

Self-Helper

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Last Listening Session!

Rural Development has spent time during the last few months listening to public comments regarding the Mutual Self-Help Housing Program at forums held nationwide. The last listening session will be held in Washington, DC on June 30th at the Jefferson Auditorium in the USDA South Building from 1:00-4:00 p.m. Written comments are also accepted by July 15th and NCALL encourages grantees to respond. They can be sent to the address on Page 7.

The NCALL self-help team has met and discussed the issues in detail. Our comments are based on our years of experience and our desire to have a successful and sustainable program for many years to come. Some of our opinions are as follows:

- NCALL is not in favor of reducing the percentage of labor to 50% as called for in the proposed regulations. However, we do recommend that the 27 tasks currently identified be redefined into 38 tasks. This involves taking 7 tasks and breaking them out further to reflect activity and to better distinguish labor of subcontractor and that of the family.
- NCALL recommends that Sweat Equity be eliminated as a measure of effectiveness of the self-help program.
- It is NCALL's recommendation that the definition of EVMH be defined simply as the area loan limit.
- NCALL does not support a NOFA process for refunding or for new grantees. We do suggest that separate funding pools be created for both refunding and new grants.

By July 7th, NCALL will post on our website the comments in their entirety that we are sending into the national office. To see our comments go to www.ncall.org.



Providing comprehensive, quality services for self-help housing

National Homeownership Month – “Protecting the American Dream”

On May 28, 2010, Agriculture Secretary Tom Vilsack kicked off National Homeownership Month by highlighting USDA's success in providing homeownership opportunities and safe, sanitary housing units to rural Americans. National Homeownership Month is observed each June to raise awareness about the vital role homeownership plays in improving lives, creating jobs and economic opportunities, and strengthening America's neighborhoods.

“A strong nation is made up of strong families, and safe, quality housing contributes greatly to rural Americans' quality of life,” Vilsack said. “The Obama Administration is committed to bringing the necessary resources to rural America to provide decent, affordable housing to those who need it.” This year's theme is “Protecting the American Dream.”

Self-Help housing agencies in Region III are also participating in Homeownership Month activities. In mid-June Fayette County CAC in Ohio and Community Concepts in Maine both held events, a Work Day and an Open House respectively. In late June, Three Rivers Housing Corporation in Ohio hosted a Volunteer Work Day, as did Southern Maryland Tri-County CAC, Interfaith Housing Alliance of Pennsylvania, and MHDC in Delaware. YouthBuild McLean County in Illinois is planning a ground-breaking ceremony. Thanks for taking this opportunity to spread the word about your programs!



Dallas Tonsager, USDA Rural Development Under Secretary; Dave Moore, President Milford Housing Development Corporation, Desiree Ricker Standing in the window of her new home; Tammye Trevino, USDA Rural Development Housing Administrator and Jack Tarburton, USDA Rural Development DE/MD State Director.



Volunteers help with the framing at Fayette County CAC's Work Day in Ohio.

Community Sustainability - What is it?

Wow! Community sustainability seems to be a hot topic across the country, especially as we emerge from the recession. In our research, NCALL found many websites, articles, studies and checklists on the topic of community sustainability. Just a few are: Neighbor-Works, Sustainable Communities Network, National Association of Development Organizations, and several Universities and the City of Boulder, CO. Self-help housing is a part of this hot topic! Basically, community sustainability improves social equity, economic vitality and environmental quality, based on the priorities of the community. It uses energy and natural resources efficiently and equitably, for both present and future generations.

The Northwest Policy Center, University of Washington took on the challenge of identifying the signs of sustainability or non-sustainability. The signs, organized here as a checklist, can be used by residents to find areas of community strength and areas within their community that need improvement.

Commitment—Residents of sustainable communities are attached to their neighborhoods, to the scenic, historical and spiritual values embodied by the community. Commitment to “place” encourages people to work together to solve problems.

- There are celebrations, festivals, fairs and community projects that build a sense of commitment to community and its landscape.
- Forums exist where diverse members of the community can

come together to develop a common vision, solve conflicts and advance mutual goals.

- Living wage jobs are available for members of the community within a reasonable distance from home.
- Education and training is available locally that provides residents with skills they need to gain, keep, or create living wage jobs.
- Adequate affordable housing is available for all residents, including the more economically vulnerable members.
- Residents, including businesses and landowners, are committed to the well-being of the community, its residents and the environment.

Vitality—Vitality suggests a state of change that can be sustained over time.

- Residents purchase goods and services within the community.
- Local businesses are innovative, keeping pace with changing demands and technologies.
- The natural systems (lakes, prairies, farmlands, woodlands) are ecologically healthy.

Resilience—Resilience is the ability to withstand and recover from disturbances, such as major shifts in the economy or environmental changes.

- There is sufficient diversity in the local economy to help it weather downturns.
- Natural resource management practices maintain and promote native biological diversity, helping to maintain economic and ecological productivity over the long-term.

- The community contains broad-based, skilled leadership.
- There is adequate infrastructure to support public health.
- Adequate social support networks are in place to help people during times of need.

Stewardship—Stewardship implies the development and enrichment of resources, including the environment, human skills, health and good will, financial capital, machinery and buildings.

- Water quality and quantity are adequate to meet the needs of the community.
- The air is clean.
- Energy conservation is practiced.
- Solid waste is recycled, reused or reduced.
- Productive natural resources, environmentally sensitive lands and critical wildlife habitats are protected.
- The welfare of future generations is considered in decisions and policies.

How can your agency get involved? This checklist can be used to begin a discussion about the sustainability of your community with other local citizens, the mayor, city council or other government entities, as well as private organizations. Developing a shared vision for the community and then organizing to implement the resulting projects and plans are essential components of sustainable communities. Maybe through your involvement with the process you will find new ways your agency can get involved in community wide events and improvement projects!

SHOP Update

In the Spring edition of the Self-Helper, NCALL reported that the National Rural Housing Coalition (NRHC) was working with a group of housing organizations to attempt to receive additional SHOP appropriations to assist with losses that the organizations experienced due to declining land values during the recession. Their first attempt at putting the extra funding needed into the Jobs Bill was unsuccessful.

In early May, the NRHC made another attempt to help those organizations struggling in this economy. A letter was sent to Mercedes Marquez, the Assistant

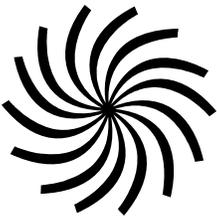
Secretary of Community Planning and Development at HUD. The letter included a request to drop the limitation that restricts the use of SHOP funds to costs incurred after the date of publication of the NOFA. This would allow organizations to use SHOP funds for costs that have already occurred. "Self-Help and Affordable housing organizations would like to employ SHOP funds to close the appraisal gap – the difference between the current value of the land and the purchase price. However, for this to be possible, HUD must modify its current policy regarding the timing of the use of SHOP funds. Such a

change would allow SHOP to provide valuable assistance not only to self help and affordable housing organizations but also to families in need of housing, the rural construction industry, which is in need of jobs and rural local government in need of tax revenue."

Stay tuned for more information...

Disequilibrium

A recent NeighborWorks America Executive Director Symposium described what we are living and working in as "disequilibrium."



There is disequilibrium in the housing market, the economy, with jobs, foreclosures, everywhere we look. Are you waiting for things to return to normal in your organization? Sorry. Work as we know it may not look exactly the same after the recession as it did before. Leadership will require new skills tailored to an environment of urgency, high stakes, and uncertainty—even after the current economic crisis is over.

Our mission as nonprofits is to manage during this time of disequilibrium. We must be able to

observe, interpret and diagnose situations, opportunities and problems. It also calls on us to avoid typical errors of leaping into action and proclaiming the system is broken.

So what do we do? We, as a staff and board, should:

- Take the time to evaluate.
- Put our ears to the ground.
- Listen to key stakeholders, all while doing the normal review of trends and assessment.
- We must also keep people in a state that creates enough discomfort to induce change, but not so much that they fight, flee, or freeze.
- Begin to observe, diagnose and think creatively within our lines of business, our organization,

and our service area will be helpful.

- Spend time looking at the bigger picture.
- How about giving people at all levels of the organization the opportunity to lead experiments that will help it adapt to changing times? Investing in some calculated risks could help to develop and test the "next practices" that will be important to your organization for the future, even as we continue with the "best practices" necessary for current success.

If you want to spend some time in this area as an organization, how about coming up with a number of thoughts, and discuss managing disequilibrium at your next staff meeting, then board meeting?

Online Homebuyer Education Now Approved by RD



In an unnumbered letter dated March 24, 2010, Rural Development announced that buyers working with local nonprofit counseling organizations may take eHome America's online homebuyer education course (www.eHomeAmerica.org). They came to this determination after evaluating the online counseling course with the assistance of HUD. It was determined that the course offered by eHome America meets the Agency's needs as a provider for on-line homeowner education.

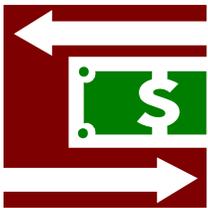
When the homeownership education requirement went into effect in 2007, there was a general consensus that on-line homeownership counseling should be made available, especially for applicants who could not reasonably access the preferred formats of homeownership education.

One of the features of this on-line training is that it is closely associated with a number of local nonprofit organizations that provide counseling support to the user. There is a nominal fee associated

with the course which varies slightly depending on the non-profit organization involved.

Upon completion of this online program, clients will obtain an official Certificate of Homebuyer Education to present to a lender. Along the way, the registrants will have to take quizzes prior to moving onto the next section. This course will take approximately 8 hours to complete. Clients can register for the course online.

Allocating Cost



The tracking of revenue and expenses overall and by project or cost center is typically a

necessity for non-profits either for internal purposes to manage and report on projects and/or external purposes to support billings and status reports for grant. Most accounting software packages will easily accommodate such an expense breakdown. The more difficult task is correctly accumulating and allocating direct and indirect costs such as administrative salaries, office supplies and postage to the appropriate cost center in accordance with the provisions of a particular contract or grant.

Although each organization and most contracts and grants are different, the following points should be considered when allocating costs.

1. The contract/grant document and its governing regulations (e.g. for the federal government this may include OMB Circular A-110, A-122 and A-133) will define allowable, unallowable, and acceptable basis for allocating costs.
2. Ignorance is no defense. When you accept grant money, you accept the accounting and audit responsibilities.
3. The method of allocating costs should be reasonable and supportable, such as basing it on hours worked supported by approved time sheets, or square footage of office space.
4. Unallowable/unsupported government grant expenditures, which have been reimbursed, are typically required to be refunded upon such an audit finding.
5. Always consult an expert when calculating or attempting to

defend the organization's indirect rate, or the percentage of general supporting expenses such as supplies, telephone, secretarial, etc. to the direct cost of the grant.

6. Just because an expense is direct (i.e. 100% attributable to carrying out a grant supported program) does not mean it is 100% chargeable to a single grant or contract (e.g. allowable travel, consultant and salary). It may be necessary to allocate the expense across several contracts/grants.

Responsible accounting relies on appropriate cost allocations. Once a cost allocation method is approved and adopted, whether it's a direct cost allocation or an indirect cost rate, it must be followed consistently. Consistency is a methodology which assures that costs charged to government supported projects are charged in a uniform manner to all other work of the organization.



On April 16, 2010 RD released AN 4507 (1944-I) April 16, 2010 “Appraisals of Properties Developed Under the Mutual Self-Help

Program.” The purpose of this AN is to provide guidance regarding the treatment of segregated lot cost in the overall valuation of the property to be developed through the Mutual Self-Help Housing Program, with the purpose of improved consistency in how the appraisals are reviewed and used. In cases where a lot is being sold above the market value, the grantee must provide a written statement that the optioned sales cost of the developed lot does not exceed their gross investment. The contributory

value of the developed lot will not be considered in underwriting.

The AN continues with the following, “A primary goal of the program is to achieve sweat equity through the value of the required family labor component. Ideally, the amount of sweat equity will meet or exceed the amount of the Section 523 Technical Assistance grant assistance on a per unit basis. This is one of the key performance measures used by the Office of Management and Budget’s (OMB) Program Assessment Rating Tool (PART) to measure the effectiveness of the Self-Help program. However, in cases where this equity requirement cannot be accomplished due to market conditions or other extenuating

circumstances, these situations should be well documented and supported.”

Grantees need to keep an eye on the house and land cost as well as the appraisal amounts to try to keep the program in check.

Appraisal Fee Increased

As of April 15, 2010, USDA RD has increased the cost for appraisals to \$425. This change was made after conducting a nationwide survey on appraisal costs.

AN Spells Out New Rules for RESPA Compliance

AN 4506, “Changes to Estimate of Settlement Cost and Real Estate Settlement Procedures for Direct Single Family Housing Programs” was released by RD on April 12th. This AN provides guidance on the implementation of the Real Estate Settlement Procedures Act (RESPA) new disclosure and accuracy requirements and to elaborate upon the new standardized Good Faith Estimate (GFE) and HUD-1, “Settlement Statement,” forms for loans originated under the their direct loan program. RESPA is a HUD consumer protection statute designed to help homebuyers be better shoppers in the home buying process, and is enforced by HUD. The intended outcome of this AN is to ensure that Field Staff provide effective and timely delivery of dis-

closures to comply with RESPA’s new requirements.

In 2008 HUD adopted new RESPA requirements that went into effect on January 1, 2010. These new requirements are meant to give buyers more time to make the decision to take out the mortgage and to shop around the terms with more knowledge of all the costs. In order to carry out this goal, HUD has adopted a new standardized three page GFE. The new form includes an estimate of the settlement charges as well as a summary of the key loan terms similar to the loan information provided in the Truth in Lending Statement. HUD also now requires that lenders provide consumers with the new standardized GFE form within three business days of

receiving an application, or information sufficient to complete an application, that includes the following:

- (1) Applicant’s name;
- (2) Applicant’s social security number to obtain a credit report and *Form RD 3550-1, “Authorization to Release Information”*;
- (3) Applicant’s monthly income;
- (4) Property address;
- (5) Estimate of value of the property;
- &
- (6) Mortgage loan amount sought.

If the applicant provides all of these items, the GFE must be provided to the applicant even if the application form has not been received. See AN 4506 for more information.

USDA Awards Regional Self-Help Contract to NCALL



NCALL received its notice to proceed for the Technical & Management Assistance Contract. We will continue offering services to

self-help housing grantees effective May 1, 2010 for the 21 states of Region III. The contract period is for one year with a six month option period. For the last couple years, these services have been operating on limited bridge contracts.

NCALL's Self-Help Housing Technical and Management Assistance covers a wide range of services that we can provide for the grantees. They include assistance and training in such areas as construction scheduling, financial management, mortgage packaging and group work, marketing and recruiting, management and reporting, and capacity building. NCALL reviews pre-applications,

final applications, and program modifications for feasibility. Contact is made with each grantee at least monthly to discuss productivity, spending, and issues or problems needing attention. Quarterly review meetings with the grantee and Rural Development are attended. The services are provided at no cost to the self-help housing grantee. This new contract also returns the ability to do outreach for new organizations.

With the challenges that the Mutual Self-Help Housing Program is currently facing, NCALL's Self-Help Housing Team looks forward creating stability and continuing to provide comprehensive, quality self-help housing technical and management services in Region III.

Written comments on the Mutual Self-Help Housing Program and the 523 regulations are due by July 15th and should be sent to:

Carolyn L. Bell

Chief, Special Programs and New Initiatives Branch
Single Family Housing Direct Loan Division
Rural Housing Service, USDA
1400 Independence Ave., SW, Stop 0783
Washington, DC 20250-0783
Phone: 202/720-1532
Fax: 202/720-2232
E-mail: carolyn.bell@wdc.usda.gov

NCALL encourages grantees to respond!

New Area Loan & Income Limits Published

Effective in early May, RD has published new loan limits. Visit http://www.rurdev.usda.gov/HSF-Area_Loan_Limits.html to view the limits in your area.

As of early June HB-1 3550 Appendix 9 has the New Direct Income Limits. You can access them at <http://eligibility.sc.egov.usda.gov/eligibility/welcome>Action.do?pageAction=pageLoad&requestInfo=DirectIncomeLimits&NavKey=incomelimit@11>.

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice), or (202) 720-6382 (TDD).

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