

Self-Helper

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Pulling Credit Reports



It's definitely helpful to review an applicant's credit before sending their application to Rural Development. Doing so will uncover issues that may prevent them from qualifying, which they may not even be aware exist. You will also save staff time and prevent potential heartache to

applicants with some work to do before they can qualify.

To learn more about the credit pulling practices in our region, NCALL conducted a credit reporting survey earlier this month. We found that most grantees in Region III do some type of credit check before submitting the application to RD. The most popular method is to pull a tri-merge report through a service provider for around \$21 per report or a single report from one reporting agency for around \$7 per report. Other methods being used are: 1) refer applicants to annualcreditreport.com to get their free credit reports and possibly pay extra for scores, or 2) if it seems necessary, refer the applicant to a free local credit repair workshop where they will receive a credit report with scores.

We also discovered that two organizations plan to make changes to their credit-pulling process due to a requirement made by their reporting service provider that they be a HUD certified Housing Counseling Agency. It appears that CBC Innovis, Factual Data and CoreLogic are among those now requiring the HUD certification in order to pull reports.

In response to this, NCALL conducted further research to find out which credit reporting service providers will work with organizations that are not HUD certified. We found that Partners Credit Verification Solutions (formally Old Republic) says it works with organizations which are not HUD certified. This company provides tri-merge soft pulls; however, you must schedule a call with a sales representative to find out more about pricing. They do appear to work

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Providing comprehensive, quality services for Self-Help Housing

Credit Reports *(Continued from Page 1)*

with Encompass loan processing software.

Another option is Credit Builders Alliance. This company does not provide tri-merge reports, which means the information from Experian, Equifax and TransUnion will not be combined in one report; instead, it provides the ability to pull two separate reports – one from TransUnion and one from Experian (not Equifax). The cost is somewhat significant – with an annual membership fee of \$315, an initial

setup fee of \$1,100 to pull TransUnion and Experian, or \$650 for just one. There is also a \$100 annual administrative fee. The reports are soft pulls, you receive them instantly, and the cost per report is very low—between \$2 to \$5.65—depending upon how many you order.

Whether or not a paid reporting service is right for your organization depends upon your budget and unique situation. The best case scenario is finding a method of

reviewing an applicant’s credit prior to submitting their application to Rural Development. It is best to ask pertinent questions of the applicant at least to make sure there are no obvious barriers.

Reach out to NCALL if you would like us to conduct more research to help your organization, or if you have feedback about the provider you currently use or have used.

The Importance of SHARES Reporting



You’ve heard it before, but.....

Is SHARES really that important? Maybe you thought this at one time or another as you entered data into the system, wondering where it goes and what it is used for. Does anyone look at it or is it just another “requirement?”

Consider this scenario: The head of Rural Development’s Single Family Housing is called to The Hill to present information on certain programs during the budget process. Specifically, he is asked about the impact of the 523 Self Help Program. How many self-help homes were there in FY 2017? How

many low and very low income participants were impacted by the program? How much was the average equity? Square feet of the homes? He has no time to poll the many state offices of Rural Development and there is no website or internal source he can go to acquire the statistics.....except SHARES.

However, the system is only partially up to date. Loans have not been added and so he has a choice: use what information is available or say he doesn’t know.

It sounds dramatic, but it is true and it happens. While there is a lot of discussion as how best to demonstrate the impact of the Self-Help program and the difference it makes in rural America, there is no complete source of statistics with which to demonstrate that fact-at least on a “spur of the moment” basis. Can you imagine a company telling its stockholders that it

doesn’t know if made a profit in a given quarter? We need to do better.

Perhaps the best advocacy for the program might be to keep your SHARES information accurate and up to date. NCALL encourages grantees to take the time and enter the data. At some point, the future of the program may depend on it.

Do you need a refresher on how to use SHARES? Contact your specialist to schedule an online GoToMeeting with NCALL.

Rural Development Interest Rate

The Rural Development 502 Direct note rate has been steady over the last few months. November’s rate will remain at 3.75%.

David Lipsetz to Lead HAC

The Housing Assistance Council (HAC) Board of Directors has named David Lipsetz as the organization's next Executive Director. Lipsetz will replace Moises Loza, who is retiring on November 1, 2017 after more than 40 years at HAC.

Founded in 1971, HAC is one of the nation's oldest and most respected nonprofit organizations serving the housing needs of rural America and its residents. David becomes only the fourth Executive Director to lead the Housing Assistance Council.

"HAC is excited about this next chapter of our journey. We're very blessed by the contributions that Moises Loza has given HAC," said Andrew Bias of Wichita, Kansas, chair of HAC's board of directors. "Thousands of lives in rural communities are better because of HAC's involvement and support. HAC welcomes David on board to continue on this journey with the full backing and encouragement of our board of directors and staff." Lipsetz comes to HAC having held

several senior positions at the U.S. Department of Agriculture (USDA) and U.S. Department of Housing and Urban Development, most recently as the Associate Administrator of USDA's Rural Housing Service. He has also managed affordable housing programs in New York City and Oakland, California. David was born and raised in Ohio, and began his career on Capitol Hill as a legislative aide to Michigan Congressman John Dingell. He holds a Bachelor's degree from Michigan State University, and Master's degrees in both Sociology and City and Regional Planning from the Ohio State University.

"I am honored to step into this new role," Lipsetz said. "Moises Loza leaves an unparalleled legacy, having guided HAC to be the highly regarded and effective organization it is. HAC is needed now more than ever, as a lender helping to develop affordable housing in underserved rural markets, and as a national voice for including rural



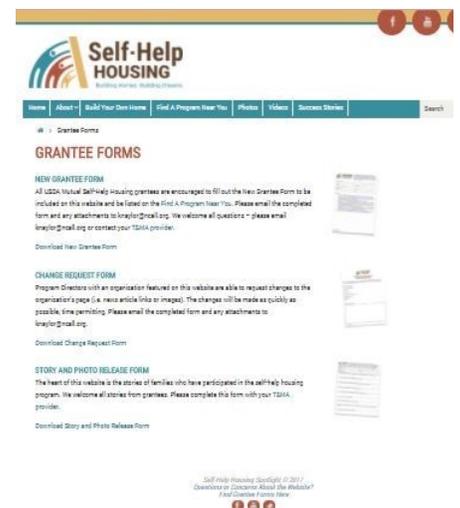
communities in America's plans for a vibrant and prosperous future."

It has been an honor for me to serve the people of rural America over these last 40 years," Moises Loza stated. "Rural Americans have a special strength, but also face particular challenges that require rural solutions rather than urban approaches. I am so pleased to be able to leave HAC's work in David's capable hands. I can't wait to see what HAC does next!"

Share Your Story on the Spotlight Website

The Spotlight website was created to help grantees across the country share stories and information for all interested families to see. The website continues to do just that, as it gets over 1,400 visits per month and is often used for media relations inquiries. Now, it's time to add more content and give people a reason to come back. The more stories the site has, the more it can be indexed by Google to rank for key phrases like "how to build your own home," and the more it can help families understand the program.

Now you can go right to the Grantee Forms page selfhelphousingspotlight.org/grantee-forms to access forms directly from the website, including the Story and Photo Release Form. Once you have filled it out just send it to knaylor@ncall.org and we will edit if necessary and send it back to you for review before publishing. Your story could be promoted on social media by other grantees. Help us grow the site!



10 Benefits of Group Build Schedules

Every build group should have a construction schedule. Not only does the schedule outline how quickly the work will get done, it also outlines how the work will get done. The schedule defines the sequence and method in which the materials will be put in place. Thus, the earlier the schedule is put on paper (or computer screen, tablet, etc.) and communicated to the build group and the subcontractors, the better.

The construction supervisor needs to think through how to put in place the proposed elements while maintaining the continuity of the build group and construction process. They must understand the proposed scope of work and the details affecting the connection of each component in order to create a proper construction schedule.

The schedule needs to build into the sequences a maximum level of efficiency and productivity for each family or subcontractor involved in completing the tasks and the components of the home. By knowing the actual lead times and the way materials will be assembled, a good scheduler can evaluate several possible installation sequences and arrive at the most productive sequence. Avoiding improvisation imposed by last minute surprises, or lack of foresight, benefits a project by preventing unnecessary costs and delays.

Schedules aren't set in stone. Many things can pull a schedule off track from the weather to a sudden shortage of materials, equipment

breakdowns, sub-contractor no shows, and a slew of other problems. So be prepared to be fluid. You will probably find yourself making changes / updates to the schedule as construction progresses. Also, be proactive in communicating scheduling changes with the effected parties including your families.

Here are 10 benefits of creating a construction schedule before the work begins:

1. By generating knowledge of the details, fewer surprises should crop up
2. Maximizing quality control measures by properly sequencing the work
3. Improving planning of resources such as family and volunteer labor and equipment
4. Enhancing coordination efforts between families, sub-contractors and construction tasks
5. Selection of building materials in timely fashion (Siding, roofing, cabinets and flooring, etc.)
6. Ordering materials with enough led time
7. Giving the such as the subs, vendors, families and their volunteers a better plan so they may coordinate their own activities
8. Improving safety by sequencing the activities to ensure maximum protection for families
9. Placing winter protection measures accurately by knowing which weather sensitive activities will be put in place during cold weather and the duration of those activities



YOU'VE GOT THE RIGHT ADDRESS, BUT... WE'RE A BIT BEHIND SCHEDULE.

10. Achieving the highest level of productivity in order to complete the build in the shortest timeframe reasonably possible.

There is no substitute for proper planning. Success in every endeavor comes with appropriate planning and the hard work required to implement the plan. A properly prepared schedule will yield many benefits for all build team members.

New AN on Grant Servicing

On Spetember 26, RD issued [AN 4845](#) which focuses on Self-Help Technical Assistance Grant Servicing. It highlights that grant draw requests should be made on production and need; Quarterly Reports generated by SHARES should be turned into RD by the 15th of January, April, July and October; and Quarterly Review Meetings should be held regularly.

The Shift Towards Indirect Cost for Grantees

The indirect cost policy/rate can be a confusing topic. Rural Development issued [AN 4844](#) on June 28th to clarify some issues and changes surrounding indirect costs and how they affect self-help grantees.

According to the AN, “Historically, RHS has allowed nonprofit organizations and governmental departments to use a Cost Allocation Plan (CAP) in lieu of an indirect cost rate. With the release of OMB Super Circular 2 CFR 200, it has been made evident that an indirect rate will be more appropriate for the majority of Section 523 Grantees. Under certain situations, agencies may request to use a CAP in lieu of an indirect cost rate agreement but this must be requested only in limited circumstances and be due to the nature of that entity’s federal award.”

So now, in most all cases, organizations receiving federal grants must calculate an indirect cost percentage to be applied to expenses. This can be a complicated process.

Indirect costs are costs that cannot be attributed solely to a single program. Examples would be general liability insurance, office supplies or bookkeeping and audit expenses. Indirect rates effectively set up a pool of funds that can be drawn from to pay those expenses that cannot specifically be attributed to the 523 program expenditures. These expenses can be paid from this fund without backup receipts or further documentation.

Since most organizations receiving 523 Self-Help Grants have other programs and funding sources, an indirect cost allocation is required. Normally this rate is a negotiated amount based on a plan the agency submits for approval.

Another option now open to grantees is choosing the “di minimus” rate of 10% of modified total direct costs. This is only an option if the grantee has never had a negotiated indirect cost rate. Electing this rate does not require a written plan or a negotiation, just a letter saying that your organization is electing this rate.

Because of the complexity of determining a rate, especially for a new or smaller organization, it is worth considering adopting the 10% di minimis rate. An example of how this might work follows:

- ⇒ \$300,000 total 523 grant
- ⇒ -\$15,000 for equipment (equipment purchases are not subject to the calculation and have to be subtracted to get to the modified total direct cost amount)
- ⇒ = \$285,000 (This is your modified total direct cost)
- ⇒ Divide this number by 1.1 to determine the amount of your direct costs for your grant, which equals \$259,090.90.
- ⇒ Multiply 259,090.90 by the 10% rate which equals \$25,909.09. This is your indirect cost allocation and should be a line item in your budget (there is a line for this cost on the budget form 424B if you are filing a new application).

On your annual budget, grant funds would be broken down in this example as follows:

- \$15,000 for equipment
- \$25,090 for Indirect Costs
- \$259,910 would then be spread among the other budget line items.

In essence, each month you would draw down your direct costs to run the 523 program plus 10%.

IMPORTANT: If you receive other funding sources, this 10% rate applies to those funds as well once adopted.

A grantee can request a different indirect cost rate in a later grant cycle if needed.

NCALL recommends discussing this with your CPA. If you are a current grantee and do not have an indirect cost rate, you will probably need one for the next grant cycle. In the event your CPA/you feel the need for a higher indirect cost rate, you would need to prepare the justification for the rate and submit it for approval to:

U.S. Department of the Interior
 Indirect Cost Services
 650 Capitol Mall, Suite 7-400
 Sacramento, CA 95814
 916-930-3803

If you need more information on this topic, please visit: www.doi.gov/ibc/services/finance/indirect-cost-services.

One further qualification: If an agency receives the bulk of their funding from a federal agency other than USDA, they will need to meet their requirements for indirect costing and should refer to that agency for guidance.

Tips for Reaching the Finish Line

Managing a Self-Help project is challenging. The construction phase itself is made up of many small parts or phases. Although each phase may seem simple, if not managed skillfully, the whole project can quickly fall apart.

It is important to set initial goals to have a harmonious group reach the finish line with quality homes within the projected timeframe and budget.

Here are some essentials that will safeguard your success:

- **Team-** Build a team with the required technical and managerial skills; and above all, build a mission driven team that is also eager for constant self-development.
- **Project Performance and Control-** Compare, on a regular basis, the status and the progress of the project to the actual plan. Be creative! Do what is necessary to keep the project on track.
- **Contingencies-** Set aside time

within your time frame for unforeseen or unknown events. These events are an inherent part of all construction projects.

- **Evaluation-** Perform an evaluation at the end of every phase of construction and especially at the end of the project. Evaluations will highlight project successes and will point out areas that need improvement.
- **Be Ready at the Beginning** with everything you need to finish the project within the desired timeframe and budget. **Visualize**

the finish line, start date, and the finish date, and walk backwards to prepare.



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Regional Conference Call Planned

NCALL will be hosting another regional conference call on **Thursday, January 25th at 10:00 a.m.** for an open discussion. Please join us and be prepared to share your thoughts and questions. More information will be coming out closer to the call.

