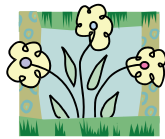


Self-Helper

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Changes Proposed for Payment Assistance

On Friday, February 17, 2006 Rural Development published in the Federal Register the proposed changes to their 502 Homeownership Loan Program. The changes focus on the methods used to calculate payment assistance. These changes are now out for public review and comment. The comment period lasts until April 18, 2006.

In order to view the proposed changes, visit the website <http://www.rurdev.usda.gov/regs/> and select "Single Family Housing Loans, Payment Assistance, proposed rule."

The reasons Rural Development is proposing to change the current method is to improve the distribution of program benefits, simplify the application process, and to improve customer service. In looking at alternatives, Rural Development's guidelines were that the alternative methods must provide service to the same target market, must be subsidy neutral, and they must simplify the method of determining levels of payment assistance received.

The method that is being proposed is that the amount of payment assistance granted is the lesser of the difference between:

1. The annualized promissory note installment plus the cost of taxes and insurance less 25% of the borrower's adjusted income; or
2. The annualized promissory note installment less the amount the borrower would pay if the loan were amortized at an interest rate of 1%.

Any borrowers with current loans will remain on the old method of determining payment assistance throughout the time they remain on payment assistance.

Please review this new method with some current files to see the difference in costs to the families. Remember, the comment period ends on April 18, 2006.

Federal Budget Notes

On February 6, 2006 President Bush released the administration's proposed budget for fiscal year 2007, which begins on October 1, 2006. Complete budget documents are available at www.whitehouse.gov/omb/budget/fy2007/.

The USDA Rural Housing Service budget is generally consistent with budgets of the last few years. It proposes no funding for Section 515 rental housing and almost double the FY 2006 level for Section 538 guaranteed rental housing. Rental preservation funds would be combined into one \$74.25 million pool. Rental Assistance contracts would be reduced from four years to two. Slight increases are proposed for Section 502 direct homeownership loans, Section 514 farm labor housing loans, and Section 523 Self-Help Technical Assistance grants. While NCALL is glad to see an increase in 523 grant funds, much more is needed to keep up with current demand.

The HUD budget proposes to cut the CDBG program substantially but, unlike last year's budget, does not move CDBG to the Commerce Department. The Rural Housing and Economic Development program and HOPE VI would be eliminated.

NCALL will continue to keep grantees updated regarding funding as the budget moves through the approval process.

<i>USDA RHS Programs</i>	<i>FY 2006 Appropriations</i>	<i>FY 2007 Proposed Budget</i>
502 Single Family Direct Loans	\$1,140.8	\$1,238
502 Single Family Guaranteed Loans	3,681	3,564
504 Repair Loan	35	36.3
514 Farm Labor Housing	38.5	41.6
515 Rental Housing Direct Loan	100	0
538 Rental Housing Guaranteed Loan	100	198
504 Repair Grants	30	30
516 Farm Labor Housing Grants	14	13.9
523 Self-Help Housing Technical Assistance	34	37.6
533 Housing Preservation Grants	10	9.9
521 Rental Assistance	653	486.3
524 Rural Housing Voucher	16	74.25
<i>HUD Programs</i>		
CDBG	\$4,220	\$3,032
HOME	1,750	1,916 (a)
Housing Counseling	42 (b)	42 (b)
SHOP	20 (c)	40 (c)
Rural Housing and Economic Development	17	0

Dollars in millions.

(a) Includes \$100 million for American Dream Downpayment Initiative.

(b) Funded as part of HOME in 2006, funded separately in 2007 budget.

(c) Funded as part of new account for Self-Help and Assisted Homeownership.



SHARES Printing Problems, Round Two

In a previous issue of this newsletter, we offered the grantees a solution to printing their SHARES reports. The complaint was that when grantees tried to print, Adobe Reader, (the program that is used to print reports), would not open. After some considerable investigation into this issue, it was discovered that the way the SHARES application is written, the printing of reports opened Adobe Reader as a "pop-up".

A pop-up blocker (sometimes called a *pop-up killer*) is a program that prevents unwanted pop-ups from displaying in a user's Web browser. Pop-up blockers work in a number of ways: some close the window before it appears, some disable the command that calls the pop-up, and some alter the window's source HTML. One problem with pop-up blockers is that they cannot always differentiate between an unwanted pop-up window and one that is user-requested.

This is the problem that most grantees with pop-up blockers were having. We offered a solution to temporarily disable the pop-up blocker by holding down the CTRL key when printing a SHARES report to activate Adobe Reader. Another approach was to just turn off the pop-up blocker; but this solution opened the user up to being blasted with pop-ups, spyware and other problems.

Even though this solution has helped some grantees, others still experience problems printing their SHARES reports. There are a myriad of other reasons

that this could be a problem; and the challenge for us is that there are so many variables to consider. Here is a list, (though not all inclusive) of some other things to consider when encountering problems printing SHARES reports:

What version of Adobe Reader you are using? Adobe Reader is a program that allows one to read a Portable Document Format (pdf) file. This type of file can be viewed on nearly any type of computer. Make sure to have the most recent version installed. Visit www.adobe.com to get the most recent version, FREE.

What internet browser are you using? The Jinitiator program that runs SHARES was designed only to work with Internet Explorer. Some grantees may be using AOL's browser, Firefox, or Netscape. SHARES will not work properly in any of these internet browsers. Microsoft Corporation makes Internet Explorer, (IE). Make sure to use the most recent version and download security updates regularly. Visit www.microsoft.com for more information regarding IE.

Does it seem to just "freeze" up and do nothing without showing an error message? This seems to occur most frequently. In this case, either the server is responding very slowly, or more likely, there is some sort of communication problem. There could be a lot of reasons for this, but depending on internet traffic and the number of users accessing SHARES at one

time, it could present a problem. If using a dial-up connection to access the internet, time-outs will occur more frequently. DSL or high-speed connections are more efficient.

Another thing to consider is that it takes time for the system to compile data, make calculations, and input the results into Adobe, especially when pulling quarterly or aggregate reports. As long as there is activity on the little slider bar on the lower right corner of the screen, the system is still working. It could take up to five minutes for a report to come up. If the slider bar stops working, more than likely, there has been a system freeze up.

Please note that NCALL works with grantees with all sorts of different computer systems and set-ups; some older, some newer; using various internet providers located in different states and in rural areas. We suggest that if your organization has a computer technical support person or company providing support regarding computer issues, that you work with them also to help resolve any issues unique to your situation. NCALL will continue to support all of the grantees' efforts using SHARES and provide any TA that will help resolve some of your issues.

HAC Awarded SHOP Funds

HAC has been awarded \$9 million under HUD's SHOP program. HAC's loan committee will meet on April 6th to review and make funding decisions on all 2005 SHOP loan applications. Awards will be made as soon as possible thereafter. See HAC's website, www.ruralhome.org, for more information.

Financial Reporting

The most important objectives in preparing financial reports is that they be done accurately and in a timely manner and that individuals responsible for preparing the reports can adequately support and explain amounts contained therein. The following recommendations are provided to assist in meeting these objectives.

1. Know your audience. The format of the reports and any analysis or footnotes should be designed to provide further understanding on complicated concepts or significant trends.
2. Allow enough time not only to prepare the reports, but to review, correct, and thoroughly understand them prior to presenting them to the audience.
3. Request more time for follow-up and analysis before presenting a report you are not comfortable with.
4. Keep a calendar of due dates for key financial, tax, grant and other required reports.
5. Avoid off-the-book worksheets to support the reports. If the financial statements are not in a format to support required reports, the chart of accounts should be modified and the reporting format should be changed.
6. Charts and graphs are excellent tools for communicating financial data to a non-financial audience.
7. Ensure that all users are provided with comparable information.

8. Consider changes in report format and/or chart of accounts based on user comments.
9. Ensure that the costs allocated to a restricted grant are proper and that those costs, as a percentage of the grant, are reflective of the progress on completing the projects tasks. Otherwise, at some point, unrestricted funds may be required to cover the overruns.

In conclusion, it is of great importance that financial reports are presented with complete accuracy so that sound financial decisions can be made.

Mileage Rate Correction



In the last newsletter NCALL reported on the new FY 2006 travel rates. These rates went into effect on October 1, 2005. Please note that the current federal mileage rate is .445. We had stated that mileage rate increased on September 1 to .485 cents per mile. This was true, but that rate was only in effect until December 31, 2005. At that time the rate decreased to it's current amount of .445 cents per mile.

Keep in mind, these are the maximum allowable rates per the federal government. Nonprofits organizations may choose to reimburse their employees at a lesser rate to meet budgetary constraints.

Pack Your Bags, Denver Awaits



Mark your calendar and pack your bags! The 2006 National Mutual Self-Help Housing Conference is almost upon us! Themed "Self-Help Housing: A Window of Opportunity," the conference will be held April 11-13, 2006 at the Adam's Mark Hotel in Denver, Colorado.

By now grantees and Rural Development personnel that plan to attend the National Conference should have received and returned their conference registration form. The deadline for registering is March 10, 2006. If you haven't yet registered, please fill out the required forms and return them to Little Dixie as soon as possible!

The conference itself will be packed with useful information, educational opportunities and networking. Eight networking sessions will be held along with a total of 39 training sessions covering topics from Post-Purchase Homeownership Counseling to Working in Diverse Communities and House Design.

Located at the base of the Rocky Mountains, Denver is one of America's most beautiful cities, and one of the most fun. We hope to see you there!!

House Plans

As interest in Mutual Self-Help Housing continues to grow NCALL is often asked about house plans. The most common questions are: 1) Where can we get house plans? 2) Do we need to hire an architect? 3) What should the plan include? 4) How much do plans cost? While there is no simple answer for these questions, we hope to clear up some of the mysteries and point organizations in the proper direction.

There are a number of outlets for finding affordable house plans. 1) Organizations can begin their search on the internet by doing a search for "affordable house plans." This should provide a sampling of the different plans available. The advantage is that a grantee can select a few favorites and compare them with other sites. 2) Another option is the use of a plan book. These are often available in home improvement centers and generally cost between \$15-\$30. The plan books are a compilation of plans ranging from the simple cottage to the outrageous custom home. These are often not the best choice for Self-Help participants because of the difficulty of construction. In addition, the plan books offer only samples of the plans. Once a plan is selected, there will be an additional cost to obtain the working plan. 3) Organizations can also try their local lumber yard. They often sell their own home packages and will have a book of sample homes to choose from.

When deciding to purchase the plans, make sure that the plans are specific to your area and

give actual lumber dimensions. Avoid plans that make the statement "To comply with local requirements." These plans are too general and will not be accepted by your local reviewer or Rural Development. If you do chose to use a general plan you will need to consult with a local architect to provide the local code requirements. Keep in mind that some architects will not work with plans they did not create.

A good set of plans will include a foundation plan, mechanical plan, cross sections and all elevations. It should also include a complete materials list. This will enable solicitation of estimates from suppliers so you can determine the cost of the homes.

Finally, the cost of the plans should be between \$500 and \$800 dollars per plan. Since this is a responsibility of the grantee to provide in the application stage, these can be purchased with Pre-Development Grant funds. NCALL encourages organizations to limit the number of plans offered in the first grant to keep expenses low. Once the participant has closed their loan, the plans can be purchased from their 502 loan funds. As with any purchase, shop around. A supplier may be found that will offer the plans as a free service when purchasing a home package, or even better, an architect may take on your project for free, or at a greatly reduced charge.

Please contact NCALL if you need for additional assistance in this area. Good luck!

Welcome New Grantees!!

NCALL is very pleased to welcome some new grantees and welcome back several of the "old-timers." In February alone we had four grants close in our region. Busy, busy, busy.....

Pre-Development Grantees

The **Corporation for Healthy Homes** just received its \$10,000 predevelopment grant. They plan to build 12 homes in the Salisbury, Maryland area.

Catholic Community Services, located in Superior, Wisconsin plans to build 12 homes also.

Operating Grantees

America's Dream is a brand new self-help housing grantee. They are preparing to build 20 homes near their Oneida, Wisconsin location.

Community Action Corporation of Fayette County just received a new grant to build another 34 homes in Ohio.

Telamon Corporation closed on their fourth grant in February. They plan to build eight homes in Berkley County, West Virginia over the next two years.

Congratulations go out to all of these grantees. The self-help housing program takes a lot of hard work and dedication. It also has magnificent results! Thanks so much to all of our grantees for doing what it takes to successfully carry out your programs!!

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Keeping Busy – NCALL’s Self-Help Stats for FY 2005

NCALL’s Self-Help Team definitely stays busy, working with grantees, new organizations, planning and attending conferences, and complying with all of our grant deliverables.

During the past fiscal year, NCALL’s Self-Help Team provided technical assistance and services to a record number of organizations. These organizations included 63 inquiries, 25 prospective grantees, 21 organizations with approved pre-development applications, and 22 operating grants. Six of the operating grantees were new during FY 2005, which repre-

mented a significant amount of additional start-up work.

The team made 190 trips throughout the region this past fiscal year providing technical services to these groups. Some of these trips included 14 orientation trips, five outreach meetings, 12 pre-development trainings and eight final application trainings. We also conducted 50 draft and official application reviews during this same time period.

A total of \$3,009,771 in 523 dollars were obligated during FY 2005. This total represents eight

pre-development grants, eight operating grants and three subsequent grants. Other noteworthy regional statistics include the 90 families that closed on their self-help loans and the \$27,452 average savings families gained using their own “sweat equity”. All of this activity leveraged \$10,005,539 in Section 502 mortgage funds and \$608,747 in non-502 conventional financing.

Although hard to believe, we are now almost halfway through FY 2006. It’s looking just as busy! Keep up the good work and we will try to keep up with you!!

Limited 523 Funding

In the last edition of the *Self-Helper*, we mentioned the need to try to get additional funding for the Self-Help Housing program. It seems as if there has been a planned modest increase (\$3.6 million) in funding in the President’s current proposed budget.

However, due to the known demand of the 523 program, Rural Development is requesting that we advise potential grantees of the limited funding availability for this fiscal year. Demand will definitely pass the supply of available funds this year. Please keep this in mind when preparing your new grant for submission.

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