personnel, Supplies & Equipment, Travel, and Other) that are related to HPG activities and so assigned by the grantee.
- (9e) Insert the "Total" for items 9a through 9d.
- (10a) Insert approved or provisional indirect cost rate, if applicable.

(10b) Insert the indirect costs for the quarter, if applicable.

NOTE: Insert the rate and amount only if an indirect cost ratio has been approved or a provisional rate submitted, when used for a given period of time to permit funding and reporting of indirect costs pending establishment of a final rate for that period. When a permanent rate is established, the indirect costs claimed by using the provisional rate are adjusted to reflect the indirect costs based on the permanent rate. Indirect costs are the administrative expenses that are generally not assigned as "direct" costs, which reflect the HPG project's contribution to the overall cost of the organization's operation.

The "indirect cost rate" is established through an agreement between the government agency or nonprofit organization and the cognizant federal agency, which acts on behalf of all other federal agencies in approving the rate. The cognizant federal agency is the agency which provides the largest amount of federal funding for the government agency or nonprofit organization. The indirect costs are eventually grouped into a common pool and distributed to the benefiting projects and activities by a cost allocation process (indirect cost rate) which is applied in determining the amount of indirect cost for each project or activity.

- (11) Insert the total amount of direct cost and indirect cost (items 9e + 10b) for the this quarter total.
- (12) Insert the total amount from the previous quarter (this should be the same as item 8).
- (13) Insert the to-date total (items 11 + 12). This amount will be shown in item 8 for the next quarterly performance report.

B. Use of Grantee's Program Funds (This section is used to detail how the HPG program funds were used during this quarter.)

- (14) Insert the amount of HPG program funds budgeted. This amount does not include administrative funds. (Note: Items 7 and 14 should equal the grant amount.)
- (15) Insert amount of HPG program funds expended through last quarter. This will be the same amount as item 19 from the previous quarterly performance report.

- (16a) Insert number of units assisted with loans for this quarter.
- (16b) Insert the amount of HPG program funds for loan assistance, actually used this quarter.
- (16c) Insert number of units assisted with grants for this quarter.
- (16d) Insert the amount of HPG program funds for grant assistance, actually used this quarter.
- (16e) Insert number of units assisted with other subsidies for this quarter.
- (16f) Insert the amount of HPG program funds for other subsidy assistance, actually used this quarter.
- (17) Insert the total amount of HPG program funds used for loans, grants, and other subsidies (items 16b + 16d + 16f) for this quarter.

Compare this amount with last quarter's report (Section IV) to see if the targets are being met. Explain any differences in Section VI of this report.

- (18) Insert the total amount from the previous quarter (this should be the same as item 14).
- (19) Insert the to-date total (items 17 + 18). This amount will be shown in item 15 for the next quarterly performance report.

II. DESCRIPTION OF RECIPIENTS PROVIDED ASSISTANCE DURING REPORT PERIOD (This section is used to identify the number of low-income and very low-income persons and the racial composition of recipients provided assistance during the report period. Note requirement for attaching a report for each recipient.)

- (20a) Insert number of units occupied by low-income persons assisted for this quarter.
- (20b) Insert the number of units occupied by low-income persons assisted to-date.
- (20c) Insert number of units occupied by very low-income persons assisted for this quarter.

- (20d) Insert the number of units occupied by very low- income persons assisted to-date. This should be consistent with the statement of activities and objectives.
- (20e) Insert the total number of units occupied by very low- income and low- income persons assisted this quarter (items 20a + 20c).
- (20f) Insert the total number of units occupied by very low- and low-income persons assisted to-date (items 20b + 20d).
- (21a) Insert the total percentage of population for the area served for each of the racial categories indicated.
- (21b) Insert the total number of persons assisted this quarter for each racial category indicated.
- (21c) Insert, as a percentage, the total number of persons assisted this quarter for each racial category indicated. This figure is determined by dividing item 21b by 21a.
- (21d) Insert the total number to-date of persons assisted for each racial category indicated. This is an accumulative figure by adding item 21d from the previous quarterly performance report to item 21b from the current quarterly performance report for each racial category indicated.
- (21e) Insert, as a percentage, the total number of persons assisted this quarter for each racial category indicated. This figure is determined by dividing items 21d by 21a.
- (21f) Insert the total of items "21b" to obtain the total number of persons assisted this quarter for all racial categories indicated.
- (21g) Insert the total of items "21d" to obtain the total number to-date of persons assisted for each racial category indicated.

III. DESCRIPTION OF TYPES OF HOUSING PRESERVATION PROVIDED

(This section provides, by recipient, a cost of the general labor and materials. While the full breakdown of rehabilitation activities should be in the grantee's file and the attached report for each recipient, this provides an opportunity to summarize the types of activities the HPG program is financing and the costs. Provide attachment if additional space is needed.)

- (22a) Insert the name of recipient who received funds from the grantee.

- (22b) Insert the cost of all materials, labor, etc., (excluding HPG administrative funds) per recipient.
- (22c) Insert the amount of HPG program funds (including HPG administrative funds) per recipient.
- (22d) Insert the amount of other (leveraged funds) per recipient.
- (22e) Insert the total of all funds received by the recipient. This is the sum of items 22c and 22d.

IV. OBJECTIVES FOR NEXT PERIOD (This section outlines the objectives for the next quarterly period.)

- (23a) Insert the number of loans, grants, and other subsidies planned for the next quarterly period. Attach a brief statement to this quarterly performance report explaining all deviations (if any) from the statement of activities.
- (23b) Insert the amount of money planned to be used for the loans, grants, and other subsidies for the next quarterly period.

Note: Attach a brief statement to the quarterly report, if necessary, explaining any deviation from the statement of activities.

V. PROJECT SUMMARY

- (24a) Insert the total number of recipients that was proposed to be assisted. This information should be the same as in the statement of activities.
- (24b) Insert the total amount of HPG funds (including HPG administrative funds) awarded. This will be the sum of items 7 and 14.
- (24c) Insert the total amount of other funds (leveraged funds) that was originally proposed (or modified) in the statement of activities.
- (25a) Insert the total number of recipients that have received assistance to-date. This will be the same as item 20f.
- (25b) Insert the total amount of HPG funds (including HPG administrative funds) awarded to-date. This will be the sum of items 13 and 19.
- (25c) Insert the total amount of other funds (leveraged funds) that was awarded to-date.

- (25d) Insert the average amount of HPG assistance provided to-date. This is the sum of items 25b and 25c divided by item 25a.
- (26a) Insert the total number of recipients that is proposed to be assisted next quarter. This information should be the same as in the statement of activities.
- (26b) Insert the total amount of HPG funds (including HPG administrative funds) proposed to be used next quarter.
- (26c) Insert the total amount of other funds (leveraged funds) proposed to be used next quarter.

VI. NARRATIVE

- (27) Indicate any significant accomplishments such as early start, outreach, additional persons assisted than proposed, etc.
- (28) Indicate an problem areas noted or anticipated, such as under or over estimating rehabilitation/repair costs, delayed job, extensions needed, etc.
- (29) Indicate any proposed changes, assistance needed, etc., such as other subsidies used with HPG funds, targeted population, etc.
- (30) Indicate the status of all environmental reviews made and historic properties assisted.
- (31a) Insert the date signed by the Preparer.
- (31b) Insert the signature of the Preparer.
- (31c) Insert the date signed by the grantee.
- (31d) Insert the signature of the grantee.
- (32a) Insert the date signed by the Rural Development reviewer.
- (32b) Insert the signature of the Rural Development reviewer.

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**Exhibit F-1 - Guide: Grantee's Process for Identifying Properties
Requiring Rural Development Environmental Assessments**

I. Before beginning work on a particular dwelling, we (grantee) agree to answer the following questions in accordance with the accompanying guidelines:

**A. Floodplains, Wetlands, and Coastal Barrier Resources System
(CBRS)**

1. Is the dwelling located in a 100-year floodplain?

The grantee will check the latest Federal Emergency Management Agency (FEMA) Floodplain Insurance Rate Maps to determine if the property is located in a 100-year floodplain. These maps are provided by FEMA to each community which has been mapped, and may be reviewed on the FEMA Map Service Center website or at local municipal or county governmental offices. FEMA maps may also be purchased from FEMA's Flood Map Distribution Center by calling 1-800-333-1363. If a community has not been mapped, information regarding floodplains may be obtained from the Soil Conservation Service (SCS), the U.S. Fish and Wildlife Service, the U.S. Army Corps of Engineers, the U.S. Geological Survey offices, or regional or State agencies established for flood prevention purposes.

RHS will obtain a FEMA Standard Flood Hazard Determination form, which will indicate if the property is located in a floodplain. If the exact location of the boundary of the floodplain or the elevation of the structures on the property in comparison to the floodplain's base flood elevation must be determined, and when advised to do so by Rural Development or one of the above agencies, the grantee will obtain the services of a registered engineer or appropriate environmental professional to make the floodplain determination. (For further instructions, see 1970 Subpart F – Floodplains.)

2. Is the dwelling located in a wetland?

The grantee will follow the instructions in 1970 Subpart G – Wetlands to determine if the dwelling may be located in or immediately adjacent to a wetland. When advised to do so by Rural Development, the grantee will obtain the services of an appropriate environmental professional to make the wetland determination.

If an environmental resource may be adversely affected, no work will be done on the dwelling until Rural Development completes an environmental assessment in accordance with 7 CFR part 1970. The grantee will abide by the decisions resulting from the assessment, including mitigation measures or a decision to reject the dwelling for the Housing Preservation Grant (HPG) program. The applicant will provide information or documentation requested by Rural Development. (For further instructions, see 1970 Subpart G – Wetlands.)

3. Is the dwelling located in the CBRS?

If the dwelling is located on or adjacent to a coast of the United States or the Great Lakes, the grantee will check with the U.S. Fish and Wildlife Service to determine if the property is part of the CBRS. Rural Development County Offices servicing coastal areas may also have CBRS maps.

If a dwelling is located within the CBRS, the dwelling is ineligible for the HPG program. (For further instructions, see 1970 Subpart O – Other Protected Resources and Guides.)

B. Historic and Archaeological Properties

4. Does the dwelling or property have any historic or archaeological value?

The grantee will develop in consultation with the State Historic Preservation Officer (SHPO) a process to ensure full compliance with the spirit and intent of RD Instruction 2000-FF. The process will take into account the national historic preservation objectives set forth in Attachment 1 of Exhibit A of RD Instruction 2000-FF, and will encourage the rehabilitation of historic buildings in a manner that realistically meets the needs of very low- and low-income property owners while preserving the historic and architectural character of such buildings.

The grantee will identify properties that are listed or eligible for listing on the National Register of Historic Places. This will be accomplished by evaluating the property as set forth in Attachment 2 of Exhibit A of RD Instruction 2000-FF.

At a minimum, the grantee will contact the SHPO and request comments when any of the following conditions occur:

- (a) The dwelling proposed for rehabilitation and/or repair is older than 50 years;
- (b) Regardless of age, the property appears to have significant historic and/or archaeological features, including, but not limited to:
 - (1) The dwelling appears to have unusual architectural features which are not typically found in the area;
 - (2) A graveyard or burial ground of any type is known to be on the property;
 - (3) The property contains or is known to have contained a significant number of artifacts such as arrowheads, stone tools, etc.;
 - (4) The property is located in or adjacent to a currently listed historic district or site.
- (c) Any other conditions agreed upon by the grantee and SHPO under the terms of RD Instruction 2000-FF.

When planning the rehabilitation of a historic property for a proposed recipient, the grantee will comply with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings to the extent practicable.

If, after consulting with SHPO, it is determined the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings cannot be reasonably met, or it is determined a historic property will be adversely affected, the grantee will furnish all necessary information and initiate formal consultation to afford the Advisory Council on Historic Preservation an opportunity to comment. Attachment 3 of Exhibit A of RD Instruction 2000-FF provides additional guidance on this subject.

If at any time during renovation work one of the above conditions mentioned in paragraphs (a) through (c) of this section becomes apparent, the grantee will immediately cease work on the property and contact the SHPO and Rural Development. The grantee will abide by the directions of the SHPO and Rural Development concerning further work on the property.

(For further instructions, see 1970 Subpart H – Historic Preservation.)

C. Other Environmental Considerations

5. Does the property contain any areas where chemicals or petroleum products are stored, disposed of, or appear to have been released into the environment?

If the grantee discovers such a condition on the property, the grantee will not remove or handle any of these materials. The grantee will immediately consult with the occupants/owners of the dwelling regarding the situation and will contact Rural Development and, if appropriate, the local Health Department or environmental regulatory agency for further guidance.

6. Are there adjacent land uses which now or in the future present a potential detriment to the quality of the environment of the subject property?

The grantee will do a thorough reconnaissance of the surrounding area and determine if there are: noise sources (railroads, airports, industry, heavily traveled highways, etc.); safety or sanitary problems; air pollution sources; or severe deficiencies in services such as fire protection, crime control, etc.

If any of the adverse environmental conditions noted in paragraphs 5 and 6 of this section are discovered, the grantee will do no work on the dwelling until Rural Development has been consulted. The grantee will abide by the decisions resulting from the consultation and/or assessment, including mitigation measures or a decision to reject the dwelling for the HPG program.

II. We (the grantee) will answer each of these questions on each property considered for inclusion in the HPG program, and will document the recipient file with our findings. If none of the questions are answered "Yes," we will document such in the recipient file and will proceed with the repair/rehabilitation of the property as planned. We will monitor the work being done to insure that all construction wastes are properly disposed of. We will fully cooperate with and assist Rural Development in the preparation of any necessary environmental reviews on the property.

SUBMITTED BY:

_____	_____	_____
Grantee	Title	
_____	_____	_____
Signature	Date	

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Exhibit G - HOUSING PRESERVATION GRANT PROGRAM
STATE OFFICE LISTING OF PREAPPLCATIONS

NAME OF APPLICANT (Please Print)	TYPE	REVIEW	RATING	RANKING	AMOUNT OF GRANT APPLIED FOR PREAPPLICATION	NUMBER OF PROPOSED UNITS	RECOMMENDED GRANT AMOUNT STATE OFFICE
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____
_____	[]	[]	_____	_____	_____	_____	_____

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Exhibit H - Ultimate Recipient File Checklist

Date(s) Reviewed FY _____ Qtr 1 _____ Qtr 2 _____ Qtr 3 _____ Qtr 4 _____

Recipient Name _____ Date _____
State _____ County _____ Grant Amount _____

The Ultimate Recipient File Checklist may be used by grantees as a guide for ultimate recipient casefile management, and Rural Development (RD) offices can use this checklist as a guide for ultimate recipient file reviews. RD should review completed ultimate recipient files on a quarterly basis for compliance. The number of files to be reviewed should be a 25% sample or two ultimate recipient files, whichever is greater.

Ultimate recipient applications will be processed on a first come, first served basis. At a minimum, applications used by the grantee to determine if financial assistance will be made available to eligible homeowners, owners of single or multi-unit rental properties or owners of cooperative housing projects (co-ops) and will contain the following:

- Name and address of the proposed recipient(s);
- Age and number of the persons living in the dwelling or unit to be assisted with HPG funds for all or part of the next 12 months;
- For homeowners, the income requirements outlined in § 1944.661(a) of this subpart,
 - Verification of very-low or low income.
- Verification the ultimate recipient's property is in an eligible rural area, see ([Eligibility \(usda.gov\)](https://www.usda.gov)).
- Verification of Ownership [§ 1944-661\(b\)\(1\) through \(5\)](#):
 - Copy of instrument evidencing ownership;
 - Owner of the individual dwelling at least 1 year prior to the time of assistance.

- Application form used includes demographic data and information collection requirements:
 - Ethnicity:
 - Hispanic or Latino;
 - Not Hispanic or Latino.
 - Race:
 - American Indian or Alaskan Native;
 - Asian;
 - Black or African American;
 - Native Hawaiian or Other Pacific Islander;
 - White.
 - Sex:
 - Female;
 - Male.
 - I do not wish to provide this information.
 - Statement that recipient is providing this information on a voluntary basis:
 - Sample language: “The following information is requested by the Federal Government to monitor compliance with Federal Laws prohibiting discrimination against applicants seeking to participate in this program. You are not required to furnish this information but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race, ethnicity and sex of applicants based on visual observation or surname.”

- Signature of Applicant(s).
- Verification of Notification to recipient(s) - The grantee will determine if an application is complete within 30 days of receipt.
 - Incomplete applications. All recipients who are determined by the grantee to have submitted an incomplete application will be notified in writing as to the reason(s) the application was incomplete. The applicant will be given the opportunity to complete their application and submit new or additional information within a stated period of time in an effort to achieve eligibility. Any application resubmitted will fall within the normal selection criteria determined by the grantee.
 - Complete applications - Recipients with complete applications (those meeting all the grantee's criteria) will be notified in writing whether the applicant was:
 - Selected for financial assistance,
 - Placed on a waiting list for financial assistance subject to the availability of funds, or
 - Not selected for financial assistance.
 - Recipients not selected for financial assistance - Recipients will be given the specific reason(s) for rejection and given the opportunity to have their determination reviewed by the grantee. If the rejection is based on information from a credit bureau report, it must be revealed to the recipient in accordance with the Fair Credit Reporting Act. Rejection of recipients on an arbitrary basis is prohibited. Examples of such arbitrary rejections are race, color, religion, sex, familial status, national origin, and handicap; receipt of income from public assistance; and persons with children of undetermined parentage.

Environmental:

- Documentation the EPA pamphlet, "Protect your Family From Lead in Your Home" was provided to recipient (Not required for homes newer than 1978).
- Lead Based Paint (LBP) inspection report, risk assessment, and/or clearance inspection reports when applicable.
- Complete FEMA Form 086-0-93 "Standard Flood Hazard Determination" with

copy of flood map.

- Evidence of environmental review of each home per RD Instruction 1944-N, Exhibit C, paragraph VII:
 - RD Instruction 1970-B Exhibit D “Categorical Exclusion”
 - Environmental Assessment (If Applicable).
- Evidence that the home is not historic/consultation with SHPO per RD Instruction 1944-N, Exhibit F-1 of this subpart and RD Instruction 2000-FF, available in any Rural Development Office.
- Documentation of Environmental and Historical Review (If environmental assessment was not needed) “We have considered this dwelling under Rural Development’s environmental and historic preservation requirements for a HPG, see §§ 1944.672 and 1944.673 of this subpart) and an environmental assessment is not required. The review was completed in accordance with the process to identify properties requiring a Rural Development environmental assessment approved with our statement of activities.”

Civil Rights:

- The following forms are issued to the contractor for construction contracts over \$10,000 per § 1901.205:
 - Form RD 400-1 Equal Employment Agreement;
 - Form RD 400-3 Notice to Contractors and Applicants (Attach the Equal Opportunity Poster and supplemental poster);
 - Form RD 1924-5 Invitation to Bid (Optional);
 - Form RD 1924-6 “Construction Contract” only required when invitation to bid is exercised;
 - Form RD 400-6 Compliance Statement – Contractor or subcontractor will submit to State Office;
 - “Know Your Rights” Poster;
 - Grantee will report to the Department of Labor when contracts exceed \$10,000.

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Specification Review:

- Cost estimate by line item.
- Accepted contractor's quote.

Photos:

- Before.
- After.

Construction Work:

- Construction contract from contractor or vendor.
- Repairs must be completed exactly as described in the construction contract. The description of repairs must include and adequately describe ALL work to be performed.
- Invoices.
- Warranties for construction work, products and equipment.

Final Inspection:

- All repairs must be inspected by a disinterested third-party, which could be a local building/code enforcement official or a qualified contract/fee inspector.
- Inspection report should be filed in ultimate recipient file.

Filing of Ultimate Recipient Applications. Ultimate Recipient applications and all additional data submitted, determinations, correspondence, etc. will be maintained by the grantee in individual recipient files in accordance with 2 CFR Part 200. The information will be made available to Rural Development for review during normal hours.

Date _____

Name of Reviewer _____

Signature of Reviewer _____

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**Exhibit I - HOUSING PRESERVATION GRANT (HPG)
 PREAPPLICATION/APPLICATION PROCESSING CHECKLIST**

Applicant: Address:	Grant Amount Requested:
Authorized Representative: Telephone: Email:	County/Counties Served:
Federal Register Notice Closing Date:	UEI#
Preapplication Received Date:	Tax ID#
<p>Organization Type as defined in § 1944.656:</p> <p>____(i) A State, commonwealth, trust territory, other political subdivision, or public non-profit corporation authorized to receive and administer HPG funds;</p> <p>____(ii) An American Indian tribe, band, group, nation, including Alaskan Indians, Aleuts, Eskimos, any Alaskan Native Village, and Federally Recognized Indian Tribes, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act (Public Law (Pub. L.) 93-638) or under the State and Local Fiscal Assistance Act of 1972 (Pub. L.92-512);</p> <p>____(iii) A private non-profit corporation that is owned and controlled by private persons or interests for purposes other than making gains or profits for the corporation, is legally precluded from distributing any gains or profits to its members, and is authorized to undertake housing development activities;</p> <p>____(iv) A Faith-Based and community organization created as a non-profit corporation that meets the definition of organization under 7 CFR section § 1944.656;</p> <p>____(v) A Faith-Based and community organization, whether or not it is chartered as a non-profit corporation, may form a consortium with units of Government or other private non-profit organizations, including other Faith-Based organizations, to participate in the Housing Preservation Grant Program pursuant to the Organization definition paragraphs of 7 CFR section 1944.656 (see paragraphs vi (a) and (b) below);</p> <p>____(vi) A consortium of units of Government and/or private non-profit organizations which is otherwise eligible to receive and administer HPG funds and which meets the following conditions:</p> <p style="padding-left: 20px;">____(a) Be comprised of units of Government and/or private non-profit corporations that are close together, located in the same State, and serve areas eligible for RHS housing assistance; and</p> <p style="padding-left: 20px;">____(b) Have executed an agreement among its members designating one participating unit of Government or private non-profit corporation as the applicant or designating a legal entity (such as a Council of Governments) to be the applicant.</p>	

Preapplication Packet
(Documents sent to applicant upon request-if not using Grants.gov)

- (1) SF 424 “Application for Federal Assistance (for Non-construction).”
- (2) SF 424a “Budget Information (Non-Construction Programs).”
- (3) Form RD 400-1 “Equal Opportunity Agreement.”
- (4) Form RD 400-4 “Assurance Agreement.”
- (5) RD Instruction 1970-A Exhibit H “Multi-tier Action Environmental Compliance Agreement.”
- (6) RD Instruction 2000-FF PMOA.
- (7) RD Instruction 1944-N to include Exhibits C and J.

HPG preapplications can be submitted electronically (via Grants.gov or by email) or by mail (addressed to the applicable State Office and to the attention of the Single-Family Housing Program Director). Emailed preapplications must be encrypted and/or password protected and emailed to the Single-Family Housing Program Director in the applicable State Office.

Preapplication Checklist

Review preapplication for completeness within 30 days of receipt. States should not wait until the federal register notice closing date to begin reviews. The following documents must be present to consider a preapplication complete.

SF-424 Application for Federal Assistance Non-Construction Programs (§1944.676 (a)). Applicant can use as a guide Exhibit J “Statement of Activities-Template”, as follows:

Statement of Activities (§ 1944.676(b)(1)(i) through (xvii):

- (i) A complete discussion of the type of conditions for financial assistance for housing preservation, to include whether the request for assistance is for a homeowner assistance program, a rental property assistance program, or a co-op assistance program;

- (ii) The process for selecting recipients for HPG assistance, determining housing preservation needs of the dwelling, performing the necessary work, & monitoring/inspecting work performed;
- (iii) A description of the process for identifying potential environmental impacts in accordance with [§1944.672 of this subpart](#), and the provisions for compliance with Stipulation I, A-G of the PMOA (RD Instruction 2000–FF available in any Rural Development office) in accordance with [§ 1944.673 \(b\) of this subpart](#). With the exception of Stipulation I, D of the PMOA, this may be accomplished by adoption of Exhibit F–1 of this subpart (available in any Rural Development office), or another process supplying similar information acceptable to Rural Development;
- (iv) The development standard(s) for housing preservation work; and, if not the Rural Development standards for existing dwellings, the evidence of its acceptance by the jurisdiction where the grant will be implemented;
- (v) The time schedule for completing the program;
- (vi) The staffing required to complete the program;
- (vii) The estimated number of very low- and low-income minority and nonminority persons the grantee will assist with HPG funds; and, if a rental property or co-op assistance program, the number of units and the term of restrictive covenants on their use for very low- and low-income;
- (viii) The geographical area(s) to be served by the HPG program;
- (ix) The annual estimated budget for the program period based on the financial needs to accomplish the objectives outlined in the proposal. The budget should include proposed direct and indirect administrative costs; such as personnel, fringe benefits, travel, equipment, supplies, contracts, and other cost categories, detailing those costs for which the grantee proposes to use the HPG grant separately from non-HPG resources, if any. The applicant budget should also include a schedule (with amounts) of how the applicant proposes to draw HPG grant funds, i.e., monthly, quarterly, lump sum for program activities, etc.;

- (x) A copy of an indirect cost proposal/rate or direct cost policy, when the applicant has another source of Federal funding in addition to the HPG program;
- (xi) A brief description of the accounting system to be used;
- (xii) The method of evaluation to be used by the applicant to determine the effectiveness of its program which encompasses the requirements for quarterly reports to Rural Development in accordance with § 1944.683(b) and the monitoring plan for rental properties and co-ops (when applicable) according to § 1944.689;
- (xiii) The source and estimated amount of other financial resources to be obtained and used by the applicant for both HPG activities and housing development and/or supporting activities;
- (xiv) The use of program income, if any, and the tracking system used for monitoring same;
- (xv) The applicant's plan for disposition of any security instruments held by them as a result of its HPG activities in the event of its loss of legal status;
- (xvi) Any other information necessary to explain the proposed HPG program; and
- (xvii) The outreach efforts as outlined in § 1944.671(b).

Complete information about the applicant's experience and capacity to carry out the objectives of the proposed HPG program, § 1944.676(b)(2).

Organizational Documents – Evidence of Legal Existence. (§§ 1944.656 & 1944.676(b)(3)):

- Reference to State Law;
- Certified copies of 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;
- Names and addresses of Board of Directors, officers, and members (plus principal business of any member that is an organization);
- Evidence of nonprofit status.

For a private non-profit entity, the most recent audited statement and 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, see § 1944.676(b)(4).

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 very low-income and low-income minority households and substandard housing), the need for the type of housing preservation assistance being proposed, the anticipated use of HPG resources for historic properties, the method of evaluation to be used by the applicant in determining the effectiveness of its efforts (according to paragraph § 1944.676(b)(1)(xii) and § 1944.676(b)(5).

A statement containing the component for alleviating overcrowding as defined by § 1944.656.

A list of other activities the applicant is engaged in and expects to continue, a statement as to any other funding, and whether it will have sufficient funds to assure continued operation of the other activities for at least the period of the HPG grant agreement, § 1944.676(b)(7).

Other information necessary to address the selection criteria in §§ 1944.679 and 1944.676(b)(8).

RD Instruction 1970-A Exhibit H “Multi-tier Action Environmental Compliance Agreement” (Signed/dated by applicant).

Consultations and Intergovernmental Review, § 1944.676(f).

Evidence of submittal of the statement of activities to the State single point of contact (Does not apply to Tribes), § 1944.674(c).

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- If the State Clearinghouse has suspended operations, an applicant can provide documentation of this to demonstrate an attempted to meet the requirement for Intergovernmental Review was made.

Public Notification of Statement of Activities to include a description of how the comments (if any were received) were addressed (§ 1944.679(a)(4)) Can be print or online newspaper.

- Date of publication was **within 16 days** prior to NOSA deadline, § 1944.674(b).

RD 400-1, Equal Opportunity Agreement, § 1944.676(h).

RD 400-4, Assurance Agreement, § 1944.676(h).

SAM Verification (RD Instruction 1944-N, § 1944.654(a) and (b)).

Previous Grants:

- Applicant has additional Housing Preservation Grants in process and has achieved or nearly achieved their goals.
- Applicant has additional Housing Preservation Grants and has not made adequate progress to achieve their goals.
- Applicant does not currently have a previous HPG open.
- N/A.

State Office Processing Checklist

Run DNP on Entity and Principals (Preapplication/Application).

Complete RD Instruction 1944-N, Exhibit D.

If concerned about the organization's legal documentation, submit a copy of the organization's legal documentation to OGC for review and opinion prior to obligation of RD funds (ONLY for complete preapplications) (RD Instruction 1944-N, Exhibit C, paragraph (II)(C)(4)).

Any administrative exception request required for eligibility must be approved before Exhibit G is completed.

[Exhibit G](#) – Fill out for ALL (eligible or ineligible) preapplications and round grant amounts up to the nearest \$10. Submit Exhibit G via the National Office provided PowerApps or email to National Office for review and selection- SFHDirectProgram@usda.gov, § 1944.682.

Incomplete/Ineligible Preapplications

- Preapplications determined incomplete will be notified with the finding documents as to the reason for the incomplete application, for which non appealable rights are given see §1944.682. The template found in Exhibit L of this subpart, should be used for incomplete applications.
- Preapplications determined not eligible and/or not meeting the selection criteria will be notified with the reason(s) the application was not selected. Appeal rights are given ONLY if the project is denied because it's no longer considered financially feasible or for administrative errors, see § 1944.682. If the appeal rights are given use the Ineligible Preapplication letter in Exhibit L. For all other ineligible reasons use the Incomplete Preapplications letter in Exhibit L.

When the National Office receives Exhibit G from all States, it will be reviewed within 30 days, and will determine a reallocation of funds including all reserve funds in accordance with RD Instruction 1940-L, § 1940.578(k). State Offices will be notified accordingly.

If more than one preapplication has met the criteria of §1944.679(a), a single entity may not be approved for more than 50 percent of the state's allocation, see § 1944.680.

Review the National Office approval list, as these award amounts are final. If the amounts changed, the updated application documents will need to be obtained from the applicant to reflect the final approved grant amount.

Application

The Rural Development official will notify those applicants that their preapplication was not selected due to insufficient funding using Exhibit L-3, 'Unfunded Preapplication' template letter, and advise them of their appeal rights, see § 1944.682 and RD Instruction 1900-B.

OR

Exhibit L-4, 'Grant Award' template will be issued to notify applicants they were selected and for which funds have been set aside, and to request the applicant to submit the full application. For application submission, see § 1944.681.

**Form RD 1940-1 "Request for Obligation of Funds" must be sent to the grantee and returned signed from the grantee within 5 calendar days of the National Office state funding selection list. The remaining documents should be returned immediately, but no later than 30 days.

- Form RD 1940-1 "Request for Obligation of Funds," (§1944.682 (a)):
 - Item 19 "Type of Assistance (TOA)"
 - 017 Rental Properties – Single/Multi-Unit (HPG)
 - 018 Cooperative Housing Projects (HPG)

- 019 Individual Housing (HPG)
- 244 REAP (HPG)
- 739 Persistent Poverty (HPG)
- Item 27 – insert the grant obligation date AFTER the grant is obligated.
- Item 35 – insert the requirements for the Letter of Conditions and the Grant Agreement.
- Item 37 - will be signed by the State Director or designee after 1940-1 is returned from grantee, but within 5 calendar days following the release of the National Office funding selection list.
- Item 38 - Obligation date (filled in after obligation).
- Updated SF-424, “Application for Federal Assistance” – The preapplication can serve as the full application if no further changes are needed.
- SF 3881 “ACH Vendor/Miscellaneous Payment Enrollment Form” - the Applicant will complete and return to RD for EFT setup, see RD Instruction 2018-D, Exhibit A.
- Exhibit L-5 “Letter of Conditions” – attached to grant agreement, if applicable. (See § 1944.682(a)).
- Form RD 1942-46 “Letter of Intent to Meet Conditions”- applicant will complete, sign, and return to RD if the conditions are agreed upon.
- RD Instruction 1940-Q, Exhibit A-1 (sent to applicant if grant amount exceeds \$100,000).
- RD Instruction 1944-N, Exhibit A, see § 1944.682(a).
 - Will not be signed or dated by either party until closing. It is provided to the grantee at this time for review.
 - Attach the Statement of activities to the grant agreement as required by Part E of the Agreement.

State Office will review the application within 30 days and determine if it complies with all regulations. If major problems occur during the development of the application, notify the National Office for assistance.

Processing Obligations

* Obligations MUST be processed before the end of the Fiscal Year.*

When Form RD 1940-1 is returned, the State Office will:

Run DNP on the organization and its principals (Obligation);

State Director (or designee) has 5 calendar days to sign Form RD 1940-1 following the release of the National Office state funding selection list. The State Director (or designee) will sign and date Section 37 on Form RD 1940-1.

The obligation must be processed in ADPS within 15 calendar days of the executed Form RD 1940-1.

The persistent poverty TOA code (739) must be obligated by the Finance Office. For funding, email these obligation requests to the National Office at SFHDirectProgram@usda.gov

If the ADPS system shows funds are not available for the project, immediately contact the National Office.

Save ADPS 1A screen to file;

Complete Form RD 1940-1:

- Section 27 - Enter Approved (Obligated Date) date verified by ADPS 1A Screen.
- Section 38 – Date will match date in section 27.
- Section 38 – Date will be initialed to indicate a copy of RD 1940-1 was sent to the applicant.
- Process SF-3881 in the Guaranteed Loan System (GLS) EFT Block.

- Verify current banking information is correct.
 - If incorrect, update banking information.
 - If correct, add current grant to GLS.
- DO NOT close the grant (i.e. sign/date the grant agreement) until all conditions have been met.

Environmental

RD Instruction 1970-B, Exhibit D “Categorical Exclusion Form”, note:

- Block 6 – Type 1970.55.
- Blocks 10a – 10h – Check “No Effect”
- Blocks 10i – 10l – Check “No”

Pre-Grant Compliance Review

Complete Form RD 2006-38 Environmental Justice (EJ) and Civil Rights Impact Analysis (CRIA Certification), see RD Instruction 1970-E.

Attach supporting documentation such as a map of the project area showing the location of minority and low-income populations/communities, delineation of the applicant’s proposed project site, and the footprint area of where adverse impacts may occur. A copy of the EPA’s EJ Screen is a form of acceptable documentation, (<https://www.epa.gov/ejscreen>).

Complete RD 400-8 Compliance Review via the RD 400-8 PowerApps. Contact your Regional Civil Rights Coordinator for PowerApps guidance.

The State Office will review the docket for compliance with all requirements and ensure funding has been authorized before closing the grant.

Closing

Run DNP on Principals (Closing): Should be completed before the grant agreement is executed, unless Obligation DNP check was run within last 30 days.

State Director (or designee) signs/executes the grant agreement once all conditions have been met.

RD will date page one of the grant agreement with the date of execution and the completed by date of the grant.

Send the grantee a copy of the executed grant agreement and executed Form RD 1940-1.

Congressional Announcement Tracking System (CATS).

States will use CATS to process HPG project selection notices.

- A subscription for the Office of External Affairs (OEA) Electronic Customer File (ECF) service for OEA Project Announcements must be established. Guidance on setting up subscription services can be found in (ECF -> Help -> Downloads -> CATS Subscription Service Guide).
- Contact the State Office prior to requesting a subscription as some States designate limit staff to manage CATS announcements for all program areas.

Program Review and Update – Step one is completed by program staff and/or the Public Information Officer (PIO) as a notification from ECF is generated from CATS stating that a project folder is ready to be process. The Program staff have 4 days to review the initial information obtained from the obligating systems (program type, dollar amount, recipient name, congressional members, other funding, etc.) make edits, and add the HPG's project description. When complete, the folder is moved to the next step.

Public Affairs Review and Approve – Step two is performed at the state level. PIOs/State Directors/Program staff (the responsible party varies State by State) review the content, make edits as needed, and completes the folder by selecting 'DONE'.

Print CATS report and save in file - CATS will send the folder to OEA's general inbox for processing. No additional changes can be made once submitted.

Servicing Documents

The items listed below are documents/information the grantee will need to move forward with the HPG program. Instead of the processing specialist sending each document in an email, they can share the link provide in this paragraph, so the grantee can download the below documents. The documents below will be available at this link under the “Other Requirements tab: [Housing Preservation Grants | Rural Development \(usda.gov\)](https://www.usda.gov)

- SF-270 - Request for Advance or Reimbursement;
- SF-425 - Federal Financial Report;
- RD Instruction 1944-N, Exhibits E-1 and E-2;
- RD Instruction 1944-N, Exhibit H;
- RD Instruction 1970-B Exhibit D;
- RD Instruction 1944-N, Exhibit F-1;
- FEMA Form 086-0-32 (06/16);
- Income Limits;
- LPB Requirements;
- Compliance Review Packet:
 - “And Justice for All” Poster(s)for assisted programs;
 - EPA “Protect Your Family From Lead in Your Home”; and
 - Language Access Plan (LAP) 4 Factor Analysis.
 - Grantees must implement a Limited English Proficiency Strategy for HPG; and
 - The assessment will remain with the grantee but can be reviewed by RD during the grantee file review.

- Self-Evaluation and Transition Plan Requirements:
 - Completed by the applicant and reviewed by RD during Pre-Award Compliance Review. The Applicant should have on file for review for 3 years.

Requests for Reimbursement or Advance

Required documents to process draw requests (no more than once every 30 calendar days), see § 1944.682(c):

- SF-270 "Request for Advance or Reimbursement";
- SF-425 "Federal Financial Report";
- Run DNP Checks (Disbursements); and
- ALL funds will be transmitted via EFT.

Grant Servicing and Monitoring Grantee Quarterly Reporting Requirements (§ 1944.683)

Quarterly reports are due on a calendar basis and reviewed to determine satisfactory progress. Quarterly reports should be submitted no later than 45 days after the end of each calendar quarter. See § 1944.683(a).

SF-425 Federal Financial Report, see § 1944.683 (a) and 1944-N, Exhibit C.

Exhibit E-1 and Exhibit E-2 can be used as a guide.

Bank statement for interest-bearing bank account IF grantee is receiving a cash advances.

Staff will use Exhibit K as a guide in reviewing reports.

Unsatisfactory quarterly reports will be sent to the National Office if reporting issues are not resolved.

Ultimate Recipient File Reviews

HPG servicing offices will review completed ultimate recipient files on a quarterly basis for compliance. The number of files to be reviewed should be a 25% sample or two Ultimate Recipient files, whichever is greater. Utilize Exhibit H of this subpart for quarterly reviews.

Grant Expiration, Extension, and Closeout

RD will send Exhibit L-8 Letter "Housing Preservation Grant (HPG) Expiration Notice" to the grantee no later than 30 days prior to the grant agreement expiration date.

Extensions must be processed in accordance with § 1944.684. Do not let the grant agreement expire. Expired grant agreements cannot be extended.

RD Instruction 1944-N, Exhibit A, Part B, Item 18(a) describes procedures for grant closeout.

The grantee shall immediately refund to Rural Development any uncommitted balance of grant funds.

Grantee will furnish the following documents within 120 calendar days of the date of completion:

- SF-425;
- Exhibit E-1 of this subpart;
- All financial, performance and other reports required as a condition of the grant;
- Final Audit – Single Audit Report (required by §200.501 (b)) OR the grantees previous years organizational audit per §200.503. Auditor must be a public accountant or a Federal, State, local government, or Indian tribe audit organization, which meets the general standards specified for external auditors in Generally Accepted Government Auditing Standards (GAGAS). Other audit guidelines can be found in 2 CFR Part 200 Subpart F;

- Grantee will account for any property acquired with HPG grant funds, see Exhibit A, Part B Item 18(a)(iii), if applicable; and
- RD retains the right to recover any disallowed costs which may be discovered as a result of the audit.

RD will send Exhibit L-6, 'HPG Grant Closeout Notice' when all documents are received and reviewed.

If grantee fails to send required documents, RD will send Exhibit L-7, "HPG Grant Closeout Required Documents Request" letter to grantee.

A copy of the final Exhibit E-1 of this subpart and Exhibit L-6 "HPG Grant Closeout Notice" issued by the state, will be emailed to SFHDirectProgram@usda.gov.

Deobligation of Funds

Deobligations – Processed in ADPS by the State

The following are typical reasons for deobligation:

- Funds remaining after ALL construction is complete;
- Upon termination of the grant agreement;
- Complete construction notification by the grantee; and
- Termination decision.

Form RD 1940-10 "Cancellation of U.S. Treasure check and/or Obligation" must be signed and dated by the RD approving official within 5 calendar days.

State Office will deobligate in ADPS within 15 calendar days from executed Form RD 1940-10.

Persistent Poverty and Disaster deobligations **must** be sent to the National Office for processing via email to SFHDirectProgram@usda.gov.

Notify National Office of deobligation for tracking purposes. Form RD 1940-10 and deobligation ADPS screen will be filed in applicant's file DO NOT send RD 1940-10 to Servicing Office.

Post-award Compliance Review

Complete Form RD 400-8 Compliance Review via the RD 400-8 PowerApps. Contact your Regional Civil Rights Coordinator for PowerApps guidance.

Post-award reviews are required no less than 120 days or no more than 3 years after the pre-award (initial) or previous compliance review.

Once funds are fully disbursed and have been used for authorized purposes, the post award will be conducted.

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Exhibit J - STATEMENT OF ACTIVITIES-TEMPLATE

The preapplication must include a statement of activities proposed by the applicant for its HPG program as appropriate to the type of assistance the applicant is proposing. The statement of activities must be published for public comment in a print or online newspaper and allow at least 15 days for public comment. The start of the 15-day period must occur no later than 16 days prior to the last day for acceptance of the preapplications by Rural Development, see § 1944.674. The statement of activities should include § 1944.676(b)(1) paragraphs (i) through (xvii):

(i) A complete discussion of the type of and conditions for financial assistance for housing preservation, including whether the request for assistance is for a homeowner assistance program, a rental property assistance program, or a cooperative assistance program.

(ii) The process for selecting recipients for HPG assistance, determining housing preservation needs of the dwelling, performing the necessary work, and monitoring/inspecting work performed.

(iii) A description of the process for identifying potential environmental impacts in accordance with [§ 1944.672 of this subpart](#), and the provisions for compliance with Stipulation I, A-G of the PMOA (RD Instruction 2000–FF available in any Rural Development office) in accordance with [§ 1944.673 \(b\) of this subpart](#). With the exception of Stipulation I, D of the PMOA, this may be accomplished by adoption of Exhibit F–1 of this subpart (available in any Rural Development office), or another process supplying similar information acceptable to Rural Development.

(iv) The development standard(s) the applicant will use for the housing preservation work; and, if not the Rural Development standards for existing dwellings, the evidence of its acceptance by the jurisdiction where the grant will be implemented.

(v) The time schedule for completing the program.

(vi) The staffing required to complete the program.

(vii) The estimated number of very low- and low-income minority and nonminority persons the grantee will assist with HPG funds; and, if a rental property or cooperative assistance program, the number of units and the term of restrictive covenants on their use for very low- and low-income.

(viii) The geographical area(s) to be served by the HPG program.

(ix) The annual estimated budget for the program period based on the financial needs to accomplish the objectives outlined in the proposal. The budget should include proposed direct and indirect administrative costs; such as personnel, fringe benefits, travel, equipment, supplies, contracts, and other cost categories, detailing those costs for which the grantee proposes to use the HPG grant separately from non-HPG resources, if any. The applicant budget should also include a schedule (with amounts) of how the applicant proposes to draw HPG grant funds, i.e., monthly, quarterly, lump sum for program activities, etc.

(x) A copy of an indirect cost proposal when the applicant has another source of Federal funding in addition to the Rural Development HPG program.

(xi) A brief description of the accounting system to be used.

(xii) The method of evaluation to be used by the applicant to determine the effectiveness of its program which encompasses the requirements for quarterly reports to Rural Development in accordance with [7 CFR 1944.683\(b\)](#) and the monitoring plan for rental properties and cooperatives (when applicable) according to [7 CFR 1944.689](#);

(xiii) The source and estimated amount of other financial resources to be obtained and used by the applicant for both HPG activities and housing development and/or supporting activities.

(xiv) The use of program income; if any, and the tracking system used for monitoring same.

(xv) The applicant's plan for disposition of any security instruments held by them as a result of its HPG activities in the event of its loss of legal status.

(xvi) Any other information necessary to explain the proposed HPG program.

(xvii) The outreach efforts outlined in [7 CFR 1944.671\(b\)](#).

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Exhibit K - Quarterly Review Checklist

HPG Grantee: _____ Date _____

FY___ Qtr 1___ Qtr 2___ Qtr 3___ Qtr 4___

- (1) Were the required quarterly reports submitted?
Exhibit E-1 including the required attachment for section II:
Yes___ No___
SF-425:
Yes___ No___

- (2) Does the information in the grantee's report agree with the information noted in the following documents:
- | | |
|-------------------------|--------------|
| Application | Yes___ No___ |
| Budget | Yes___ No___ |
| Statement of Activities | Yes___ No___ |

- (3) Are the reports completed according to the respective instruction?
Yes___ No___

- (4) Does Exhibit E-1 reflect:
- The correct number of units/dwellings assisted?
Yes___ No___
- The cost of assistance, type of recipients, etc.?
Yes___ No___
- Is the grantee on-track in completing their statement of activities?
Yes___ No___

Comments:

(5) Is the grantee accomplishing their quarterly objectives according to their initial timeframe? Yes ___ No ___

Comments:

(6) Has the grantee approved the environmental requirements for the homes assisted? Yes ___ No ___

(7) Is there a request or need to modify or amend the statement of activities or budget? Yes ___ No ___

(8) Does the grantee need an extension to the grant agreement? (Note: expired grant agreements cannot be extended, funds will be de-obligated). Yes ___ No ___

Justification/Comments:

(9) Did the grantee report any problem cases or issues that need to be addressed? Yes ___ No ___

Comments:

(10) Did the grantee provide follow-up documentation of resolved or unresolved problems from past quarterly reviews? Yes ___ No ___ N/A ___

(11) Do the reports indicate satisfactory progress? Yes ___ No ___

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Civil Rights Review (as needed for compliance reviews).

- Names, racial/ethnic data and contact for leaders of organizations involved in the community outreach activities per § 1944.671(b)(1) and (c).
- Copies of all advertising in local online and print media, including name of the media used and the percentage of its service area by race/ethnic origin per § 1944.671(b)(2).
- Copies of any other advertising or printed material, including application form used showing the 3 nondiscrimination requirements:
 - Equal Housing Opportunity Logotype – is the house with the = sign and slogan, “equal opportunity” OR this statement: “We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, disability, familial status, or national origin.” The application should include the wording: “This is an equal opportunity program, discrimination is prohibited.
 - USDA Recipient nondiscrimination statement (full or abbreviated depending on space). The abbreviated recipient nondiscrimination statement is: “This institution is an equal opportunity provider”.
 - The International Symbol of Accessibility OR 504 Nondiscrimination Public Statement: (Recipient Name) does not discriminate in admission, access to, treatment or employment in programs or activities based on a handicap in violation of Section 504 of the Rehabilitation Act.
- And Justice for All Poster – Posted in Public Areas – Assisted Programs
- “Fair Housing” HUD Poster.
- Self-Evaluation (required) and Transition Plans (if applicable):
 - List the person responsible for the self-evaluation plan;
 - A list of the persons consulted;

- A description of the areas examined, and any problems identified;
 - A description of any modifications made and/or any remedial steps taken immediately; and
 - Language Access Plan (If necessary, after completing the 4-factor analysis as part of the self-evaluation).
- LEP “I-Speak Card” Poster.

Non-Compliance Issues

(1) If a grantee is in noncompliance, identify ways from compliance to be met within 60 days (initial response letter to be issued to recipient within 30 days of the compliance review).

(2) If voluntary compliance cannot be achieved within 60 days, the Civil Rights Office will be notified.

(3) RD will monitor timeframe to achieve compliance.

If the quarterly review indicates satisfactory progress, no further action is necessary, and the State Office will maintain a copy in the file.

If the report indicates unsatisfactory progress, the servicing official will recommend to the State Director appropriate action to resolve the indicated problem(s). In accordance with §§ 1944.683 and 1944.688 of this subpart, as well as the grant agreement, the State Director has the discretion to suspend or terminate the grant when the progress of the project is unsatisfactory. Upon recommendation of the servicing official, the State Director will notify the grantee in writing of possible corrective action the grantee may take.. If the grantee fails to take corrective measures within the allotted timeframe, the State Director will notify the grantee in writing of the decision to suspend or terminate the grant and provide the grantee with the reasons for such action. Rural Development will also advise the grantee of its appeal rights under Subpart B of Part 1900 of this chapter.

National Office should be notified of any suspension or termination action(s) taken by the State Office.

Date _____ Name of Reviewer _____

Signature of Reviewer _____

oOo

Exhibit L-1 - Preapplication/Application Review Letters-Templates

{DATE}

{GRANTEE NAME/CONTACT PERSON}
{ADDRESS}

Re: Fiscal Year {YEAR} Housing Preservation Grant {Incomplete OR Ineligible}
Preapplication/Application

Dear {CONTACT PERSON}:

After careful review, we were unable to take favorable action on your preapplication for a Fiscal Year (FY){YEAR}, Housing Preservation Grant. The specific reason(s) for this decision are as follows:

The applicant did not submit a complete preapplication as outlined in the FY {YEAR}in accordance with the Federal Register Notice for Section 533 Housing Preservation Grants and RD Instruction 1944-N, Exhibit I.

The missing documents in your preapplication include:

{LIST MISSING ITEMS}

OR

The applicant is not eligible for an HPG grant based on the following requirements:

{ENTER SPECIFIC INELIGIBILITY REASON(S)}

If you have any questions about this action, please contact {CONTACT PERSON} to schedule a meeting with us to discuss in detail why your preapplication was determined to be incomplete.

The decision in this case is not appealable according to § 1944.682. You do have the right to contact the National Appeals Division (NAD) by writing the NAD Assistant Director (see attached) for a review of the accuracy of our findings and that the decision is not appealable.

Sincerely,

State Director or Designee

Enclosure(s)

Attachment to letter notifying customers of an adverse decision that cannot be appealed

cc: Appropriate Rural Development Offices, if applicable

ATTACHMENT TO LETTER NOTIFYING CUSTOMERS OF AN ADVERSE
DECISION THAT CANNOT BE APPEALED

The decision described in the attached letter did not grant you the assistance you requested or will terminate or reduce the assistance you are currently receiving.

If you have questions concerning this decision or the information used in making this decision or need further explanation, you may write this office to request an informal review. This written request must be received no later than 15 calendar days from the date of the attached letter. You must present any new information, evidence, and possible alternatives along with your request. You may also have a representative or legal counsel participate in the process, at your cost. The informal review may be conducted by telephone or in person, at the discretion of the Agency. Please include a daytime phone number in your request to arrange for the review.

Applicants and borrowers generally have a right to appeal adverse decisions, but decisions based on certain reasons cannot be appealed. We have determined that reasons for the decision cannot be appealed under our regulations. You may, however, write the Assistant Director with the NAD for a review of the accuracy of our finding that the decision cannot be appealed. Your request must be made no later than 30 days from the date you receive the attached letter.

NAD Assistant Director address:

National Appeals Division, USDA
{ADDRESS}

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

The Fair Housing Act prohibits discrimination in real estate related transactions, or in the terms or conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. The federal agency that is responsible for enforcing this law is the U.S. Department of Housing and Urban Development. If a person believes that they have been discriminated against in violation of this law, they should contact the U.S. Department of Housing and Urban Development, Washington, D.C. 20410 or call (800) 669-9777.

**Exhibit L-2 - Fiscal Year {YEAR} Housing Preservation Grant Ineligible
Preapplication Due to financial infeasibility**

{DATE}

{GRANTEE NAME/CONTACT PERSON}

{ADDRESS}

Re: Fiscal Year {YEAR} Housing Preservation Grant Ineligible Preapplication Due to
financial infeasibility (§1944.682)

Dear {CONTACT PERSON}:

After careful consideration, we were unable to take favorable action on your
preapplication for Fiscal Year {YEAR} Housing Preservation Grant Program because
the project is not financially feasible.

If you have any questions regarding this action, we would like the opportunity to explain
in detail why your request has not been approved, explain any possible alternative, or
provide any other supporting information. You may bring a representative or counsel if
you wish. Please call our office for an appointment.

Applicants and borrowers have the right to appeal adverse decisions based on certain
reasons. We have determined that the above reasons for the decision in this case
makes the decision appealable under USDA regulations.

Sincerely,

State Director or Designee

Enclosures

Attachment to letter notifying customers of an adverse decision that is appealable

cc: {Appropriate Rural Development Office(s)}

(07-19-24) PN 619

ATTACHMENT TO LETTER NOTIFYING CUSTOMERS OF AN ADVERSE DECISION THAT IS APPEALABLE

The decision described in the attached letter did not grant you the assistance you requested or will terminate or reduce the assistance you are currently receiving. If you believe this decision or the facts used in this case are in error, you may pursue any or all of the following three options.

Option 1 - Informal Review

If you have questions concerning this decision or the information used in making this decision and/or need further explanation, you may write this State Office to request an informal review. **There is nocost for an informal review.** This written request must be received no later than 15 calendar days from the date of the attached letter. You must present any new information, evidence, and possible alternatives along with your request. You may also have a representative or legal counsel to participate in the process, at your cost. The informal review may be conducted by telephone or in person, at the discretion of the Agency. Please include a daytime phone number in your request to arrange for the review. You may skip this step in the informal process and select one of the following two options. If you refuse, you will automatically waive your right to an informal review.

Option 2 - Mediation or Alternative Dispute Resolution (ADR)

You have the right to request mediation or other forms of alternative dispute resolution (ADR) for the issues that are available for mediation. **You will have to pay for at least 50 percent of the cost for the mediation or ADR.** Rural Development will pay for the other 50 percent of the cost, as long as the Agency has sufficient resources from its appropriated funds. If the Agency does not have sufficient resources, you will be advised of the amount, if any. The Agency can contribute to the cost of mediation or ADR. If you need any information to assist you in deciding whether to seek mediation or ADR, you may contact the Rural Development State Director listed below.

If you elect to seek mediation or ADR, your written request for this service must be sent to the Rural Development State Director listed below and must be postmarked no later than 30 days from the date of the attached letter. The Rural Development State Director will advise you of the estimated cost of mediation or ADR, the extent to which the Agency can contribute to the cost, and the process and procedures for this service. In States with a USDA-sponsored mediation program, you will generally be referred to such service. In States without a USDA-sponsored mediation program, you will be

provided with the name or names of mediators. You will be advised directly by the mediation or ADR source if they can mediate your case. Once you request mediation or ADR, it stops the running of the 30-day period in which you may request an appeal (described in Option 3). If mediation or ADR does not result in resolution of the issues, you have the right to continue with a request for an appeal hearing as set forth in Option 3.

When mediation or ADR is concluded, you will be notified of the result and the number of days remaining to request an appeal, if applicable. If you request mediation or ADR prior to filing for an appeal, the number of days you will have to request an appeal will be 30 days from the adverse decision minus the number of days you took to request mediation. Mediation or ADR does not take the place of, or limit your rights to, an appeal to the National Appeals Division (NAD); however, a NAD appeal hearing would take place after mediation or ADR. You may skip mediation or ADR and request an appeal hearing. However, in doing so, you will automatically waive your rights to an informal meeting, mediation, or ADR.

[Insert Rural Development State Director address]

Option 3 - Request an Appeal

You may request an appeal hearing by the National Appeals Division (NAD) rather than an informal review, mediation, or ADR. **There is no cost for an appeal.** Your request for an appeal must be made no later than 30 days from the date you receive the attached letter. You must write the Assistant Director, NAD, for your region at the following address:

[Insert NAD Assistant Director address]

The request for a NAD hearing must state the reasons why you believe the decision is wrong, be personally signed by you, and must include a copy of the attached letter. A copy of your request must also be sent to the Rural Development State Director at the address specified above.

You have the right to an appeal hearing within 45 days of the receipt of your request. You or your representative or counsel may contact this office anytime during regular office hours in the 10 days following the receipt of your request for a hearing to examine or copy relevant non-confidential material in your file. Photocopies will be provided to you. Your representative or counsel should have your written authorization to represent you and review your file.

The NAD Hearing Officer will contact you regarding a time and place for the hearing. You may also request a teleconference hearing in lieu of the face-to-face hearing. At anytime before the scheduled hearing, you may also request that the Hearing Officer make a decision without a hearing. If you do, the Hearing Officer's decision will be based on the Rural Development file, any written statements or evidence you may provide and any additional information the Hearing Officer considered necessary.

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person believes he or she was denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, D.C. 20580.

The Fair Housing Act prohibits discrimination in real estate related transactions, or in the terms of conditions of such a transaction, because of race, color, religion, sex, disability, familial status, or national origin. The federal agency that is responsible for enforcing this law is the U.S. Department of Housing and Urban Development. If a person believes that they have been discriminated against in violation of this law, they should contact the U.S. Department of Housing and Urban Development, Washington, D.C. 20410 or call (800) 669-9777.

**Exhibit L-3 - Fiscal Year {YEAR} Housing Preservation Grant Unfunded
Preapplication**

{DATE}

{GRANTEE NAME/CONTACT PERSON}

{ADDRESS}

Re: Fiscal Year {YEAR} Housing Preservation Grant Unfunded Preapplication

Dear {CONTACT PERSON}:

After careful review, we were unable to take favorable action on your preapplication for a Fiscal Year {YEAR} Housing Preservation Grant. Preapplications are considered for funding in the order in which points are assigned in accordance with the Agency's rating criteria included in RD Instruction 1944-N, Exhibit D. Available funds were exhausted prior to your proposal being funded due to its assigned score.

If you have any questions about this action, please contact {CONTACT PERSON} to schedule a meeting with us to discuss in detail why your preapplication was unfunded.

The decision in this case is not appealable according to § 1944.682. You do have the right to contact the National Appeals Division (NAD) by writing the NAD Assistant Director, {ADDRESS}, for a review of the accuracy of our findings and that the decision is not appealable.

Sincerely,

State Director or Designee

Enclosures

Attachment to letter notifying customers of an adverse decision that cannot be appealed.

cc: {Appropriate Rural Development Office(s)}

(07-19-24) PN 619

Exhibit L-4 - Fiscal Year {YEAR} Housing Preservation Grant Award of \${AMOUNT}

{DATE}

{GRANTEE NAME/CONTACT PERSON}
{ADDRESS}

Re: Fiscal Year {YEAR} Housing Preservation Grant Award of \${AMOUNT}

Dear {CONTACT PERSON}:

We are pleased to advise you that {Organization's Name} preapplication for a Fiscal Year {YEAR} Housing Preservation Grant (HPG) has been selected for funding consideration. { Enclosed is RD Instruction 1940-Q, Exhibit A in connection with your organization's application, if applicable}

Please sign and return Form RD 1940-1, "Request for Obligation of Funds" immediately. Grant funds cannot be obligated until this form is returned.

Please return the following documents to the State Office address as soon as possible, but no later than {INSERT 30 DAYS OR SOONER, AS NEEDED TO OBLIGATE BEFORE FUNDS EXPIRE}:

Please send SF-424 "Application for Federal Assistance" with the completed enclosed forms. If no changes need to be made to your preapplication or statement of activities, we consider the preapplication to be sufficient as the final application. Please let us know if you would like us to use your preapplication as your application.

RD Instruction 1944-N, Exhibit A "Grant Agreement" has been included for your review but will not be signed until the grant is ready to close.

The office address for the {STATE} State Office is {ADDRESS}. You may contact {CONTACT PERSON} at {PHONE NUMBER} or {EMAIL ADDRESS}.

We look forward to working with you in successfully administering the Housing Preservation Grant program.

Sincerely,

State Director or Designee

Enclosure(s)
Form RD 1940-1 "Request for Obligation of Funds"
SF 3881 "ACH Vendor/ Miscellaneous payment Enrollment Form"
Letter of Conditions (if applicable)
Form RD 1942-46 "Letter of Intent to Meet Conditions" (if applicable)
RD Instruction Exhibit A "Grant Agreement"
1940-Q Exhibit A-1 (If grant amount exceeds \$100,000)}

(07-19-24) PN 619

Exhibit L-5 - Fiscal Year {YEAR} Housing Preservation Grant (HPG) Letter of Conditions

{DATE}

{GRANTEE NAME/CONTACT PERSON}
{ADDRESS}

Re: Fiscal Year {YEAR} Housing Preservation Grant (HPG) Letter of Conditions

Dear {CONTACT PERSON}:

This letter establishes conditions under which USDA-Rural Development (RD) will execute the Grant Agreement for a Housing Preservation Grant (HPG) awarded to {GRANTEE NAME}.

Any changes in the project cost, source of funds, statement of activities, or any other significant changes in the applicant or project must be reported to and approved by RD in accordance with RD Instruction 1944-N, § 1944.684. Any changes that are not approved by RD could result in a loss of grant funding.

1. MAXIMUM AMOUNT OF GRANT/PROJECT COST:

The project is based on the following funding breakdown:

HPG:	{Amount of HPG Funds}
Leveraged Funds:	{Amount of Leveraged Funds}
Total Cost	{Total Amount}

2. USE OF GRANT FUNDS. The application for a housing preservation grant has been selected for {HPG Amount} for a {1 or 2-year} term to finance the repair and rehabilitation throughout {COUNTY and STATE}. {GRANTEE NAME} agrees to use the grant funds for the purposes outlined in the Statement of Activities approved by Rural Development.

3. The following conditions must be understood and agreed to before your grant is approved. (Include any conditions to the statement of activities, budget, civil rights or other conditions that need to occur before the grant agreement can be executed. This section is not meant to restate items found in the grant agreement or servicing requirements).

a (Examples of conditions may include the Civil Rights items such as the self-evaluation).

If you agree to these conditions, please complete and return Form RD 1942-46, "Letter of Intent to Meet Conditions" as soon as possible (within 15 days).

The office address for the {STATE} State Office is {ADDRESS}. You may contact {CONTACT PERSON} at {PHONE NUMBER} or {EMAIL ADDRESS}.

We look forward to working with you in successfully administering the Housing Preservation Grant program.

Sincerely,

State Director or Designee

Enclosure(s)

RD Instruction 1944-N Exhibit A, "Grant Agreement"
Form RD 1942-46 "Letter of Intent to Meet Conditions"

**Exhibit L-6 - Fiscal Year {YEAR} Housing Preservation Grant (HPG) Grant
Closeout Notice**

{DATE}

{GRANTEE NAME/CONTACT PERSON}
{ADDRESS}

Re: Fiscal Year {YEAR} Housing Preservation Grant (HPG) Grant Closeout Notice

Dear {CONTACT PERSON}:

This letter is to acknowledge {GRANTEE NAME} completion of 533 Housing Preservation Grant (HPG) requirements in accordance with RD Instruction 1944-N and the Grant Agreement for the period of {GRAND START DATE} through {GRANT END DATE}. Our office has reviewed all the final program reports and they appear to be acceptable.

The final draw for the grant was processed on {DATE}, and our records show the cumulative draws on the account totaling {DOLLAR AMOUNT} which matches the full award amount.

{GRANTEE} is welcome to submit a new HPG preapplication during the next funding period. Thank you for your dedication to the HPG program, and we look forward to working with you on future HPG projects. If you have any comments, questions, or concerns, please contact me at {PHONE NUMBER} or {EMAIL}.

Sincerely,

{INSERT STATE DIRECTOR NAME OR DESIGNEE}

State Director or Designee

**Exhibit L-7 - Fiscal Year {YEAR} Housing Preservation Grant (HPG) Grant
Closeout Required Documents Request**

{DATE}

{GRANTEE NAME/CONTACT PERSON}

{ADDRESS}

Re: Fiscal Year {YEAR} Housing Preservation Grant (HPG) Grant Closeout Required
Documents Request

Dear {CONTACT PERSON}:

This letter is to inform you that documentation is required to close out your FY{YEAR}
HPG in accordance with RD Instruction 1944-N and the Grant Agreement for the period
of {GRANT START DATE} through {GRANT COMPLETION DATE}. Please submit the
following documents:

1. SF-425 (final).
2. RD Instruction Exhibit E-1 (final).
3. All financial, performance and other reports required as a condition of the
grant.
4. Single Audit Report(Required by 2 CFR 200.501 (b)) OR annual
organizational audit.
5. Accounting for any property acquired with HPG funds.

If you have any questions, please contact me at {PHONE NUMBER} or {EMAIL}.

Sincerely,

{INSERT STATE DIRECTOR NAME OR DESIGNEE}

State Director or Designee

(07-19-24) PN 619

Exhibit L-8 - Housing Preservation Grant (HPG) Expiration Notice

{DATE}

{GRANTEE NAME}
{ADDRESS}

Re: Housing Preservation Grant (HPG) Expiration Notice

Dear {CONTACT PERSON}:

This letter is to inform you that your grant agreement dated {INSERT GRANT AGREEMENT DATE} expires on {INSERT GRANT EXPIRATION DATE}. As of {INSERT DATE OF REPORT} the grant has a remaining balance of \${INSERT UNLIQUIDATED AMOUNT}. Please submit a final payment request prior to the grant expiration date. Rural Development will de-obligate any unliquidated funds on {INSERT 30 DAYS FROM GRANT EXPIRATION}.

Final reports are to be submitted to the agency by {INSERT 120 DAYS AFTER THE GRANT EXPIRATION DATE}. The agency will review and issue a closeout letter once all the terms and conditions of the grant award have been satisfied.

A written extension can be requested. Please note that the written request for an extension must be submitted to Rural Development in writing prior to the grant expiration date per RD Instruction § 1944.684 (a). The agency will issue RD Instruction 1944-N, Exhibit B 'Amendment to Housing Preservation Grant Agreement', or a denial letter specifying the reason of the denial.

If you have any questions about this action, please contact me at {PHONE NUMBER} or {EMAIL}.

Sincerely,

{INSERT STATE DIRECTOR NAME OR DESIGNEE}
State Director or Designee