

# Self-Helper

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## National Rural Housing Coalition Hears from USDA National Office

During the National Rural Housing Coalition's annual meeting in Washington, DC, the attendees heard from the USDA National Office. Both Under Secretary of Agriculture, Dallas Tonsager, and Administrator for Housing and Community Facilities Programs, Tammye Trevino, were guest speakers at the November meeting.

Tonsager shared the administration's seven priorities for the agency. They are:

1. Improving collaboration between communities within the same region to better leverage resources.
2. Capitalizing on the economic benefits of local food systems.
3. Improving the effectiveness of community development programs already at USDA.
4. Expanding economic opportunity from bioenergy; including biofuel, biomass and cellulose.
5. Expanding broadband access to rural communities.
6. Identifying and working with strategic partners on the ground in rural communities.
7. Improving the flow of capital into rural communities to make important investments.

Trevino shared comments on the Mutual Self-Help Housing Program and the 502 Direct Loan program. She shared that 3551, the proposed Mutual Self-Help Housing regulations, have been put on hold. The administration will be issuing a Request for Information (RFI) in the Federal Register in January to review the self-help program. USDA will also be conducting at least six listening sessions around the country to get input on the program in order to redraft the regulations. Additionally, Trevino shared the administration's intent to double the FY08 502 Direct loans made in each state (not FY09 since that included ARRA stimulus funding). Rural Development also will conduct a business review on the loan processing activity. The NRHC volunteered to assist with this review.



## Capitalize on Your Strengths – Marketing in a Tough Economy

Location?

Schools?

Price?

Energy Efficiency?

Interest Rate?

Loan Flexibility?

The Mutual Self-Help Housing Program is wonderful. As affordable housing practitioners we can list why this program is so great for its participants. However, as a new aspiring homeowner, what are the benefits that the self-help homes have over others in the area? With the economy in a slump, self-help organizations need to get creative about marketing the self-help program. There are many items to consider when looking for a home. What is it about your project that makes it a great choice? Are you tell-

ing the public about these benefits through your marketing?

In this economy, there may be more choices in your community than there once were. Homes are selling for less, foreclosed homes are on the market as competition and builders are offering incentives to get projects off their books. Additionally, people are scared to make changes during this uncertain time.

As another home seller, self-help organizations have to know what their competition is offering. So, the first step is to do the research. What types of homes are on the market in the area? At what prices? How old are the homes? Where are they located? What is their condition? What other programs are offered to low income residents? Are there a lot of rental units in the area? Are they affordable?

After gathering the information, analyze it. You can be sure that prior to entering the self-help program, people are going to look at their options. Figure out what your self-help housing program has that makes it unique. For every area, the benefits might differ. In one location it may be extreme amounts of sweat equity, in others it could be the attractiveness of the subdivision, the energy efficiency of the homes, the desirability of the school system, the proximity of shopping and services or the benefits of the 502 Loan.

Every program has its strengths; identifying them is key to capitalizing on them.

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## First-Time Homebuyer Tax Credit Extension

The Worker, Homeownership, and Business Assistance Act of 2009 has extended the tax credit of up to \$8,000 for qualified first-time home buyers purchasing a principal residence. The tax credit now applies to sales occurring on or after January 1, 2009 and on or before April 30, 2010. However, in cases where a binding sales contract is signed by April 30, 2010, a home being built and occupied by June 30, 2010 will qualify.

- The \$8,000 tax credit is for first-time home buyers only. **For the tax credit program, the IRS defines a first-time home buyer as someone who has not owned a principal residence during the**

**three-year period prior to the purchase.**

- **The date of purchase is the date of occupancy. (For the self-help program participants, this means construction on the home must be completed.)**
- The tax credit does not have to be repaid.
- The tax credit is equal to 10% of the home's purchase price, up to a maximum of \$8,000.
- The tax credit applies only to homes priced at \$800,000 or less.
- For homes purchased and occupied on or after January 1, 2009 and on or before November 6, 2009, the income limits are

\$75,000 for single taxpayers and \$150,000 for married couples filing jointly.

- For homes purchased and occupied after November 6, 2009 and on or before April 30, 2010, single taxpayers with incomes up to \$125,000 and married couples with incomes up to \$225,000 qualify for the full tax credit.

This could be the incentive that current self-help groups need to stay motivated during winter construction. As long as they are able to occupy the home by June 30, 2010, they will qualify for the credit.

## Survey Results

In October, NCALL sent a survey out to the grantees in Region III asking for input. We want to thank all who responded to the survey. As reflected in your answers, you should take some comfort in the fact that YOU ARE NOT ALONE.



In response to our questions here are your answers:

### What are the biggest challenges you face with the Mutual Self-Help Program?

- 53% responded with “finding families.” Some provided more detail, such as meeting income guidelines and credit worthiness.
- 13% said finding affordable land was a challenge.
- 33% had other challenges such as appraisal problems; completing the program within grant timeframes to avoid supporting the program with other funds (*which could also be a result of difficulty in finding families*); and maintaining family motivation.

### What Services could NCALL provide that would be of Assistance?

- 54% responded with assistance for resource development for funding to cover additional marketing, purchase of land, funds to cover energy saving costs for the families, increased grant amounts to cover cost to pay for program, and use of 502 loan program.
- 27% had no needs at this time.
- 18% included such items as fam-

ily labor contribution and regulation leniency.

### Do you find it helpful to have regional conference calls to discuss problematic issues?

- 50% found it helpful to continue with regional conference calls to discuss problematic issues. Of those responses, 50% again requested a regional call to discuss marketing strategies. The other responses suggested topics such as “ways of cutting costs” and “lessons learned.”

(In a response to this request, see conference call notice on Page 8.)

### If regional or national Mutual Self-Help Conferences are held, will you or someone from your organization attend?

- 100% responded that they would attend or send someone to a regional or national self-help conference; however, only 62% would be able to cover the cost, while 38% said that they could not afford to attend without financial assistance.

### What areas of the Mutual Self-Help Program would you like to see modified to benefit your organization?

- Answers for this question varied, including a request for SHARES to be more user friendly, a new point system on labor for houses, the program to reach higher incomes of 80 – 100% AMI, and consistency of program policy within RD.

### Is your organization involved with Neighborhood Stabilization Pro-

gram?

- 50% responded Yes.
- 50% responded No.

### Is your organization currently a member of Facebook?

- 12% responded Yes.
- 88% responded No.
- When asked if Region III Self-Help Housing were to become a member of Facebook, would your organization be interested in participating with our page, 75% said Yes with the remaining 25% responding No.

### When asked to list your best practices ~

- 80% of you responded with your marketing programs, credit counseling and extensive homeownership training.
- The remaining responded with house designs, community relationships, and funding partnerships.

### Lastly, in response to your answers to #14. Additional comments or suggestions~

- We thank all of you for your positive comments and responses regarding the quality and continued need for the TA that NCALL provides. While this was not the intent for the question, your responses are greatly appreciated. Please know that we will continue to do our best to maintain the confidence and trust you have place with us.

All of the previous information is very helpful to us. Thanks again for taking the time to complete the survey!

## Rural Plus Pilot Program Now Permanent



Now applicants and grantees can see an instant reward for choosing to go green with an Energy Star rated home. In the past, choosing to build Energy Star rated homes would often make them unaffordable for very low income applicants. In 2008, the Rural Energy Plus Pilot Program was put in place to help address this issue. The results were carefully tracked to see it's effectiveness in increasing the applicants' ability to qualify and achieve access to Energy Star Rated homes.

Due to the success of the program, the Rural Energy Plus Pilot Program has now become permanent. What effect will the program have on your organization? It could have dramatic effect on reaching a greater pool of applicants. **The program allows both the front and back ratios, used to determine an applicants ability to repay a home loan, to be exceeded by up to two percentage points if the home is energy efficient.**

A 2% stretch on the front and back ratios may not seem like much until you go back through your past applicants' files that missed eligibility by 1% or 2%. In this larger applicant pool, you just might be able find one or two applicants that would help your agency meet the 40% VLI applicant requirement. This difference may bring an Energy Star rated home within reach of your applicants. It's a win-win for all.

## Credit Repair Best Practices Guide Coming Soon

"Credit Repair" is being discussed more and more these days. As you know, applicants just don't come into Grantee's offices anymore without extensive Marketing and Recruiting. And when they do, many have credit or debt-load issues. Most just don't know what to do next in order to improve their credit history and score.

As we have said in the past, we believe that the #1 reason self-help organizations get behind, is not due to construction, but getting eligible applicants formed into groups quick enough to meet the 2-year self-help grant production schedule. The NCALL Self-Help Team is nearing completion of a Self-Help Credit Repair Best Practices Guide. It will be a resource for Self-Help Grantees who wish to increase the number of eligible applicants to meet the timing of their two-year construction implementation plan. It takes you through a step-by-step credit repair process, and includes sample letters to creditors and credit bureaus.

We would like to thank Tina Dahmer and Kathy Mickey, CAC of Fayette County, Washington Courthouse, OH; Jessica Jackson, YouthBuild McLean County, Bloomington, IL; and Susan Bradford, Community Concepts, Inc, South Paris, ME for their valuable input.

We hope this guide will be beneficial as you continue to grow with the Mutual Self-Help Housing program. We hope to publish it in January/February 2010 by placing it on our website.

For additional in-depth training, we recommend you consider NeighborWorks Training Institutes across the country. The NeighborWorks Center for Homeownership Education and Counseling (NCHC) has an excellent Certification Program for Homebuyer Education and Counseling. The NeighborWorks website is <http://www.nw.org>.

## 990 Reminder



NCALL wants to remind everyone that the IRS Form 990 has changed. One major difference is the requirement that the Board now has to receive the form and approve it, or delegate a committee to approve it, prior to submission. Since this and other alterations has made the process of completing the form take longer, be sure to allow enough time for completion. Check with your auditing firm for more information on the changes.

## Taking Stock of Your Marketing and Recruitment Plan

From your responses to NCALL’s survey, the #1 obstacle to a successful grant is finding families for the program. On a monthly and/or quarterly basis you look at the grant progress to determine where you are, what you have achieved and how close you are to reaching your recruitment goals. For this process to have merit, you should also take a close look at what has impeded progress and how these obstacles can be overcome. In other words, you need to take stock of your marketing program.

It is easy to immediately blame lack of recruitment on one or two standard reasons, such as program eligibility requirements or family credit issues.

While these may very well be a contributing cause for not meeting recruitment goals, we should also recognize that economic, social and program changes over the past year have added more layers to the problem than previously recognized. The process of identifying and strategically overcoming these obstacles is to assess both the internal and external conditions that are affecting your recruitment goals. Evaluating the environment in which you find yourself allows you to determine the impact these conditions have on your ability to successfully carry out the marketing plan. While assessing or taking stock, here are some questions that you can ask:

- Are there any threats to achieving your goals?
- Where are the possible obstacles to your work?
- Are there any roadblocks or barriers?

Sit down with your staff to consider all of the layers that may be impacting your recruitment goals. Discuss possible strategies to overcome obstacles, as well as how you plan to carry out the steps. Not all items listed will be impacting your program. You may discover additional obstacles to reaching your goals and other strategies to overcoming them. Let us hear from you!

### GOAL: Find and recruit qualified families for the Self-Help program to meet grant goals

MAY IMPACT REACHING THE GOAL	POTENTIAL SOLUTIONS / STRATEGY TO OVERCOME	TACTICS / STEPS TO CARRY OUT STRATEGY
Houses on the market are now competing with Self-Help	<ul style="list-style-type: none"> <li>• Market SH as a product superior to already existing market</li> <li>• Market to a larger pool of applicants</li> <li>• Changing economy may be placing more emphasis on home repair</li> <li>• Finding ways to reduce SH cost to be competitive in local market</li> </ul>	
Fear of economy (includes job loss and high foreclosure)	<ul style="list-style-type: none"> <li>• Debunk myths</li> </ul>	
502 Guaranteed loans at current value may be competing with local SH program	<ul style="list-style-type: none"> <li>• Talk to your local Rural Development office</li> </ul>	
Insufficient numbers of credit worthy applicants	<ul style="list-style-type: none"> <li>• Credit repair</li> <li>• Good follow up with families</li> </ul>	
Finding VLI applicants to meet 40% requirement	<ul style="list-style-type: none"> <li>• Matching the right program to the right community</li> <li>• Program affordability</li> </ul>	
Increased E-Star Home cost may impact affordability	<ul style="list-style-type: none"> <li>• 2% ratio stretch on front and back</li> </ul>	
Changes resulting from PAII may be impacting who and how to qualify families	<ul style="list-style-type: none"> <li>• Determine qualifying incomes</li> <li>• Determine affordability impact on incomes</li> </ul>	
Lack of marketing plan and efforts	<ul style="list-style-type: none"> <li>• Utilization of marketing plan</li> <li>• Establish a marketing budget</li> </ul>	

## Disaster Recovery Plan



A Disaster Recovery Plan, sometimes referred to as a Business Continuity Plan or a Contingency Plan, is essential to ensuring that organizations will be prepared and continue to operate efficiently in the event of a disaster.

When people hear the word “disaster,” they often think of major disasters like tornadoes, hurricanes, earthquakes or terrorist attacks. However, disasters of a much smaller scale can also negatively impact business operations. Fire, flooding, vandalism, viruses, hardware or software failure, power outages, communications failure, chemical spills, extreme weather conditions like heavy snow, or sabotage from a disgruntled employee, can all disrupt business operations. Organizations must recognize the potential operational losses associated with service interruptions and realize the importance of maintaining viable emergency response, resumption, recovery, and restoration strategies. If an organization is unprepared to deal with these situations, the effects can be detrimental.

### Ask yourself...What if?

What if your accounting software becomes inoperable and payroll cannot be processed? If the software needs to be reinstalled, is the software license readily available? Who will reinstall it? Is your payroll data backed up and current?

What if the organization becomes flooded or the building suffers dam-

age from a fire? If the servers become inoperable, are there up-to-date, full back-ups of *all* of your data? Where will the organization continue operating while the flood or fire damage is being cleaned up? Does the organization have a contact list with insurance and bank account information as well as ideas of who to call for help with clean up or construction repair?

What if a virus wreaks havoc on your network and deletes, alters, or corrupts files? Who will you contact to remove the malicious program? Does the organization have up-to-date, full back-ups of important data? The personnel costs incurred by correcting inaccurate files, re-entering data, or recreating corrupted documents can be great.

### The Planning Process

In the event of a disaster, responsibilities need to be predetermined and planned according to the level and type of disaster. The first step in developing a Disaster Recovery Plan (DRP) is to establish a DRP team. The members of the team need to be employees within the organization that possess a thorough understanding of its systems, as well as contractors and vendors that may be needed during the recovery process.

The DRP team should consist of a DRP coordinator, as well as DRP system coordinators. Support teams should be developed to efficiently respond to disaster, based on the scale. Depending on the organization and its systems, support teams may pertain to damage assessment, operations, communications, data

entry, off-site storage, administrative management, procurement, and system software. The concept of organizing sub-teams is to be able to utilize the necessary staff in order to recovery efficiently. The staff also must be made aware of the DRP and trained to respond accordingly in the event of a disaster.

When developing strategies for a disaster recovery plan, it is helpful to consider the entire range of probable and possible threats that present a risk to the organization. From that range of threats, likely scenarios can be developed and appropriate strategies applied. A DRP should be designed to be flexible enough to respond to extended business interruptions, as well as major disasters. It is advisable to develop several levels of strategies that can be applied as needed. Time sensitivity and mission criticality in conjunction with budgetary limitations, level of threat and degree of risk will be major factors in the development of recommended strategies.

### When a Disaster Occurs

Four phases will be implemented in response to disaster recovery.

1. **Response Phase:** The immediate presence of the DRP at the incident site is needed to conduct a preliminary assessment of impact, extent of damage, and disruption of business operations. The assessment will assist management with the facts necessary for decision-making.
2. **Resumption Phase:** After establishing a management control center, the DRP team will activate the necessary support

## Disaster Planning *(Continued from Page 3)*

teams, appraise time-sensitive business operations, and alert employees, vendors, and other individuals or organizations that may be effected by the incident.

3. **Recovery Phase:** Implement procedures necessary to facilitate and support the recovery of time-sensitive business operations and coordinate with employees, vendors, and other effected individuals and organizations.
4. **Restoration Phase:** If necessary, prepare to relocate or migrate business operations to a new or repaired facility. Necessary procedures will be implemented to mobilize operations, support, and technology departments. Notification of employees, vendors, and others must be done before, during, and after relocation or migration.

### **Securing and Updating Your Plan**

A DRP is an on-going process. Once developed, a centralized repository needs to be developed to contain information, tasks, and procedures that would be needed in case of an emergency. This will help to facilitate the decision-making process in a timely fashion in order to prevent an extended interruption of business operations.

Keeping your plan up to date is also essential. Review the plan annually, especially to keep accurate contact information for the chosen resource people.

### **Disaster Recovery Planning Resources**

The following resources can help guide organizations through the planning process, as well as provide sample plans and templates.

- Disaster Recovery Guide: <http://www.disaster-recovery-guide.com/>

- Disaster Recovery Plan: <http://www.disaster-recovery-plan.com/>
- Disaster Recovery Journal: <http://www.drj.com/>
- Business Continuity Planning Model: <http://www.drj.com/new2dr/model/bcmodel.htm>
- Cisco's Disaster Recovery White Paper: <http://www.cisco.com/warp/public/63/disrec.pdf>
- Disaster Recovery: <http://www.disasterrecovery.org/>
- Disaster Plan: <http://www.disasterplan.com/>
- Business Continuity World: <http://www.business-continuity-world.com/>

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## Welcome New State Directors

Since the last newsletter, the Obama administration has announced the following new State Directors. We welcome all of you and look forward to meeting and working with you in the future.

**KENTUCKY - Thomas Fern:** Fern has worked for the U.S. Department of Agriculture for 36 years. After working as an Agriculture Management Specialist and District Director of the Farmers Home Administration, he was appointed to serve as the Kentucky State Director of Rural

Development from 1993 to 2001 under the Clinton Administration. Fern was with the Kentucky Tourism Development Cabinet's Department of Parks from 2001 to 2003 as Director of Advertising and Marketing and currently serves on both the Kentucky Water Resource Development Commission and the Kentucky Appalachian Commission.

**OHIO - J. Anthony Logan:** Logan previously served as Chief Legal Counsel and Wind Policy Coordinator for the Ohio Department of

Natural Resources before joining the USDA as State Director of Rural Development. Before that, Logan practiced law and represented small agri-businesses in labor, environmental, and natural resource law cases. From 1987 to 1990, Logan served as Assistant Director and General Counsel in the Ohio Department of Agriculture.

## The Top 10 List

### The top ten reasons for organizational **SUCCESS** are:

1. Clear Goals
2. The will to succeed
3. Focus on a limited number of goals
4. Plan and timetable to reach goals
5. Tangible goals
6. Exciting programs
7. Fun
8. Strong board of directors
9. Dependable income
10. Up-to-date bookkeeping

### The top ten reasons for organizational **FAILURE** are:

1. Unclear or contradictory goals
2. Lack of will to succeed
3. Conflict of interest
4. Boring programs
5. No plan or timetable to reach goals
6. Out-of-date or inaccurate book-keeping
7. Too little money
8. Too many goals
9. Lack of dedicated leaders
10. Lack of paid staff

Joan Flanagan; The Successful Volunteer Organization (Chicago: Contemporary Books, 1984)

## Regional Conference Call Planned



NCALL will be hosting a conference call on January 20th to discuss marketing. More information will be coming out on this call after the holidays.

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