CONSTRUCTION SUPERVISORS HANDBOOK

July 2025 v4

PROVIDED BY REGIONAL T&MA CONTRACTORS
SECTION 523 MUTUAL SELF-HELP PROGRAM

Disclaimer

A handbook for grantees of the United States Department of Agriculture (USDA) Section 523 Self-Help Housing Program developed jointly by the Self-Help Housing Technical and Management Assistance (T&MA) Contractors:

- *Florida Non-Profit Housing, Inc. (FNPH)*
- *LIFT Community Action Agency, Inc. (LIFTCAA)*
- *NeighborGood Partners*
- *Rural Community Assistance Corporation (RCAC)*

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INTRODUCTION

The Self-Help Housing Program

Self-help housing is just as it sounds, participants working to build or repair their own homes. This program is a direct application of the barn raising traditions of pioneering rural Americans. The Self-Help Program began as the Mutual Self-Help Housing method, where participants, working in groups, supply the necessary labor to build their homes, having qualified for mortgage financing to purchase land, building materials, and some subcontracted work on the more technical items. The program authority also allows for two additional methods of home repair (owner-occupied and acquisition rehab).

Regardless of the method selected, the participants must be low or very low income. At least 40% of the total participants served should be in the very low-income category. The remaining participants must be in the low-income category (see income map for details: https://www.rd.usda.gov/sites/default/files/RD-DirectLimitMap.pdf).

Mutual Self-Help Method: With the assistance of skilled staff, a group of generally 4 to 10 households is formed. The regulation requires a minimum of 4 households; we encourage a group of at least 5 households as this makes for a better program. The participants typically select lots, house plans, and apply for individual mortgage loans. While participants await loan approval, the group studies the responsibilities of homeownership, construction techniques, tool usage, safety, homeowner's insurance, taxes, home maintenance, and money management. This time is known as the pre-construction stage.

Once the mortgage loans are closed, the group begins to build under the guidance of a skilled construction supervisor. The participants must complete a minimum of 65% of the construction labor tasks; usually the more technical work such as electrical, plumbing and HVAC is subcontracted out. The construction stage typically lasts from 8 to 12 months, depending on the size of the group and other factors. Participants work during their spare time (evenings, weekends, and days off) so as not to interfere with the regular household employment.

Self-Help Rehab Method Options:

Acquisition Rehabilitation: With the assistance of skilled staff, an applicant repairs a home that they purchase. The participant applies for a loan and/or grant and once qualified, they enter into a contract to purchase a property. The property is inspected, and a scope of work is developed. This information is submitted to Rural Development for approval. Once the loan is approved and closed, the participant, under the guidance of a skilled construction supervisor, completes selected tasks from the scope of work. Usually, more technical work such as electrical, plumbing and HVAC is subcontracted out.

Owner-Occupied Rehabilitation: With the assistance of skilled staff, an applicant repairs a home that they already own and reside in. The participant applies to be in the program and then they may need to apply for a loan and/or grant. Once qualified, they provide proof of ownership and residency. The property is inspected, and a scope of work is developed. This information is submitted to Rural Development for approval. The participant, under the guidance of a skilled construction supervisor, completes selected tasks from the scope of work. Usually, more technical work such as electrical, plumbing and HVAC is subcontracted

out.

Rural Development

Rural Development is an Agency of USDA. The Rural Development mission is to help rural Americans improve the quality of their lives. Rural Development helps rural communities meet their basic needs by building water and wastewater systems; financing decent, safe, sanitary, and affordable housing; supporting electric power and rural businesses, including cooperatives, and supporting economic and community development with information and technical assistance.

Rural Development has been providing funds for the Self-Help Housing Program since the late 1960s. They provide Section 523 Self-Help Housing Technical Assistance grants to eligible entities to start and implement the program. Rural Development thoroughly reviews the self-help application before a grant is awarded and will continue to monitor and provide oversight in the areas of construction and administration, through quarterly meetings, construction inspections, and participant accounts throughout the term of the grant.

In most cases Rural Development provides another important ingredient to the self-help program; construction to permanent financing at favorable interest rates in the form of a Single-Family Housing Direct Home Loan (Section 502). They are independent of private or conventional lending institutions, and the financing is directly between Rural Development and the borrower. Each applicant must qualify and obtain a loan individually from Rural Development. Rural Development's function as a lender is significant because private credit institutions in rural areas are relatively few in number, smaller, and often impose more rigid terms which can be a barrier to homeownership.

Rural Development Offices

Rural Development operates from three levels: national, state, area /local. The Rural Housing Service Administrator in the National Office and the State Directors are politically appointed – all others are federal civil service employees.

Rural Development National Office

The Rural Development National Office is responsible for developing policy, interacts with Congress for legislation, managing program funding, and much more. They also obligate and monitor all Section 523 self-help grants, maintain reports and statistics on operating self-help organizations and project needs for funding. At the national level, USDA has a separate Appeals Division that hears appeals on actions unresolved at the state level.

Rural Development State Office

Section 502 home loan funds are allocated on a state-by-state basis and obligated at the State Office level. Each state receives 502 funds based on a formula allocation calculated by the National Office. A Funding Unnumbered Letter is released annually specifying the fiscal year allocations for each housing program, set-asides, and state allocations, etc. Staff members who are key to the operation of a self-help program located in the State Offices are the:

- Rural Development State Director – Has the authority to sign grant

agreements.

- Rural Housing Program Director – Typically oversees the self-help program.
- Rural Development Housing Specialist – Reviews and approves the 502 direct loans and 504 grant/loans, also approves building sites, and completes environmental reviews.

Rural Development Area/Local Offices

In most states grant monitoring has been retained at the State Office level with the Single-Family Housing Program Director, but in some cases, it has been assigned to the Area/Local Office. In any case, the Rural Development grant manager is responsible for ensuring that the grant is operated effectively and in accordance with the regulations. At this level of Rural Development, the Loan Specialist is typically responsible for making the Section 502 home loans to participating applicants of each self-help group. They will be responsible for monitoring the 502 loans and will also be the co-signer on the participant's Supervised Bank Accounts and will process the construction draws. They are also the personnel who will convert the loans once the local jurisdiction has completed the final inspection and issued a Certificate of Occupancy.

Rural Development Section 502 Single Family Direct Home Loan

Most applicants that participate in the self-help housing program use Rural Development's Section 502 home loan program to finance their homes. Section 502 loans are only available for homes in eligible rural areas as defined by USDA (https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfpd). In order to qualify for a Section 502 loan, prospective self-help applicants must meet Rural Development income eligibility requirements as low-income or very low-income (see the income map for details: https://www.rd.usda.gov/sites/default/files/RD-DirectLimitMap.pdf). They must be credit-worthy, have repayment ability for the loan requested, and be unable to secure a mortgage from other sources. The income limits, developed in consultation with the U.S. Department of Housing and Urban Development, are subject to local variation and are published annually. Current information on income limits and eligibility requirements for Section 502 loans is available at RD local offices or online (links above).

The repayment period for the Section 502 loan is either 33 or 38 years, and the interest rate is between 1% and the current market rate. The actual rate of interest the borrower pays depends on the borrower's income, as does the loan term. If a borrower is eligible to pay less interest than the market rate, the borrower then receives a subsidy called "payment assistance." The amount of payment assistance a borrower receives is determined by the loan amount, loan period, and the household income. The payment is either determined based on 24% of their monthly income or the loan at a 1% interest rate, whichever is the higher of the two, but can never be higher than the loan at full note rate. The assistance makes up the difference between the full loan interest rate and the interest rate the participant pays. A portion of this subsidy must be repaid at time-of-sale or loan payoff based on equity, time, etc. This process is called subsidy recapture.

Some other benefits of a 502 loan are that there is no requirement for a down payment, closing costs can be included in the loan (up to the appraised value with authorized

exceptions to include the tax service fee, homeownership education fee, appraisal fee, and any required contribution to an escrow account for taxes and insurance (excluding the first-year insurance premium)) and there is no requirement for private mortgage insurance. Rural Development can offer a moratorium on loan payments for up to two years if a borrower's income decreases by at least 20% by no fault of their own.
During construction, Section 502 funds are advanced from the Rural Development finance office in St. Louis and disbursed by the local offices to the self-help grantee. Grantees prepare the drawdowns and checks for each participant's account as needed to purchase materials for different phases of construction. This funding can be used for either new construction, acquisition rehab and in certain circumstances, owner-occupied.

Rural Development Section 504 Single Family Housing Repair Loan & Grant

Also known as the Section 504 Home Repair program, this provides loans to very-low-income homeowners to repair, improve or modernize their homes or grants to elderly (62 or older) very-low-income homeowners to remove health and safety hazards or remodel a dwelling to make them accessible to a household member with a disability. The maximum loan is $40,000 and the maximum grant amount is $10,000. This funding could be used with the owner-occupied rehab program, or other funding could be sought.

The 523 Self-Help Housing Technical Assistance Grant

For organizations to operate a self-help housing program, Rural Development provides technical assistance (TA) grants. The TA grant is for a period of up to two years, and is available to nonprofit organizations, federally recognized Tribes, and units of state or local government. The amount of grant funds an organization can receive is based primarily upon how many houses they build or repair in a grant period. For new construction programs, an organization can receive up to 15% of the average cost of a similar new home in their area, for every home they are planning to build. Check with your Contractor for other methods of determining grant amounts for repair programs.

Allowable uses of Section 523 technical assistance grant funds include:

- Recruit eligible households to participate in the self-help program.
- Hold training meetings with participants on the self-help process and homeownership topics such as mortgages, insurances, taxes, and maintenance.
- Assist participants to obtain and develop building sites; obtain or create Rural Development-approved house plans and help participants select theirs.
- Help participants bid and select building supplies and subcontractors; train participants in construction techniques and provide construction supervision.
- Supervise participant Section 502 loan accounting, including:
    - Totaling invoices and itemizing payments to suppliers and subcontractors.
    - Maintaining records of deposits and withdrawals.
    - Preparing checks (accompanied with invoices and statements).

Disallowed activities using Section 523 Technical Assistance grant funds are:

- The use of any TA funds to pay staff to provide labor on the houses.
- Purchasing any real estate or building materials for participating families.
- Paying any debts, expenses or costs which should be the responsibility of the participating families.
- Any lobbying activities as prohibited in 2 CFR 200 subpart F.

Regulations

The main regulation that governs the Self-Help Housing Program, RD Instruction 1944-I, can be downloaded from the following web-link: https://www.rd.usda.gov/files/1944i.pdf. Additionally, USDA Rural Development provides an overview and guidance for the Self-Help Housing Program in the USDA RD Handbook 3550 Appendix 13. Appendix 13 guidance includes an overview of the following:

- Overview of Self-Help Housing
- Application Processing Priority
- Self-Help Loan Application Packaging
- Environmental Reviews
- Appraisals
- Loan Approval and Closing
- Selecting a Contractor
- Construction Documents
- Sub-Contracts
- Administering Construction Funds
- Self-Help Inspections
- Post Closing Leveraged Loans/Grants
- Participant Withdrawal
- Construction Closeout
- Self-Help Take-out Loans
- Other Loan Financing
- Rural Eligibility Reviews

The T&MA Contractors

Rural Development contracts with four Technical and Management Assistance (T&MA)

Contractors to assist operating and potential self-help housing grantees. This assistance ranges from staff and board training, grant management, and development of applications to 502 loan program and processing training, newsletters, and conferences, among other services. These services are provided at no cost to the grantee.

The four contractors are:

- Florida Non-Profit Housing – covering Region I, the Southeast, including the states of AL, FL, GA, MS, NC, SC, TN, Puerto Rico, and the Virgin Islands.
- LIFT CAA fka Little Dixie CAA – covering Region II, the South-Central US, including the states of AR, KS, LA, MO, ND, NE, NM, OK, SD, TX, and WY.
- NeighborGood Partners fka NCALL – covering Region III, the Northeast and Midwest, including the states of CT, DE, IA, IL, IN, KY, MA, MD, ME, MI, MN, NH, NJ, NY, OH, PA, RI, VA, VT, WI, and WV.
- Rural Community Assistance Corporation (RCAC) – covering Region IV, the Western US, including the states of AK, AZ, CA, CO, HI, ID, MT, NV, OR, UT, WA, and the Western Pacific.

Self-Help Training Handbooks

The T&MA Contractors have produced a variety of training materials for the purpose of assisting grantees and training grantee staff. The following is a list of the available self-help handbooks. Please contact your T&MA Contractor for a copy or for more information.

- Accounting for Individual Borrower 502 Loan Accounts Handbook
- Acquisition and Owner-Occupied Rehab Handbook
- Board of Directors Governance Guide
- Construction Supervisor Handbook
- Custodial Accounting for Mutual Self-Help
- Feasibility Handbook
- Financial Management Handbook for Federally Funded Organizations
- Group Coordinator Handbook
- Orientation Handbook
- Orientation for Grantees PowerPoint
- Pre-Construction Meeting Handbook
- Program Director Handbook
- Section 523 Self-Help Housing Application Training PowerPoint

- Section 523 Technical Assistance Grant Application Handbook
- Self-Help 502 Loans Guidebook
- SHARES Handbook

ROLES AND RESPONSIBILITIES OF THE CONSTRUCTION SUPERVISOR

This staff position is one of the most important to a self-help grant program. The success of the timely and appropriate construction of a group of houses can be tied directly to the professionalism and dedication of the Construction Supervisor. This staff person must be skilled in construction methods, terminology, materials, applications of those materials, and be knowledgeable of codes, regulations, and building requirements of Rural Development. This person must be a teacher, inspector, supervisor, counselor, troubleshooter, and act as a foreman throughout the building process of a group of houses. In addition, the Construction Supervisor must have an even temperament to be able to deal with different kinds of conflicts.

Some of the Construction Supervisor's duties are:

1. Ensuring that all the houses are constructed according to plans and specifications in a workmanlike manner so that each house passes all inspections (local and Rural Development).
2. Preparing accurate estimates of construction costs and assisting in budget creation.
3. Developing contracts for subcontractors and suppliers.
4. Coordinating all family labor and subcontractor work.
5. Maintaining construction progress according to the developed schedule.
6. The safety of all people on the job site, with weekly safety training meetings.
7. Regular inspection and maintenance of power tools, keeping them in safe working conditions.

It is **not** the Construction Supervisor's job to build the houses, but to train and supervise the participating families to build their own houses. The following items suggest ways for the Construction Supervisor to accomplish these challenging tasks.

1. Adjust your working schedule, when possible, to the times most convenient for the Self-Help participants to work, which is usually evenings and weekends.
2. Keep friendly and productive working relationships with the group.
3. Motivate through encouragement.
4. Be fair and impartial in assigning jobs to participants.
5. Keep detailed and accurate records of owner labor, which tasks were performed, and which home was worked on. This is very important in avoiding disputes.
6. Make sure that material of the proper quality, quantity, and type are at the job site when needed so that work will not be delayed.
7. Examine all materials as they are unloaded to ensure the correct quantity, type, and quality of materials are being delivered.

CONSTRUCTION MANAGEMENT

CONSTRUCTION SPECIFICATIONS

Specifications will be necessary for many phases of the construction process (site development, house plans, material supply, and subcontractors). The Construction Supervisor oversees, and in some cases, writes the construction specifications (RD Form 1924.2 - Descriptions of Materials). An engineer typically writes the site development specifications.

The definition of a good construction specification is one that is simple, clear, and as complete as possible. Construction specifications need to be concise. A specification must be detailed enough to explain the specific step or material in the construction process. The information must eliminate any degree of confusion or misinterpretation. This is especially important when the agency subcontracts for labor and orders materials for the task. Please refer to 1924-A and 1924-C which are cited in the appendix, page 39.

The following items need to be taken into consideration when developing good construction specifications.

- Who is going to do it?
- What construction standard or code is used?
- What materials or equivalents will be used?

- What type and term of warranty is required?
- Specific brand or model to be used as basis for comparison.
- Describe the method of installation.
- Describe the specific quantity: square feet, cubic yards, etc.
- Describe the quality of the product: size, style, model number.

Specification Types

There are five types of specifications generally used in the construction trades: technical, performance, reference, brand name, and other proprietary specifications. The Construction Supervisor should understand the uses of and differences between these various types of specifications.

Two Types of Instructions for Building a Home

Always remember that there are two types of instructions for building a home, written and graphic: the graphics being the blueprints or plan and the written portion being the specifications or "specs." If ever in doubt, the specifications take precedence over the drawings. When specs are completed and prepared for each family, the family should initial each page and sign the last page, signifying that they have read and have had each section explained to them.

Description of Materials (Form RD 1924-2)

For the purposes of self-help housing the "Description of Materials" form RD 1924-2 will be used for the specification sheet. Make sure each section is clearly labeled and make sure your form has been reviewed and clarified with the house plan because if anything is unclear the spec sheet is the one that should and will be followed. Rural Development requires a Description of Materials (spec sheet), a cost estimate and a house plan for each family docket submission. If any of these items are missing, then it may hold up the application process.

Change Orders

As a Construction Supervisor you are responsible for managing all aspects of the homes as they are being built. Changes to any portion of the homes, whether there is a cost involved or not is considered a change order. Any structural, mechanical, or material alteration to the original plans and specs is considered a change. The common practice for self-help agencies is to have a ZERO change order policy. No changes will be allowed to these homes whatsoever. The families

will need to understand that they have agreed to build their homes as per approved plans and specifications. Any additions or changes they wish to make may be done once all homes are complete, and they have moved into their home.

Sometimes unexpected conditions will arise and a change order will become necessary. A process should be implemented to inform all interested parties of the change. Each Grantee should establish an internal process that they would like their Construction Supervisor to follow. Rural Development also has a process, and the proper change order forms must be utilized for documentation purposes.

Should a change become necessary, please contact your T&MA provider for assistance to ensure proper channels are followed and that the correct documentation is completed.

HOUSE PLANS

Obtaining suitable house plans for your self-help project can be a laborious task, but it does not have to be.

Standardized Plans

The agency will find that using standard plans offering prescribed variations of square footage, bedrooms, and bathrooms, and exterior style will make its job much easier. Smaller agencies might have to contract out the design of house plans or order out of house plan books. It is recommended that you visit your T&MA provider and ask to review current house plans for homes built in the area by other grantees.

House Plan Amenities

The house plans will vary in size and design to accommodate a broad spectrum of family structures. We must always keep in mind that each home should fit a definition of modest housing. The grantee should incorporate energy efficiency into the house design. When planning to design and build a new home, optimizing home energy efficiency requires a whole house systems approach to ensure that you consider all the variables, details, and interactions that affect energy use in the home. In addition to occupant behavior, site conditions and climate, these include:

- Appliances and home electronics
- Insulation and air sealing

- Lighting and daylighting
- Space heating and cooling
- Water heating
- Windows, doors and skylights.

Financed dwellings cannot exceed the maximum dollar limitation established by Rural Development for the area in which the property is located. It is always recommended to check with your Rural Development office for guidance.

House Plan Cost

As with everything else in today's market, prices seem to keep rising. The cost of house plans is no different. House plans must be certified by an architect or engineer, and Rural Development requires this certification with all plans.

CONSTRUCTION ESTIMATING

Introduction

For our purposes in construction estimating, we need to account for *every* item that is needed in the project. Because of this, construction knowledge is very important. Every possible material item should be considered and/or listed so that it can be properly priced.

One of the primary responsibilities assumed by the self-help grantee is the accurate and accountable disbursement of the 502 loan funds. One of the areas in which many self-help programs get into trouble is inaccurately estimating the cost of construction in the self-help program. Accurate cost control and accounting are dependent upon consistent and thorough cost estimating. Any grantee that does not accurately estimate the cost of construction in the program has failed to live up to the bargain made with the participants and jeopardized the family's ability to repay the mortgage to Rural Development.

Some commonly used software programs, such as HomeWyse and National Cost Estimator, are available to help with the estimating process. Contact your T&MA provider for additional assistance.

Recommended Estimating Process

The recommended method of construction estimating requires a detailed analysis of the

proposed house plans and specifications. Construction Supervisors should perform quantity take-offs, which will list the actual quantity of every item needed to build the house based on the "Description of Materials.". Once complete, the individual items should be compiled and summarized onto a "Cost Estimate Summary" form which will also include a detailed subcontractor scope of work, lot costs, permits, fees and all other applicable information. Construction Supervisors must prepare a separate Cost Estimate Summary for each participant. Grantees should strive for price guarantees on all building materials and subcontracted labor. Building suppliers do not like to guarantee pricing, but if you are a good negotiator, the supplier should concede on that issue to obtain the business. When estimating materials to be used always remember that the most, current codes are considered. The Construction Supervisor should be well versed in local codes, construction methods, building materials and components.

Dwelling Requirements

Dwellings financed under the 502 loan for the self-help housing program must provide modest, decent, safe, and sanitary housing. Dwellings financed cannot exceed the maximum dollar limitation established by Rural Development for the area in which the property is located.

Summary

Construction estimating is not something that should be taken lightly. Too much emphasis cannot be placed on accurately pricing a house.

Mutual Concept

Mutual self-help is the method by which participating families, organized in groups of four to 10 families and utilize their own labor to reduce the total construction cost of their home by contributing labor to the group, thereby earning a "sweat equity" down payment.

Administrative Notice (AN) #4845) Subject: Self Help Technical Assistance Grant Servicing, has the purpose of clarifying acceptable contributions of labor by families in the construction of their homes under the Mutual Self-Help Housing program. The current Self-Help regulation does not detail what is actually involved in performing specific tasks resulting in many interpretations of the labor that must be completed to earn the credit percentage assigned to a particular task. Clarification is needed to assure that applicants are made fully aware of the tasks that will be expected of them to meet the requirement of at least 65 percent of the actual labor to build their homes. Exhibit B-2 of RD Instruction 1944-I (see appendix, page 39)

provides a breakdown of construction tasks for determining percentages of construction completed. To earn the percentage assigned to a particular task, families are required to perform the work as specified. They must complete a significant portion of the actual work associated with the task to receive the designated credit percentage. The actual assigned family tasks must be included in the Group Membership Agreement. Some Rural Development offices allow for site clean-up to count as it keeps the jobsite safe.

RECOMMENDED ACCEPTABLE AND UNACCEPTABLE ACTIVITIES ON THE JOB SITE

The Construction Supervisor should make sure that all persons (family members, self-help staff members, volunteers, contractors, etc.) involved in the construction process follow these procedures:

- Children under 16 should not be allowed at the job site during construction.
- A practical dress code should be followed. (Any clothing that could be considered disruptive or unsafe should not be allowed.)
- Cell phones should be used only during breaks or in an emergency.
- Biased, inflammatory, or lewd language, sexual harassment, or physical abuse will not be tolerated on the job site.
- The use of alcohol or any controlled substances will not be allowed on the job site.
- Tobacco products can only be used during breaks and smoking is prohibited inside any home.
- Friends, relatives, or volunteers cannot receive any compensation whatsoever for helping family members.

Construction Safety

The Construction Supervisor is the first line of defense against accidents and injuries on the job site. The Construction Supervisor not only trains the group in tool use and construction methods but also provides training on how to use tools and perform tasks safely. The Construction Supervisor should design safety training for the group to fully develop the skills necessary to safely use construction tools. The training should not only include the correct

methods of tool use but must cover general tool maintenance (e.g. cleaning saws, securing ladders, extension cords and tool storage).

The Construction Supervisor should maintain a safe job site during construction. He or she will need to develop a reliable sense for what's not right with the job site and be prepared to correct each problem as it arises. During pre-construction meetings and at least weekly during construction, the Construction Supervisor should discuss job-site safety with the group. Safety discussions should include hazards pertinent to the upcoming phase of construction, any problems that need to be corrected and reminders on proper use of tools. In addition, the Construction Supervisor should routinely maintain first-aid supplies weekly and continuously check the job site for debris and hazards.

The self-help agency and/or Construction Supervisors should be responsible for developing a safety checklist that can be used to perform on-site safety inspections.

Safety Guidelines

The self-help agency and the Construction Supervisor should develop safety guidelines and procedures to follow in the event of an accident or an emergency on the job site. A safety plan should be put into place and rehearsed regularly as part of pre-construction meetings or on-site safety meetings. Participants must have a clear understanding of their role in the event of an accident or emergency.

Practical knowledge of general first-aid and emergency assistance should be a part of the Construction Supervisor's training. Many areas have service organizations (American Red Cross, YMCA and YWCA), which train individuals in first-aid, CPR and safety in the workplace. In your area, check your yellow pages or on-line local searches under the following headings: first-aid instruction, first aid supplies, safety equipment and safety consultants along with the above-mentioned organizations.

Emergency Phone Numbers

The self-help agency and the Construction Supervisor must maintain a list of telephone numbers in the event of an emergency. This list must be readily accessible. Construction Supervisors only need a minimal emergency telephone number list; they will not have a lot of time other than to telephone a hospital or call an ambulance and utility companies. However, the agency should maintain a complete list of phone numbers for each group member during

construction. Important numbers would be children's schools, family church, family doctor, babysitter, nearest relative, etc. Each agency must provide the Construction Supervisor with an accurate and up-to-date list of emergency phone numbers. This list must be appropriate for each project the Construction Supervisor oversees. For example, if the project is composed of scattered sites, the information provided must consider the distance to the nearest facility.

Reporting an Accident

Safety is the responsibility of everyone on the job site. The self-help agency must develop clear, easy to follow instructions for reporting an accident. In addition, the agency must determine what the Construction Supervisor should do until emergency help arrives. It should be a requirement of the agency that the Construction Supervisor have knowledge of basic first aid to include treating burns, cuts, shock, apply tourniquet, performing CPR and treatment of venomous bites. Not all accidents and reporting will be the same. Each self-help agency needs a firm policy and procedure for reporting any accident. Identify the issues of safety and liability during the planning stages.

- Job site safety is the responsibility of the Construction Supervisor.
- A proper understanding of tool use and safety, tool maintenance, and construction techniques must be developed during pre-construction meetings and during construction.

INSPECTORS

Working with Inspectors

Building inspectors should be treated with courtesy and respect. The Construction Supervisor has the responsibility of meeting with the inspector. The job site should be clean and ready to be inspected. Keep your communications with the inspector open.

When a building inspector arrives at the job site:

- Stop what you are doing.
- Be respectful in your greeting.
- Direct the inspector to the specific house/houses to be inspected.

REMEMBER: A job site should always be clear of debris and hazards, especially during an inspection.

The Construction Supervisor should accompany the inspector while the inspection is in progress. Keep in mind that building inspectors often have a wealth of information that they are quite willing to share.

How to Prepare for the Inspection

The Construction Supervisor needs to be prepared for the inspection process:

- Have the phase that is to be inspected completed and ready for inspection.
- Confirm date and time of inspection.
- Have all needed forms filled out, signed and on hand.
- Have the job site clear of debris.
- Keep all inspection records and paperwork on the jobsite.

Local Inspections

Self-help agencies will generally have all construction inspected by the local city and county building inspector although in some regions a separate Rural Development inspection may be required. It is extremely important that the Construction Supervisor meet with the local building inspector before each construction project begins.

Rural Development Construction Inspections

The Rural Development inspections are meant to observe the project's progress, and to assure the Rural Development staff that the project:

- Is built to the Rural Development approved plans.
- Tasks submitted for draw requests are 100% complete.
- Is progressing on schedule.
- Will pass final Rural Development inspection.

NOTE: These inspections are similar to a conventional bank's inspection; Rural Development is concerned that its investment is secure.

REMEMBER: Never allow a Rural Development inspection to occur without the presence of the Construction Supervisor or a representative of the self-help agency on the site.

MAINTAIN A GOOD RELATIONSHIP WITH RURAL DEVELOPMENT

The agency staff must work towards maintaining good communications with Rural Development. This is especially true of the Construction Supervisor. The Construction Supervisor, as the agency's field representative, must maintain and promote good relations with Rural Development officials in the field. This will not always be easy. Any complaints with a Rural Development official, no matter how well-founded, must be taken through proper channels.

A Construction Supervisor's Rules of Professional Behavior

Maintain open communication lines with Rural Development staff and keep them updated on group progress and budgets, which is in the best interests of the Grantees and participating families.

The Construction Supervisor must direct all complaints with a Rural Development Office and other government officials through the self-help agency. In addition, when a problem arises on the job site that the Construction Supervisor cannot resolve, it needs to be directed to the self-help agency. The self-help agency should provide the Construction Supervisor with direction as to the procedure to follow in documenting and reporting problems and complaints. To resolve a problem, document and report it.

REMEMBER: The project's success depends on your tact and good sense every day, but especially in a crisis.

The project's supervision requires attention to detail and timing. The Construction Supervisor may assist in and direct the following tasks:

- Maintaining records of family labor contributions and commitments.

- Project scheduling, charts, and checklists.
- Material take-offs and cost estimates.
- Bids, scopes of work and contracts for material and subcontracted services.
- Preparing purchase orders and ordering materials.
- Material-handling and bill-paying procedures.
- Report preparation and record keeping.

REMEMBER: The Construction Supervisor role is key to the success of the project and viability of the grantee executing the grant.

Group Supervision

With a few exceptions, the group members will probably have little to no construction experience. Often, any experience that a member of the group has will be outdated or simply wrong. Retraining an individual with some experience often requires as much or more effort than training complete novices. (When you do find that you have an individual with some experience, be very cautious of how you determine the quality of that person's expertise.) The group members are not employees of the agency or the construction supervisor and can seldom be supervised in the same way as a paid construction worker.

Supervising nonskilled participants is often the most difficult task facing the Construction Supervisor. Gaining the group's cooperation, respect and trust is not always easy. In addition, getting consistent, good quality work from the participants while avoiding conflicts among them is also a challenge.

REMEMBER: The Construction Supervisor must develop communication skills necessary to encourage, motivate, persuade, and train.

QUALITY CONTROL

The Construction Supervisor must remember that the ultimate goal of the self-help housing program is to provide decent and affordable housing opportunities to those who would not typically be afforded this possibility without this unique program. To this end, the

Construction Supervisor's role is to train and guide the group members in the construction of their houses.

NOTE: The housing produced by the group members must pass both the local jurisdictions and Rural Development final inspections.

To ensure the Rural Development housing standards are met, the Construction Supervisor must:

- Assist the group to produce quality housing
- Adhere to the approved house plans and specifications

The Construction Supervisor must know the local building code, the Uniform Building Code, the MEC (Model Energy Code), Rural Development construction guidelines and the generally accepted methods of residential construction. As important as knowing and understanding the subject matter, the Construction Supervisor must be able to demonstrate this information and concepts in a positive and motivating way to ensure adherence.

The Project Diary

The Construction Supervisor should maintain a project diary. A project diary includes a brief description of each day's important events, such as: material delivered, subcontractor's work, any problems and their solutions, houses worked on and their progress and inspections and their outcome.

The diary should record details of any conversations the Construction Supervisor has with inspectors, subcontractors, or suppliers. The recorded detail should include at least the following facts: date and time, name and agency, reason, weather conditions, etc.

In addition, the project diary can be a resource for documenting complaints and disputes among the group, or with suppliers and subcontractors and with inspectors and Rural Development. It is also a good idea to keep a record of the names of any visitors to the job site in this diary.

REMEMBER: Record your observations and comments regarding any dispute at the job site in your project diary. Be sure to transfer the information to the agency's permanent files.

Keeping Organized

The Construction Supervisor will assist the other agency staff members to develop a system that can organize, control, and direct the constant paper flow through the self-help program. A Construction Supervisor's filing system has three functions:

- To maintain delivery receipts for materials.
- To organize house plans, permits and inspections.
- To update the group's progress reports.

Organize House Plans, Permits and Inspections

The Construction Supervisor needs a field copy of each different house plan in the project. In addition, the Construction Supervisor should have a copy of the following plans:

- Site plans - grading and drainage, utility, off-site improvements, curbs and gutter, street and landscaping.
- A copy of all specifications for each plan.

NOTE: Having a copy of these various plans and specifications at the field office is critical when the project is located at an inconvenient distance from your agency's main office. In addition, the field office must have the original building permits for each building site. These need to be kept in a safe place and in good condition.

A Comprehensive Filing System

The Construction Supervisor needs a comprehensive filing system to maintain the general records of the group and the project. This file should contain a record of each family (family data, emergency contacts), and each family's house (lot number, house plans, colors, and finish specifications).

The Construction Supervisor should also maintain field construction progress records. These records will ultimately be used by the agency to update its progress reports for Rural

Development Quarterly Reviews and their reports. Specifically, the Construction Supervisor uses an equivalent unit (EU) checklist to update the Rural Development report and update the completion schedule.

References:

- Description of Materials (Form RD 1924-2)
- Change Order
- Sub (bidding)

SELECTING THE RIGHT SUBCONTRACTOR

The grantee is responsible for obtaining bids and referrals from subcontractors on behalf of the participating families. In most cases the grantee will coordinate all the work involved in receiving the bids and referrals and then will relay the information to the participants to determine who is the lowest responsible bidder and if the bidder is credible. The grantee should not be confused as being a general contractor; their role is just as a coordinator, organizer, and advisor to the participants.

Before the bidding process can even start, the grantee or the participant must provide the subcontractors that are going to be bidding the job a complete copy of the blueprints and specifications and any other data involved in the subcontracted task. For competitive bidding to be a valid procedure, all competitors must bid under the same conditions for an identical scope of work. There are no laws stating that certain contractors cannot perform specified work other than requiring them to have the proper license. So be very careful in qualifying a subcontractor by local directories.

Prior to obtaining bids from prospective subcontractors, the grantee should schedule interviews with them to discuss the self-help program and how it differs from conventional home building. The grantee should clearly outline the family participation in the construction process that families are required to do 65% of the labor tasks. The grantee should make the subcontractor aware that the timing between certain tasks will generally take longer than a typical market home building and that they will need to price accordingly. Some contractors will need to submit two proposals, one for rough in phase and one for final completion.

After examining the drawings and specifications, some subcontractors may want to visit the jobsite. When submitting a task for bid to subcontractors always tell them the location, availability of electric, water, telephone, local ordinances, storage of equipment, delivery information, topography, and drainage, etc. Give subcontractors access to all available information concerning the project. Always make sure that you give the subcontractor a firm date by which you need the bid. All too often subcontractors wait until the last minute before giving an estimate. Make sure the subcontractor is aware of the length of the project so they can guarantee pricing accordingly.

Make sure references are acquired from other jobs where similar work was performed. Once a subcontractor is selected, each Self-Help family must sign a construction contract with each subcontractor. Example: RD Form 1924-6 "Construction Contract," (see appendix, page 61). The contract should also list the grantee's requirements that the subcontractor must comply with and specify the conditions under which payment may be withheld or another contractor substituted.

The subcontractors' work should be inspected carefully. Errors or changes can be handled with little trouble and time if dealt with right away. Subcontractors are sometimes requested by owner/builders to grant extensions of the acceptance time. Subcontractors are generally willing to oblige, but sometimes in their eagerness to get the job they will agree to such an extension without giving the matter sufficient consideration. Such action means that the completion date of the project will be set back by the length of time equal to the extension of the acceptance period. Due to increased wages and material costs, a subcontractor may not be willing to extend the original acceptance period. When increased costs are anticipated and the subcontractors do not wish to absorb them, they should quote the required additional amount in exchange for extending the acceptance period.

Problems with subcontractors usually evolve from lack of communication. Make sure that contracts and payment schedules have been clearly defined. If the subcontractor is not fulfilling the contract or the work is poor quality, and all attempts to work things out have failed then you have no choice but to release the subcontractor from the job. Hopefully having to terminate a subcontractor is the last resort, particularly since replacing them after work has begun can be even more difficult. Obtaining bids and choosing the right subcontractor can be quite an experience. Good preparation is the answer to a successful project.

CONSTRUCTION PLANNING & SCHEDULING

Time management is an important aspect of job control. If a construction project is to proceed efficiently and be completed within the contract time, the work must be carefully planned and scheduled in advance. Construction projects are complex, and a large job will involve literally thousands of separate operations. If these tasks were to follow one another in single file order, job planning and scheduling would be relatively simple, but this is not the case. Each operation has its own time requirements, and its start depends on the completion of certain preceding operations. At the same time, many tasks are independent of one another and can be carried out simultaneously. Thus, a typical construction project involves many mutually dependent and interrelated operations that in total combination comprise a tangled web of individual time and sequential relationships. When individual task requirements of materials, equipment and labor are superimposed, it becomes obvious that project planning and scheduling are very complicated and difficult management functions.

The traditional basis for the planning and scheduling of construction projects has been the bar chart. This graphical representation of work versus time is a useful and convenient device for depicting an established schedule of construction operations and recording its progress. The bar chart is very useful. Its unsurpassed visual clarity makes it a very valuable medium for displaying job schedule information. It is immediately intelligible to people who have no knowledge of CPM (Critical Path Method), or network diagrams. It affords an easy and convenient way in which to monitor job progress, check delivery of materials, schedule equipment and crews, and record project advancement. For these reasons, bar charts will undoubtedly continue to be widely used in the construction industry. Conventional bar charts can be quickly derived from a project schedule. Activities may not always be the most desirable basis for bar chart preparation or usage. Simpler diagrams with fewer bars and showing larger and more comprehensive segments of the work may be more suitable for ordinary job applications. In such a case it is an easy matter to combine strings or groups of activities into a single bar chart item.

Scheduling Subcontractors

Knowing where you're going before you get there is half the battle so don't omit

Construction Schedules from your plan.

Despite having executed contracts and agreements with subcontractors, one of the most common problems that persists is getting the subcontractors on the job when needed and keeping them there until the job is completed. Here again is where the construction schedule comes in handy as a valuable management tool. If the schedule is adhered to, the grantee can give subcontractors plenty of notice of when they will be needed on the job. Both starting and completion dates can more accurately be negotiated. To further maximize the usefulness of the construction schedule, on-site meetings should be arranged with subcontractors prior to them starting their work to coordinate in detail the work to be done, and during construction to review their progress and performance. Each subcontractor should receive a copy of the construction schedule so that they are fully aware of the organization's construction interdependencies and timelines. Of course, there may always be dilemmas that arise, but with a feasible construction schedule, and open and clear lines of communication, problem solving becomes much easier.

Following these simple guidelines will minimize most of the problems that arise with subcontractors. Remember, clear communication and prompt action is essential.

Inexpensive software is available to assist you in creating and maintaining an up-to-date schedule.

"MUTUAL" SELF-HELP HOUSING A CONSTRUCTION SUPERVISOR'S GUIDELINE TO SUCCESS

"Coming together is a beginning. Keeping together is progress. Working together is success." - Henry Ford

Keys to a successful build group:

- **Identify yourself as the Leader**—A common mistake to make is the failure to recognize that for any team endeavor a leader must either be identified or emerge. The leader does not have to be a totalitarian. The leader is there to guide the process, ensure resources are supplied and coordinate efforts.

- **Establish Roles and Responsibilities and discuss what each person "brings to the table"**—Understanding the various roles and responsibilities of the team is critical to success. Taking time to understand the expertise level and special interests of each team member will allow people to be matched to their ability to complete the task.

- **Establish a set of Goals and Objectives**—With any team, identifying and understanding the goal is paramount. Set long and short-term goals, every team must set realistic and achievable goals. **HOMEOWNERSHIP** is the ultimate goal!

- **Establish a Schedule for Managing Time to complete the task/meeting**—Effective scheduling is not about getting a large quantity of work completed. You can get a lot of work done and still have an ineffective day if that work is not important to your objectives. Effective scheduling is about making sure that you identify your most important task for each day and that you get that task completed.

- **Establish ground rules for Job Site**—"An ounce of prevention is worth a pound of cure." As it relates to build groups, no truer words apply. When families meet and work together there should be set standards that establish how family members will behave toward one another. This is not just a way to ensure courtesy to one another, but it also ensures that the team's time together ends up being used effectively and efficiently.

- **Create a safe work environment**—Educate families in proper safety procedures, such as how to avoid hazardous conditions on the build site, inspect all equipment to be sure it is in working condition and be prepared for any emergency.

- **Promptly and properly deal with disruptive behaviors**—No matter how well a team prepares for maladaptive behavior and attempts to prevent it, such behavior will occur. This is especially true with any group of unfamiliar people. When these behaviors are ignored and left to fester, they will certainly drag a build group into dysfunction.

- **Stress getting started on time and being productive on site**—Families can waste a lot of time and having a policy that mandates that they show up on time, ready to work and

dressed appropriately is critical to progress. Establishing guidelines for cell phone usage on site is also crucial for production and safety.

- **Remember**—These are participants who were probably not previously acquainted with each other and have been thrown together to build four, five, six or even more houses as a group. It would be in the grantee's best interest to make the process run as smoothly as possible to ensure the construction will be completed on a timely schedule.

Group Motivation

Every group goes through cycles of high and low motivation.

Early in the construction process, when progress is most visible, the group members are eager and highly motivated. After three or four months of construction with delays, bad weather conditions, problems with subcontractors and suppliers, motivation and morale may be at a low ebb among the individual members or the group as-a-whole. The Construction Supervisor must be able to improve morale by motivating individual members as well as the whole group.

One of the best day-to-day tools to use in solving this difficult problem is to be encouraging and complementary in front of the group. A Construction Supervisor giving encouragement and compliments on a regular basis can do wonders for morale. These can be as simple as any of the following examples:

- "Great work!"
- "Now you have got the hang of it!"
- "Why don't you show the rest of us how you did that."

Give people a reason, and they often perform beyond expectation.

Group Communication

The Construction Supervisor is responsible for leading the group successfully through the construction process. This is much easier said than done.

The Construction Supervisor must start off with and maintain leadership of the group. A position of leadership allows the Construction Supervisor more opportunity to be accepted as an authority figure and trainer who can motivate and assist the group through problems.

The communication should include today's work plans, tomorrow's plans, locations, and task and labor needs from the group. Always keep the families informed of their next scheduled day's workload, time and location. The group should keep the supervisor informed of their needs and intentions so that the most can be accomplished each day.

Group Problem Solving

Problem solving is a skill that must be taught to the group by the Construction Supervisor. Because of the many group decisions that need to be made during construction, decision- making and problem-solving skills should be part of the group meetings.

REMEMBER: The group must try to solve its own problems first. The Construction Supervisor is not a referee. Do not allow yourself to be pulled into this role.

Potential problem areas should be discussed with the group. Acceptable solutions to the problems can be found in group meetings and sessions. Discuss these sample problems:

- Handling a non-participating family member.
- Judging the qualities of a family's labor performance.
- Stopping disruptive behavior on the job site.

The Construction Supervisor should introduce these potential problem areas and ask the group how they will handle them.

REMEMBER: Make it clear to the group members that they must monitor their own behavior and solve their own problems as much as possible.

In addition to the Construction Supervisor's responsibility, recognizing and solving problems within the group is the mutual responsibility of each group member. If problems are persistent and are beyond the capacity of either the group or the Construction Supervisor to

resolve, notify the self-help Director. The Construction Supervisor must not let little problems grow into unsolvable situations.

Also Note: If an individual, a family, or the whole group is at an impasse on an issue that you have no solution for, you must go to your Executive Director or Program Director for assistance and follow the Group Membership Agreement. An agency will consider releasing a participant from his or her contract during the construction phase only as a last resort. If possible, avoid this action by all means.

Failure to Meet Labor Contributions

Participants' failure to meet their labor contribution is to be treated as a breach of contract to the group. This failure to keep a mutual promise to the group to assist each other must be responded to as quickly as possible. The membership agreement should contain a clear description of what will occur if the participant fails to contribute the agreed-upon weekly labor contribution.

The Construction Supervisor encourages the participants to uphold the Labor Commitment.

The Construction Supervisor should ensure that participants fully contribute their hours as agreed under the labor commitment to ensure the success of the project and to avoid their individual expulsion from the group. The exact procedures to be followed when a participant fails to meet their labor commitment should be incorporated into the Membership Agreement and carried out quickly by the self-help agency.

Keep the Group Aware of Its Commitment

There is no set, guaranteed method that assures the group or the Construction Supervisor that each participant will fully meet his labor commitment.

The following are suggested steps to follow when a participant shows signs of not maintaining his promised labor contribution to the group:

1. The Construction Supervisor will contact the participant at home and will determine:

a. If the participant has a problem that will temporarily excuse him or her from the labor commitment.

b. If the reason for the member's non-participation does not appear to be acceptable, the Membership Agreement Labor Commitment letter needs to be explained in full to the participant. (At this time, remind the participant of the labor agreement that was acknowledged and signed and that included in this agreement is the "Labor Contribution Commitment".)

c. In addition, the participant should be informed of the repercussions that will result from a continued failure to assist the group as spelled out in the Membership Agreement.

d. If the participant agrees to return to the group's project, make the participant aware of how many hours he needs to make up to be in-compliance with the total number of group hours.

2. If the Construction Supervisor and the group fail to get a member to return to work, the group members' problem must be discussed with the Program Director.

3. The self-help agency can choose to stop all work on that participant's house until the hours are made up. The Construction Supervisor must realize that this action may force this participant from the Self-help program if he or she does not return to fulfill the labor contribution commitment immediately.

4. The Self-Help Director or Program Director should determine when the participant to such an extent has breached the conditions of the Membership Agreement that there are sufficient grounds for the participant's expulsion from the group.

Maintaining Labor Contribution

The success of any self-help housing construction program is to have a clear understanding and agreement with Rural Development on how the Membership Agreement's "labor contribution" will be viewed. Specifically, what the Construction Supervisor needs to know is what response and support the self-help agency can expect to receive from Rural Development.

An important step for the self-help agency is to get a commitment from Rural Development that they will listen to complaints only when all parties are present. This means:

- The self-help agency
- The family
- A representative of the group
- Rural Development

This action will protect the interests of all parties and will preserve the concept of the group's involvement in the actions of individual members of the group.

Conflict Management

Conflicts will arise sooner or later during the long construction process; they must be eased and eliminated before they disrupt the project. The types of conflicts which will arise during construction can range from minor annoyances, to disputes and to clashes. The Construction Supervisor must be aware of any rise in the tension levels of the group and not allow personality conflicts to become more than an annoyance. All personality conflicts must be dealt with quickly to ensure a smooth construction process for the entire group.

Avoiding Conflict

Avoiding conflict is a completely different facet of management. The Construction Supervisor should take every precaution to avoid the appearance of partiality among group members. Although it may be impossible to please every member of the group all the time, the Construction Supervisor will appear to be impartial through the following actions:

- Keep all houses in each group roughly at the same level of progress.
- Be fair and impartial in assigning tasks. Rotate assignments given to teams within the group.
- Remember that you are not dealing with experienced craftsmen and the construction abilities of the group will be limited. It is the responsibility of the Construction Supervisor to teach the group how to build these houses.

It will be very difficult for a Construction Supervisor to lead if the group feels that the supervisor plays favorites. The supervisor must be supportive of the group, and on occasion, must praise individual achievements as an example to the group. Be aware that this is a double-edged sword. Do not chastise a participant in front of the group.

Recording Construction Time

The group members and the Construction Supervisor should schedule their time and location with great care and attention. Especially if sites are scattered, the rotation of people from one site to another, assignments of special work teams, and a reasonable work schedule for the Construction Supervisor can all be very respectable challenges.

Ongoing construction planning must be done frequently, perhaps at the weekly group meeting. Recording hours should be done at least once a day by everybody involved in construction.

As a project staff person, the Construction Supervisor must record his hours on a Time and Attendance Report. The family's work hours, location and what tasks were worked on should also be compiled in a Construction Time Report.

Group Communication

The key to the group's success will be the Construction Supervisor's communication skills. Speaking with, training, and working with a diverse group of people does not come easily to many; but to the successful Construction Supervisor, it needs to be second nature.

If the participants think of themselves as a group, the group will be well on their way to producing mutual self-help housing.

REMEMBER: The participants are required to build their houses through mutual self-help techniques: mutual self-help means that with one another, the group will work on each of the houses in the project until together they finish them all. The Construction Supervisor will train and assist the group through the construction process.

Enforcing the Membership Agreement

It is difficult to pull a group together once they have run amok. If a Construction Supervisor loses control of a group, it is not easy to regain it. For this reason, the Construction Supervisor must make sure that little problems do not lead to bigger ones. The Construction Supervisor must maintain the group's attention on their common goal: finishing their houses. It may need to be clarified, repeatedly, if necessary, that the only way to reach the goal will be through strict adherence to the labor commitment pledged by each member of the group when they signed the membership agreement.

NOTE: The Construction Supervisor must review the Membership Agreement regularly and be prepared to enforce it.

Grievance Procedure

The Membership Agreement must contain a formal set of grievance procedures.

The grievance procedures must recognize the possibility of problems:

- Among the group members.
- Between the Construction Supervisor and the group.
- Between the group and the agency.
- Between the group and the Rural Development staff.

The procedure to resolve or mitigate a grievance must be logical and just; the group, if faced quickly and directly, can resolve most of the problems occurring among the group's members. The Construction Supervisor must keep the group moving smoothly through the construction process.

REMEMBER: The group should attempt to settle the problem first.

When a problem interrupts construction progress, the Construction Supervisor must act decisively to eliminate the source of the problem. The Construction Supervisor should encourage the members of the group to bring complaints to the weekly group meetings. At these weekly meetings, the Construction Supervisor, along with a neutral member, should facilitate the complaint portion of the session. The preferred outcome of this session is for the group to come to a consensus on how the problem should be resolved.

If the parties fail to agree to the consensus of the group, the Construction Supervisor should attempt to resolve the problem. This may at times prove difficult, especially if the Construction Supervisor, another self-help agency staff member, or Rural Development is directly involved in the disagreement.

If the Construction Supervisor is unable to resolve the problem, then a formal request is made to the self-help agency's Project Director and/or Executive Director or the Rural Development local office staff to assist in resolving the crisis. This request should be in writing. The request must present the problem and the surrounding issues in an unbiased manner.

REMEMBER: The Construction Supervisor must avoid all actions that will disrupt construction.

Construction Completion:

- Warranties
- Suggested maintenance schedule

NOTE: This handbook was designed as a tool to assist the Construction Supervisor in the day-to-day events of the construction of self-help housing. Because programs vary in their daily activities, this handbook may not be conclusive in the way your program should run. We suggest that you base your construction program on this guideline; however, it is not an absolute rule to management.

If you have any comments or questions, please contact the T&MA Contractor serving your area.

REGIONAL CONTRACTORS

Region 1: Southeast

Alabama, Florida, Georgia, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee and the Virgin Islands

Florida Non-Profit Housing, Inc.
Telephone: (863) 385-2519
Fax: (863) 385-1643
Website: fnph.org
E-Mail: fnph@earthlink.net

Region 2: South/Central

Arkansas, Kansas, Louisiana, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, Texas and Wyoming

Little Dixie Community Action Agency, Inc.
Telephone: (580) 326-5165
Fax: (580) 326-9239
Website: littledixie.org
E-Mail: kwhite@ldcaa.org

Region 3: Northeast and Midwestern

Connecticut, Delaware, Illinois, Iowa, Indiana, Kentucky, Massachusetts, Maryland, Maine, Michigan, Minnesota, New Hampshire, New Jersey, Ohio, Pennsylvania, Rhode Island, Virginia, Vermont, New York, West Virginia and Wisconsin

National Council of Agriculture Life and Labor Research Fund, Inc. (NCALL)
Telephone: (302) 678-9400
Fax: (302) 678-9058
Website: ncall.org
E-Mail: jlordan@ncall.org

Region 4: Western

Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington and the Western Pacific Territory

Rural Community Assistance Corporation (RCAC)
Telephone: (916) 447-9832
Fax: (916) 447-2878
Website: rcac.org
E-Mail: skeasling@rcac.org

APPENDICES

APPENDIX A: REGULATORY REFERENCES

Appendix A1: RD INSTRUCTION 1944-I

Self-Help Technical Assistance Grants
https://www.rd.usda.gov/files/

Appendix A2: RD INSTRUCTION 1924-A

Construction and Repair
Subpart A - Planning and Performing Construction and Other Development
https://www.rd.usda.gov/files/1924a.p

Appendix A3: RD INSTRUCTION 1924-C

Construction and Repair
Subpart C - Planning and Performing Site Development Work
https://www.rd.usda.gov/files/1924c.pdf

APPENDIX B: WEBSITE REFERENCES:

http://www.rurdev.usda.gov/	for USDA-Rural Development Home Page
http://www.rdinit.usda.gov/regs/	for USDA-Rural Development Regulations
http://www.policyworks.gov/	for GSA Office of Government wide Policy
http://www.bocai.org/	BOCA Building Codes, ICC, International mechanical codes, statewide building codes
http://www.icbo.org/	Your source for the International Building Code
http://www.sbcci.org/	Southern Building Code Congress International, Inc.
http://www.intlcode.org/	International Code Council (CABO has merged with INTLCODE)
www.fnph.org	Florida Non-Profit Housing, Inc.
www.littledixie.org	Little Dixie Community Action Agency, Inc.
www.ncall.org	NCALL Research, Inc.
www.rcac.org	Rural Community Assistance Corporation
www.hudclips.org	HUDCLIPs - Standard Forms and other HUD forms
www.hometime.com	Home Time - Lots of good tips, safety, etc.
www.residentialsteel.com	Residential Steel Construction Services
www.nahb.com	National Association of Home Builders
www.lowes.com	Lowes Companies, Inc.
www.homedepot.com	The Home Depot
www.84lumber.com	84 Lumber
www.nahn.com	National Affordable Housing Network - assists non-profits with house plans
www.nws.noaa.gov	National Weather Service
www.owenscorning.com	Owens Corning - vast array of building products

APPENDIX C: ADMINISTRATIVE NOTICES

Appendix C1: RD AN NO. 4845 (1944-I)
https://www.rd.usda.gov/files/

APPENDIX D: FORMS

Appendix D1: Membership Agreement Example

Introduction to Membership/Participation Agreements

The Membership/Participation Agreement outlines the construction responsibilities, the labor exchange commitment, the general rules of the group/rehab project, and grievance procedures for groups/individuals participating in the Section 523 Mutual Self-Help Housing Program. Whether your agency is operating a new construction, purchase/repair or owner-occupied program, the Membership/Participation Agreement is an important part of the program.

It is during the pre-construction meetings that the group coordinator and the construction supervisor review the details of this agreement with the group/individual. It must be made clear that the participants are being held accountable to fulfill the requirements outlined in the Membership/Participation Agreement.

It can never be stressed enough that, once the participants sign the Membership/Participation Agreement, all parties, including the grantee and staff, must consistently follow and comply with the terms of the agreement. Ultimately, the participants must accept responsibility for what happens during construction. Remember, the participants are providing the labor, and these are their houses. The participants must accept their responsibility of building and/or repairing houses by contributing their labor.

The Membership/Participation Agreements are templates. While they can be tailored to your agency and its needs, the changes should be minimal and maintain the compliance with the regulations surrounding the program. It is also recommended to include the Membership/Participation Agreement in the RD Section 502/504 Loan/Grant Docket for each participant.

NEW CONSTRUCTION MEMBERSHIP AND LABOR AGREEMENT

This agreement is entered into on the_____day of _____, 20___, between the members of building group _____, commonly known as _____
(group #) (Name of Building Group)

and hereinafter referred to as the "BUILDING GROUP MEMBERS" and (INSERT ORGANIZATION NAME) hereinafter referred to as "(INSERT ORGANIZATION NAME)." The principal location of building group (Insert Group #) is _____(Address, City/Town/County, State)

The (INSERT ORGANIZATION NAME) is an eligible entity that provides technical assistance and management services for building group members under the United State Department of Agriculture (USDA) Rural Development Mutual Self-Help Housing Program.

The (INSERT ORGANIZATION NAME) is NOT acting as a "general contractor", but an authorized agent on behalf of BUILDING GROUP MEMBERS, as a USDA Rural Development grant manager and technical advisor. BUILDING GROUP MEMBERS, as homeowners and builders, are the owner builders. The BUILDING GROUP MEMBERS agree to hold the (INSERT ORGANIZATION NAME) harmless for any purchases, even though such purchases may have been made by the (INSERT ORGANIZATION NAME) on behalf of the BUILDING GROUP MEMBERS.

The purpose of the Agreement is to foster the smooth accomplishment of the BUILDING GROUP MEMBERS' goal to construct houses. The BUILDING GROUP MEMBERS understand and agree with each other and with the (INSERT ORGANIZATION NAME) that this Agreement will control the progress of the project. Violation of any portion of this Agreement may result in implementation of Section VII of this Agreement. **USDA Rural Development is not a party to this agreement.**

I. COMMITMENT

The (INSERT ORGANIZATION NAME) agrees to provide technical assistance to the undersigned BUILDING GROUP MEMBERS as follows:

A. Pre-Construction Services

1. Locate and assist families in suitable USDA Rural Development building sites. In the event the families purchase their own lots, assist in approval of lot by USDA/Rural Development.
2. Recruit and determine preliminary eligibility of potential group members.
3. Prepare all loan application documents in accordance with Handbook-1-3550 including Attachment 3-A for submission to USDA Rural Development and work with USDA Rural Development on behalf of the applicants.
4. Assist the officers of the group in the fulfillment of their duties.
5. Arrange and present a series of informational meetings covering homeownership and related subjects. This series is normally referred to as the "Pre-Construction" meetings.

B. Construction Services

1. Provide house plans, which have been developed or acquired by (INSERT ORGANIZATION NAME) and approved by USDA Rural Development.
2. Direct, control, and implement construction on all of the members' houses.
3. Teach tasks to the members as necessary to build the houses according to the plans and specifications, within the allowed budgets.
4. To initiate contracts in the name of the members for materials and services to be purchased in accordance with the plans and specifications.
5. Provide bookkeeping services to maintain individual group member accounts, and to pay bills on behalf of group members from these accounts.
6. Lease power tools and special equipment as required on the job.
7. Present to the building group for approval, bids from outside contractors and suppliers to provide the materials and contracted work necessary to build the homes according to plans and specifications. The selection of a supplier or contractor should be made only on the basis of quality, experience, completeness of bid, price, and past performance.

II. GROUP MEMBER COMMITMENT

The undersigned BUILDING GROUP MEMBERS agree to the following:

A. To build their own homes in the (INSERT ORGANIZATION NAME) 's construction program, using USDA Rural Development and/or alternative financing.

B. To use their labor to the extent required and to pay for all materials and contracted labor and services used in the construction of their home, according to the directions of the (INSERT ORGANIZATION NAME), including costs associated with lot development and costs shared with other participants.

C. To purchase materials and contracted labor on a group basis whereby the building group utilized the same suppliers and contractors.

D. To use their best efforts to meet construction goals and objectives established by the group and the (INSERT ORGANIZATION NAME) in performance of this agreement.

E. To work at all times in a safe manner, and to follow the Construction Supervisor's instructions in this regard. To work as directed by the Construction Supervisor.

F. To work on any house in their group and at any job as required by the Construction Supervisor.

G. To cooperate with other group members and (INSERT ORGANIZATION NAME) in the performance of the requirements as set forth in this agreement, and to conduct themselves at all times in a manner that will not disrupt or interrupt other group members in their performance of assigned tasks. It is agreed the Construction Supervisor has the authority to require removal from the job site of any individual whom the supervisor deems to be a disruptive influence to work requirements.

H. To follow the plans, budgets, blueprints, specifications and instructions of (INSERT ORGANIZATION NAME) and USDA Rural Development in construction of their houses. (Change orders will only be allowed in accordance with Handbook 3550-1, Chapter 5, Section 5.24 D.

I. To allow the (INSERT ORGANIZATION NAME) to solicit bids and

not to negotiate with or direct the work, or otherwise interfere with subcontractors and suppliers, unless authorized to do so by the Construction Supervisor.

J. To provide the _____(INSERT ORGANIZATION NAME)_____ written schedules of the hours they are available to work and to work the hours as assigned by the Construction Supervisor.

K. To review requests for payment as submitted by the _____(INSERT ORGANIZATION NAME)___ and to sign checks for payment, acknowledging that if legitimate bills are not paid, property is subject to liens in accordance with state law.

L. Not to move into the house or move personal property into that house until all the homes in the group are finalized by USDA Rural Development and/or other appropriate officials.

M. To purchase (Builder's Risk) Homeowners Insurance as required by USDA Rural Development, to be in force beginning with the date of loan closing. (See Section XIII following)

N. To attend all scheduled meetings as directed by the _____(INSERT ORGANIZATION NAME)___. (See Section V.D.4. following)

O. To attend all pre-construction training meetings offered by _____(INSERT ORGANIZATION NAME)___ .

P. To convert their loan account within (30) days of final inspection by USDA Rural Development, unless otherwise extended by USDA Rural Development.

Q. To meet all other requirements as set forth in this agreement.

III. CONSTRUCTION RESPONSIBILITIES

A. Labor Exchange Commitment

The building group members agree to exchange work labor in a cooperative manner, and to work jointly on all members' houses.

1. Each household will be required to put in a minimum of _____ productive hours per week, or as many as necessary, as directed by the Construction Supervisor, to complete construction of the homes on schedule. Equal time will be allowed for labor performed by members regardless of the approved type of work involved. It is further agreed that only the work hours of persons _____ years and older may count towards

the_____hours. We require that any delinquent hours be made up the week following their accrual unless prior arrangements have been made with the Construction Supervisor. **Accumulation of hours** – Families who accumulate more than the_____hours required per week, may accumulate limited hours in a "family reserve." The accumulated hours may not exceed _____hours per week above and beyond the _____required hours. Families are only allowed to draw hours from the "family reserve" if they first clear it with the Construction Supervisor. The decision will be made on the basis of the nature of the request and the progress of the project. Additionally, families may donate any excess hours to other participating families with the approval of the Construction Supervisor.

2. Labor hours that count toward the minimum _____ hours per week requirement per household is labor that contributes to the construction of houses in the group. Labor hours do not include lunch breaks, coffee breaks, travel time, childcare for your own family, time away from the job site not on construction business, or time spent involved in non-productive conversation with others. One hour of credit per household will be allowed for each of the following: selection of finish flooring and counter tops, lighting fixtures, and landscaping. Work from non-group members must be scheduled by the Construction Supervisor prior to performance of the work. Any vacation or time off from construction must be pre-approved by the group and the Construction Supervisor. No previously earned labor hours in excess of the _hours per week requirement can be used towards the current _____ hours per week requirement, without prior approval of the BUILDING GROUP MEMBERS and (INSERT ORGANIZATION NAME) .
3. Volunteer hours – Volunteers who perform work at the site will work as scheduled by the Construction Supervisor. Volunteers will work on all houses in the group.
4. Labor that must be performed by building group members is listed as "Homeowner Labor" on the following chart, amounting to at least 65% of the total work tasks. Group members must perform a majority of the work for each task listed, in order to receive the percentage credit shown.

CONSTRUCTION LABOR DIVISION – SELF-HELP HOUSING

	Subcontract	**Homeowner**
	Labor	Labor
1. Excavation		
2. Footings, Foundations, Columns		
3. Floor Slab or Framing		
4. Subflooring		
5. Wall Framing, Sheathing		
6. Roof & Ceiling Framing, Sheathing		
7. Roofing		
8. Siding, Exterior Trim, Porches		
9. Windows and Exterior Doors		
10. Plumbing Rough-In		
11. Sewage Disposal		
12. Heating Rough-In		
13. Electrical Rough-In		
14. Insulation		
15. Dry Wall		
16. Basement or Porch Floor, Steps		
17. Heating Finish		
18. Flooring		
19. Interior Carpentry, Trim, Doors		
20. Cabinets and Countertops		
21. Interior Painting		
22. Exterior Painting		
23. Plumbing Finish		
24. Electrical Finish		
25. Finish Hardware		
26. Gutters and Downspouts		
27. Grading, Paving, Landscaping		
Totals		

5. If a household becomes 15 (*suggested # of hours*) hours behind during any three-week period or for the total minimum number of hours required at that period of construction, without approval of the Construction Supervisor, no additional materials will be ordered for their house. At this time, the member is required to meet with the Construction Supervisor and the Group Coordinator for approval of a written plan submitted by the member to bring labor hours current. When labor hours are brought current, (INSERT ORGANIZATION NAME) will again be authorized to purchase materials for their house.

   If a household becomes 20 (*suggested # of hours*) hours behind the total minimum

number of labor hours, all work and associated activities on their house will stop. At this time, the member is required to meet with (INSERT ORGANIZATION NAME)'s Housing Program Director and the Group Coordinator, with a written plan to bring labor hours current. Work may again start on their house when the household is no more than _____ hours delinquent, although no additional material is to be ordered for their house. When labor hours are brought current, (INSERT ORGANIZATION NAME) will be authorized again to purchase material.

If a household becomes 30 (*suggested # of hours*) hours behind the required number of labor hours, expulsion from the group may occur, in accordance with Section VII of this agreement.

6. The Construction Supervisor will decide what work is to be completed by the members each day. The members agree to perform the work assignments made by the Construction Supervisor. Any member who performs work not assigned by the supervisor may not receive credit for labor hours, at the discretion of the Construction Supervisor. The Construction Supervisor may ask a member who refuses to perform an assigned task to leave the job site. Continued refusal may result in implementation of Section VII of this agreement. A member may not work alone unless the task can safely be done alone, and they have the consent of the Construction Supervisor.

   Any work by a member devoted exclusively toward that member's own house will not be credited toward the weekly work requirement unless such work has been assigned or approved by the Construction Supervisor. (It is imperative that the Mutual Self-Help method of construction is followed. The program is designed to work for group building, not building one's individual property.)

7. If the household becomes verifiably disabled after construction starts, the group agrees to continue to help the participant construct its house, subject to the following provisions:

   a. Disability claims must be verified in writing by a licensed M.D., stating specifically those construction tasks the claimant cannot perform. Tasks not prohibited in writing by the M.D. will be expected to be performed by the claimant, as assigned by the Construction Supervisor. Such tasks may not have been required prior to the claimed disability, and time worked on these tasks may or may not be included as contributing in their entirety to the required

minimum hours to be worked each week by each member household subject to the discretion of the Construction Supervisor.

b. The household claiming to be incapacitated must provide the Construction Supervisor a written plan stating the name and the hours to be worked by those individuals who contribute the required make-up hours, to ensure the household maintains its required work responsibility. All individuals thus named must sign an agreement to work the specified hours. The plan must be approved by a majority vote of the group members. The substitute labor must also be approved by (INSERT ORGANIZATION NAME) . and USDA Rural Development.

8. Action to be taken by the group following death of a head-of-household or spouse is to be determined by majority agreement at a meeting of the group and is to include plans for completion of the group member's house. The plan is subject to approval by (INSERT ORGANIZATION NAME) prior to enactment.
9. Each household will complete a "Weekly Work Availability" form in which each household will plan their weekly minimum 30 (*suggested # of hours*) hour work schedule at the construction site. Completed schedules will be given to the Construction Supervisor one week or more in advance and all schedules will be posted at the construction site. The Construction Supervisor shall specify which of the available hours are required to meet the construction goals for the week. The intent is to have a well-organized flow of work utilizing the best-varied abilities of the group members in order to ensure proper job, contractor and material supplier scheduling. Group members will record their work hours and tasks daily at the job site, under the supervision of the Construction Supervisor and timekeeper, who will maintain records of such hours and jobs. Any conflict over work schedules or hours worked will be resolved by the Construction Supervisor.
10. Each member agrees individually, and all members agree collectively as a group, to abide by the purchase order system for ordering materials. The only persons authorized to order materials shall be designated by (INSERT ORGANIZATION NAME).
11. If a household becomes 14 (*suggested # of days*) days delinquent in approving construction invoices, all work on the house will stop. No additional materials will be ordered until outstanding invoices are paid and (INSERT ORGANIZATION

NAME) has received a commitment from the participant that delinquencies will not reoccur.

12. Each member agrees individually, and all members agree collectively as a group, to work on each other's houses together as a work team, as assigned by the Construction Supervisor. Group members may perform extra work in addition to that required by the Construction Supervisor, and will receive credit for this work, so long as it is for the benefit of the entire group and is assigned by the Construction Supervisor.
13. If for any reason, families are not able to perform the required number hours of work, because of snow, storm, tornado, flood, or any other "acts of God", no penalties will be enforced. The participants will work with the Construction Supervisor to find a solution that is mutually acceptable.

IV. ELECTION OF OFFICERS

In order to function as a group, the following procedures will be followed:

A. Officers shall be elected by the group for the life of the project and their duties shall include the following:

1. Group Facilitator – Shall chair all group meetings, and act as the main representative of the group.
2. Assistant Group Facilitator – Shall act for the Group Facilitator in their absence.
3. Timekeeper – Shall keep a record of all group members' timesheets and shall be responsible for submitting timesheets to (INSERT ORGANIZATION NAME) 's office on a weekly basis.

(An additional and particularly important responsibility would be that of "material checker," to accept and check all supplies delivered to the group. This may be an elected position, or the duty of each member present.)

B. Officers may be recalled or replaced by a majority vote of the households.

V. GENERAL RULES OF THE GROUP

A. In consideration of safety issues, children under the age of sixteen shall not be allowed on the construction site without prior approval of the Construction Supervisor for each individual occurrence.

B. Each member agrees that no member of the group may hire or pay anyone to do their

work for them.

C. Hours shall be recorded by the timekeeper after approval of the Construction Supervisor. Any conflict over number of hours worked will be resolved by the Construction Supervisor and/or Group Coordinator.

D. The building group shall have a group meeting at least once every _____, as called by the Construction Supervisor, the majority of the group members, or the Group Coordinator. At least one of ___(INSERT ORGANIZATION NAME)_____ 's staff members will attend each meeting, and this may be the Construction Supervisor. Time spent at the group meeting will count toward the required labor hours only if required by_____(INSERT ORGANIZATION NAME)_____. Group membership meetings may also be called by the Program Director. Notice of any meetings shall be given to one of each household at least_____ hours in advance.

1. One vote per house in construction is allowed and each household shall cast one vote. The head-of-household or co-applicant may cast the vote.
2. A quorum consists of at least one vote per household at meetings in which half or more of the households are represented. When a quorum is present, the majority vote shall carry all motions, except as stated differently in the Agreement.
3. Each household has the responsibility of having at least one voting member of the household attending each group meeting, and any member household that misses more than two meetings may be subject to disciplinary action by the group, up to and including termination of the households' voting rights.
4. The meeting location shall be assumed to be the job building site and all relevant conditions of this agreement shall apply at these meetings.

E. No one will be allowed on the building site while under the influence of alcohol or illegal drugs, nor will the drinking of alcoholic beverages or the use of illegal drugs at the job site be tolerated. Any incident involving alcohol or illegal drugs on the job is cause for automatic expulsion of the participant by the Program Director and termination of this agreement.

F. Each member agrees that they will be responsible for all materials, supplies, and other items purchased for their house regardless of the location of such materials, supplies or other items. Any theft, loss, breakage, or damage is the responsibility of the member

and replacement, or repair will be covered by insurance or an out of pocket expense..

G. The group members and families shall pay for all materials and contracted work purchased for benefit of their homes, including extra materials or overruns. The Construction Supervisor will allocate all materials, equipment, purchases, and contracted work between the households and this allocation shall be binding on each household.

VI. GRIEVANCE PROCEDURE

A. Any claim, dispute or question raised by any group member or BUILDING GROUP MEMBERS shall be first brought to the attention of the Group Facilitator, discussed in a group meeting and settled.

B. If no resolution can be accomplished through the group meeting, the following grievance procedure shall be followed.

1. Before Construction the grievance should be brought to the attention of the Group Coordinator assigned to the group. If no resolution can be made, the Program Director must receive the grievance in writing. If a resolution is again not reached, then the written grievance shall be referred to (INSERT ORGANIZATION NAME) 's Executive Director. If a resolution is again not reached, then the written grievance shall be referred to (INSERT ORGANIZATION NAME) 's Board of Directors for final resolution.

2. During Construction the grievance should be brought to the attention of the Construction Supervisor. If a resolution does not follow, then the grievance shall be referred to (INSERT ORGANIZATION NAME) 's Program Director. If a resolution is not reached again, then the written grievance shall be referred to (INSERT ORGANIZATION NAME) 's Executive Director. If a resolution is again not reached, then the written grievance shall be referred to (INSERT ORGANIZATION NAME) 's Board of Directors for the final resolution.

C. If a claim is brought prior to completion of construction and occupancy of the residence by the group member(s), the foregoing shall be conditions precedent to arbitration. In any event, any claim, dispute, or question arising between (INSERT ORGANIZATION NAME) and the parties shall be subject to arbitration at the choice of any party. In the event either party elects arbitration, it shall

serve a notice on the other party or parties, stating their grievance and desire to arbitrate, and the parties shall proceed in accordance with state law. A decision of the arbitrator shall be a condition precedent to the right of any other legal action. The cost of the arbitrator shall be shared equally by all parties to the dispute.

D. (INSERT ORGANIZATION NAME) has agreed to provide technical assistance to the group members in construction of their housing. (INSERT ORGANIZATION NAME) does not charge group members for this service, and in return the group members agree that (INSERT ORGANIZATION NAME) shall have no liability for acts and omissions done in good faith. (INSERT ORGANIZATION NAME) shall have no liability of consequential or delay damages resulting from any act, omission, breach of contract, or negligence.

VII. TERMINATION PROCEDURE

Prior to termination, the following items will be reviewed and verified as part of the process. These steps are to be taken to provide justification as well as fairness.

- Timesheets - Verify hours worked during construction.
- Meetings – Verify attendance/participation in group meetings.
- Workout Plan – If a Workout Plan was developed, review for completion and fulfilment of the obligation.
- Note/Memos – Review and present any notes from staff or other correspondence regarding issues surrounding the termination.

Violations of the terms of this agreement will result in all expenditures for materials/labor being immediately halted until a satisfactory resolution is reached. If a satisfactory resolution cannot be reached or the same problem continues, expulsion from the group will be determined by (INSERT ORGANIZATION NAME). Expulsion results in the loss of any rights under the terms of this agreement and the loss of building privileges under (INSERT ORGANIZATION NAME)'s self-help program. After expulsion, the members must contact USDA Rural Development to determine the next steps regarding their home. In the event a group member, family or group members fail to meet the requirements of this agreement, the remedies afforded the BUILDING GROUP MEMBERS in this agreement are cumulative, and in addition to any other remedies afforded by law or otherwise.

The group member may be responsible for completion of the property, repayment of all subsidies received, all seller's closing costs or another method of satisfying the completion of the property in the event of expulsion or voluntary termination from the group.

VIII. CONTRACTS AND OBLIGATIONS

The group members and spouses are jointly and severally bound by the contracts they enter into and agree to the terms thereof. The group members may not elect to exclude themselves from such contracts but are irrevocably committed to them.

IX. SUPERVISION OF ACCOUNTS AND PAYMENT OBLIGATIONS

The undersigned families and group members agree to place their USDA Rural Development loan proceeds and other funds into a designated bank account which is managed by (INSERT ORGANIZATION NAME) . (Borrower Name) is authorized to approve of all labor, materials, contracts, subcontracts, liens, expenses, taxes, and other costs incurred for building their house. Only (INSERT ORGANIZATION NAME) may request draws on the group member's USDA Rural Development loan account and prepare checks for payment of all costs and charges attributable to construction of the participant's home. All checks shall be included on a Bill Pay Coversheet. The coversheet will provide an at-a-glance summarized list of all checks to be signed. These payments are to be authorized by the designated participants and USDA Rural Development with supporting documentation provided by (INSERT ORGANIZATION NAME). The group members and families agree to execute and deliver to (INSERT ORGANIZATION NAME) any other document necessary to implement this agreement.

X. LEVY OF DUES

The group may agree by a majority vote to levy dues upon its members. Further, the group has sole custody and responsibility for any money which it may earn or collect from its members for purposes of the group. These funds may be disbursed in any manner as determined by a majority vote of the group. (INSERT ORGANIZATION NAME) will not be accountable in any way for these funds.

XI. SUCCESSORS AND ASSIGNEES, JOINT AND SEVERAL LIABILITIES

The parties bind themselves, their spouses, successors, assignees, partners, and representatives to this agreement. The undersigned group members agree that this agreement is jointly and severally binding upon them, and that any liabilities and obligation, rights and duties created hereunder shall be jointly and severally to each signatory.

The undersigned families and group members agree to build according to blueprints and specifications provided by (INSERT ORGANIZATION NAME) and approved by USDA Rural Development. No change will be made in these plans without prior approval of USDA Rural Development.

XII. INSURANCE

Each group member or participant agrees to purchase Builders Risk Insurance as required by USDA Rural Development and other lending institutions to be in force from the date of loan closing. This policy shall include sufficient individual liability coverage in an amount not less than _____. However, (INSERT ORGANIZATION NAME) may require a higher amount if it determines that this is necessary. (INSERT ORGANIZATION NAME) shall be given proof (binder) of insurance.

XII. ACCEPTANCE OF HOUSING/RELEASE

At the time of completion of the participant or group member's home, the head-of-household must inspect the home and at that time make any claim against (INSERT ORGANIZATION NAME) or waive the right to do so by signing the Release and Hold Harmless Agreement attached to this agreement. (Addendum #1) (INSERT ORGANIZATION NAME) will not approve the closing of an account prior to receiving the release. A participant or group member may not occupy their home prior to inspection and accepting the home and delivering the executed Release and Hold Harmless Agreement to (INSERT

ORGANIZATION NAME) . It is agreed that any claims against (INSERT ORGANIZATION NAME) will be made at this time or will be forever barred.

XIV. TERMINATION OF AGREEMENT

This agreement shall be terminated with regard to each member and (INSERT ORGANIZATION NAME) by the following conditions:

A. After all members' houses have been completed, received final inspection and approval by USDA Rural Development, all bills and credits have been settled, and the supervised bank accounts are closed.

B. By signing below, I agree to all conditions of this Membership and Labor Agreement. I also declare that no statements, representatives, or any express or implied warranties of any nature whatsoever have been made to me by (INSERT ORGANIZATION NAME). I further acknowledge that (INSERT ORGANIZATION NAME) agrees only to provide technical assistance and construction supervision set forth in this agreement, and shall have no liability for any damage, error or construction defect. In the event that damage, or defect must be remedied, the group members agree to repair the same using their own "self-help" and/or subcontractor labor, and to pay for materials and/or labor as required. I also acknowledge receipt of a copy of said Agreement for my personal files.

GROUP MEMBERS

Date:_____ Borrower: _____

Date:_____ Co-Borrower: _____

By signing below, _____(INSERT ORGANIZATION NAME)_____ agrees to all conditions of this. Building Group Membership and Labor Agreement. _____(INSERT ORGANIZATION NAME)_____ also declares that no statements, representations or any express or implied warranties of any nature whatsoever have been made to this building group.

Date: _____ _____
Construction Supervisor

Date: _____ _____
Program Director

The above information has been explained to us, and I/we understand and accept these conditions.

NAME	DATE
NAME	DATE
NAME	DATE
NAME	DATE
NAME	DATE
NAME	DATE
NAME	DATE
NAME	DATE
NAME	DATE

PURCHASE/REPAIR PROGRAM PARTICIPATION AND LABOR AGREEMENT

This agreement is entered into on the_____ day of _____, 20____, between the Purchase/Repair Participant, ___Participant Name(s)_____, hereinafter referred to as the "P/R Participant" and ___(INSERT ORGANIZATION NAME)_____hereinafter referred to as "___." The location of the P/R participant's home is_____ _____(Include Address, City/Town/County, State).

(INSERT ORGANIZATION NAME) is an eligible entity, which provides technical assistance and management services for the P/R Participant under the Self-Help Purchase/Repair Program. ((INSERT ORGANIZATION NAME) is not acting as a "contractor" on behalf of the P/R PARTICIPANT, but as an authorized agent on behalf of P/R Participant, and as a United States Department of Agriculture Rural Development grant manager and technical advisor. The P/R PARTICIPANT, as a homeowner, is acting as their own general contractor. The P/R PARTICIPANT agrees to hold _____(INSERT ORGANIZATION NAME) harmless for any purchases, even though such purchases may have been made by ___(INSERT ORGANIZATIONNAME) on behalf of the P/R PARTICIPANT.

The following repairs will be completed to the Participants home:

It is anticipated that the cost savings will be _____ for the above-mentioned repairs.

The purpose of the Agreement is to foster the smooth accomplishment of the P/R PARTICIPANT's goal of the purchase and repair of their home. The P/R PARTICIPANT understands and agrees with _____(INSERT ORGANIZATION NAME) that this Agreement will control the progress of the project. Violation of any portion of this Agreement may result in implementation of Section VI of this Agreement. **USDA Rural Development is not a party to this agreement.**

I. COMMITMENT

_____(INSERT ORGANIZATION NAME)_ agrees to provide technical assistance to the undersigned P/R PARTICIPANT as follows:

A. Pre-Construction Services

1. Recruit and determine preliminary eligibility of potential participants.

2. Prepare all loan application documents in accordance with Handbook-1-3550 and specifically in Attachment 3-A for submission to USDA Rural Development and work with USDA Rural Development on behalf of the applicants.

3. Arrange and present a series of informational meetings covering homeownership and related subjects. This series is normally referred to as the "Pre-Construction" meetings.

B. Construction Services

1. Provide all necessary repair paperwork to USDA Rural Development.

2. Direct, control, and implement repairs on the participant's house.

3. Teach tasks to the participants as necessary to repair the house according to the plans and specifications, within the allowed budgets.

4. To initiate contracts in the name of the participant for materials and services to be purchased in accordance with the plans and specifications.

5. Provide bookkeeping services to maintain the participant's accounts, and to pay bills on behalf of the participant from this account.

6. Provide or lease power tools and special equipment as required on the job.

7. Present to the P/R PARTICIPANT for approval, bids from outside contractors and suppliers to provide the materials and contracted work necessary to repair the home according to plans and specifications. The selection of a supplier or contractor should be made only on the basis of quality, experience, completeness of bid, price,

and past performance.

II. P/R PARTICIPANT COMMITMENT

The undersigned P/R PARTICIPANT agrees to the following:

A. To work to repair their own home in (INSERT ORGANIZATION NAME)'s Purchase/Repair Program, using USDA Rural Development and/or alternative financing.

B. To use their labor to the extent required and to pay for all materials and contracted labor and services used in the repair of their home, according to the directions of (INSERT ORGANIZATION NAME).

C. To use their best efforts to meet construction goals and objectives established by ((INSERT ORGANIZATION NAME) in performance of this agreement.

D. To work at all times in a safe manner, and to follow the Construction Supervisor's instructions in this regard.

E. To work at any job as required by the Construction Supervisor.

F. To cooperate with ((INSERT ORGANIZATION NAME) in the performance of the requirements as set forth in this agreement, and to conduct themselves at all times in a manner that will not disrupt or interrupt their performance of assigned tasks.

G. To follow the plans, budgets, blueprints, specifications and instructions of ((INSERT ORGANIZATION NAME) and USDA Rural Development in the repair of their house. (Change orders will only be allowed in accordance with Handbook 3550-1, Chapter 5, Section 5.24 D.

H. To allow (INSERT ORGANIZATION NAME) to solicit bids and initiate subcontracts.

I. To provide (INSERT ORGANIZATION NAME) written schedules of the hours they

are available to work and to work the hours as assigned by the Construction Supervisor.

J. To review requests for payment as submitted by (INSERT ORGANIZATION NAME) and to sign checks for payment, acknowledging that if legitimate bills are not paid, property is subject to liens in accordance with state law.

K. Not to move into or move personal property into the house until approved to do so by (INSERT ORGANIZATION NAME) and USDA Rural Development and/or other appropriate officials.

L. To purchase Homeowners Insurance as required by USDA Rural Development, to be in force beginning with the date of loan closing.

M. To attend all scheduled meetings as directed by (INSERT ORGANIZATION NAME) .

N. To work as directed by the Construction Supervisor.

O. To attend all pre-construction training meetings offered by ((INSERT ORGANIZATION NAME) .

P. To convert their loan account within (30) days of final inspection by USDA Rural Development, unless otherwise extended by USDA Rural Development.

Q. To meet all other requirements as set forth in this agreement.

III. CONSTRUCTION RESPONSIBILITIES

A. Labor Exchange Commitment

The P/R Participant agrees to provide work labor in a cooperative manner.

1. I/We agree to contribute labor on my/our home. My total labor will be a minimum of _____ hours per week to complete the required repairs. There is no maximum limit to the number of hours worked per week.
2. Once I fail to keep up with my committed hours, as established by the Construction Supervisor, I will be issued a written warning by (INSERT ORGANIZATION

NAME) and must provide a schedule to make up these delinquent hours.

3. If I become delinquent 20 (suggested # of hours) hours without notification to (INSERT ORGANIZATION NAME) , a second written warning will be issued, and a meeting will be set up with (INSERT ORGANIZATION NAME) staff.
4. (INSERT ORGANIZATION NAME) may terminate its agreement to work with me if I fail to put in the required hours and tasks.
5. I further understand that failure to meet the above obligations can result in cessation of work on my home.
6. If at any time the Termination Procedure is initiated all invoices for material and labor will be paid up to date. Termination results in the loss of any rights under the terms of this agreement and the loss of building privileges under (INSERT ORGANIZATION NAME) Self-Help Purchase/Repair Program. After termination, the participant must work with USDA Rural Development to determine the what options are available to them regarding their loan/grant.
7. The participant will complete a "Weekly Work Availability" form in which they will plan their weekly minimum hour work schedule at the home. Completed schedules will be given to the Construction Supervisor one week or more in advance and all schedules will be posted at the home. The Construction Supervisor shall specify which of the available hours are required to meet the construction goals for the week. The intent is to have a well-organized flow of work utilizing the best-varied abilities of the participant(s) in order to ensure proper job, contractor and material supplier scheduling. Participant(s) will record their work hours and tasks daily at the home site, under the supervision of the Construction Supervisor, who will maintain records of such hours and jobs. Any conflict over work schedules or hours worked will be resolved by the Construction Supervisor.

8. Each participant agrees to abide by the purchase order system for ordering materials. The only persons authorized to order materials shall be designated by (INSERT ORGANIZATION NAME).

9. If a household becomes 7 (*suggested # of days*) days delinquent in approving construction invoices, all work on the house will stop. No additional

materials will be ordered until outstanding invoices are paid and __((INSERT ORGANIZATION NAME)__ has assurance that delinquencies will not reoccur.

IV. GENERAL RULES

A. In consideration of safety issues, children under the age of sixteen shall not be allowed to participate in the repairs without prior approval of the Construction Supervisor for each individual occurrence.

B. Each participant agrees that they may not hire or pay anyone to do their work for them.

C. Hours shall be recorded by the participant with approval of the Construction Supervisor. Any conflict over number of hours worked will be resolved by the Construction Supervisor.

D. While performing scheduled repairs under this agreement, being under the influence of alcohol or illegal drugs will not be tolerated. Any incident involving alcohol or illegal drugs on the job is cause for automatic expulsion of the participant by the Program Director and termination of this agreement.

E. The participant agrees that they will be responsible for all materials, supplies, and other items purchased for their house regardless of the location of such materials, supplies or other items. Any theft, loss, breakage, or damage is the responsibility of the participant, and replacement or repair will be paid out of participant construction funds if not covered by insurance.

F. The participants shall pay for all materials and contracted work purchased for the benefit of their home, including extra materials or overruns.

V. GRIEVANCE PROCEDURE

A. Any claim, dispute or question raised by any P/R PARTICIPANT shall be first brought to the attention of the Construction Supervisor.

B. If no resolution can be accomplished through the Construction Supervisor, the following grievance procedure shall be followed.

1. Before and During Construction

   The grievance should be brought to the attention of the Program Manager of (INSERT ORGANIZATION NAME) in writing. If a resolution is again not reached, then the written grievance shall be referred to (INSERT ORGANIZATION NAME) 's Board of Directors for final resolution.

C. If a claim is brought prior to completion of construction and occupancy of the residence by the participant, the foregoing shall be conditions precedent to arbitration. In any event, any claim, dispute, or question arising between (INSERT ORGANIZATION NAME) and the participant(s) shall be subject to arbitration at the choice of any party. In the event either party elects arbitration, it shall serve a notice on the other party or parties, stating their grievance and desire to arbitrate, and the parties shall proceed in accordance with state law. A decision of the arbitrator shall be a condition precedent to the right of any other legal action. The cost of the arbitrator shall be shared equally by all parties to the dispute.

D. (INSERT ORGANIZATION NAME) has agreed to provide technical assistance to the participant in repair of their home. XX does not charge participants for this service, and in return the participants agree that (INSERT ORGANIZATION NAME) shall have no liability for acts and omissions done in good faith. (INSERT ORGANIZATION NAME) shall have no liability of consequential or delay damages resulting from any act, omission, breach of contract, or negligence.

VI. TERMINATION PROCEDURE

Prior to termination, the following items will be reviewed and verified as part of the process. These steps are to be taken to provide justification as well as fairness.

- Timesheets - Verify hours worked during construction.
- Meetings – Verify attendance/participation in group meetings with other participants, both prior to and during construction.
- Workout Plan – If a Workout Plan was developed, review for completion and fulfilment of the obligation.
- Note/Memos – Review and present any notes from staff or other correspondence

regarding the issues surrounding the termination.

Violations of the terms of this agreement will result in all expenditures for materials/labor being immediately halted until a satisfactory resolution is reached. If a satisfactory resolution cannot be reached or the same problem continues, expulsion from the program will be determined by (INSERT ORGANIZATION NAME). Expulsion results in the loss of any rights under the terms of this agreement and the loss of building privileges under (INSERT ORGANIZATION NAME)'s Self-Help Purchase-Repair program. After expulsion, the member's rights concerning their house will be determined by USDA Rural Development. In the event a participant fails to meet the requirements of this agreement, the remedies afforded the P/R PARTICIPANT in this agreement are cumulative, and in addition to any other remedies afforded by law or otherwise.

VII. CONTRACTS AND OBLIGATIONS

The participants are bound by the contracts they enter into and agree to the terms thereof. They may not elect to exclude themselves from such contracts but are irrevocably committed to them.

VIII. SUPERVISION OF ACCOUNTS AND PAYMENT OBLIGATIONS

The undersigned participant family agrees to place their USDA Rural Development loan proceeds for repairs into a supervised bank account which is managed by (INSERT ORGANIZATION NAME) . The participant is authorized to approve of all labor, materials, contracts, subcontracts, liens, expenses, taxes, and other costs incurred for the repair of their home. Only (INSERT ORGANIZATION NAME) may request draws on the participant's supervised bank account and prepare checks for payment of all costs and charges attributable to the repair of the participant's home. All checks shall be included on a Bill Pay Coversheet. The coversheet will provide an at-a-glance summarized list of all checks to be signed. These payments are to be authorized by the participant and USDA Rural Development with supporting documentation provided by (INSERT ORGANIZATION NAME) . The participant agrees to execute and deliver to (INSERT ORGANIZATION NAME) any other document necessary to implement this agreement.

IX. SUCCESSORS AND ASSIGNEES, JOINT AND SEVERAL LIABILITIES

The parties bind themselves, their spouses, successors, assignees, partners, and representatives to this agreement. The undersigned members agree that this agreement is jointly and severally binding upon them, and that any liabilities and obligation, rights and duties created hereunder shall be joint and severely to each signatory.

The undersigned person(s) agrees to make repairs according to decisions made by and specifications provided by (INSERT ORGANIZATION NAME) and approved by USDA Rural Development. No change will be made in these plans without prior approval of USDA Rural Development. Change order approval by participant requesting the same hereby holds harmless its agents, employees and officers for any liability resulting there from.

X. INSURANCE

Each participant agrees to purchase Homeowners Insurance as required by USDA Rural Development to be in force from the date of loan closing. This policy shall include sufficient individual liability coverage in an amount not less than _____. However, (INSERT ORGANIZATION NAME) may require a higher amount if it determines that this is necessary. (INSERT ORGANIZATION NAME) shall be given proof (binder) of insurance.

XI. ACCEPTANCE OF HOUSING/RELEASE

At the time of completion of the participant's home repairs, the head-of-household must inspect the home and at that time make any claim against (INSERT ORGANIZATION NAME) or waive the right to do so by signing the Release and Hold Harmless Agreement attached to this agreement. Addendum #1(INSERT ORGANIZATION NAME) will not approve the closing of an account prior to receiving the release. It is agreed that any claims against (INSERT ORGANIZATION NAME) will be made at this time or will be forever barred.

XII. TERMINATION OF AGREEMENT

This agreement shall be terminated with regard to the participant and (INSERT ORGANIZATION NAME) by the following conditions:

A. After the repairs have been completed, received final inspection and approval by Rural

Development, all bills and credits have been settled, and the supervised bank accounts are closed.

B. By signing below, I agree to all conditions of this Participant and Labor Agreement. I also declare that no statements, representatives, or any express or implied warranties of any nature whatsoever have been made to me by (INSERT ORGANIZATION NAME) . I further acknowledge that (INSERT ORGANIZATION NAME) agrees only to provide technical assistance and construction supervision set forth in this agreement, and shall have no liability for any damage, error or construction defect. In the event that damage or defect must be remedied, the participant agrees to repair the same using their own "self-help" and/or subcontractor labor, and to pay for materials and/or labor as required. I also acknowledge receipt of a copy of said Agreement for my personal files.

Date _____ Borrower _____

Date _____ Co-Borrower_____

By signing below, (INSERT ORGANIZATION NAME) agrees to all conditions of this P/R Participation and Labor Agreement. (INSERT ORGANIZATION NAME) also declares that no statements, representations or any express or implied warranties of any nature whatsoever have been made to this participant.

Date _____ _____

Construction Supervisor

Date _____ _____

Program Director

RELEASE AND HOLD HARMLESS AGREEMENT

I have inspected or had an opportunity to inspect my house and property, legally described as

_____.
(Address, City/Town/County, State)

I hereby release (INSERT ORGANIZATION NAME) , its agents and employees, of any claim or liability with respect to the repairs of said residence, whether known, or arising in the future. I agree to indemnify and hold ((INSERT ORGANIZATION NAME) and its agents and employees harmless for any claim made against them by a third party with respect to the construction repair of said residence.

Dated this _____ day of _____ 20_____.

By: _____

By: _____

OWNER OCCUPIED REHABILITATION PARTICIPATION AND LABOR AGREEMENT

This agreement is entered into on the_____ day of _____, 20____, between the Owner Occupied/Participant, Participant Name(s), hereinafter referred to as the "O/O Participant" and (INSERT ORGANIZATION NAME) hereinafter referred to as "___." The location of the O/O participant's home is_____ _____(Include Address, City/Town/County, State).

Owner: Owner is a qualified low or very low-income homeowner and entitled to assistance in the rehabilitation of their home.

Project: Owner's home is located at (Insert address) and is described as a _____ bedroom, _____ bathroom home of approximately _____square feet herein after referred to as "Project".

Owner's Obligations: Owner agrees and understands that this is a United States Department of Agriculture Rural Development program operated by (INSERT ORGANIZATION NAME) which will supply materials, technical assistance, supervision in the obtaining of permits, adhering to regulations, and supplying voluntary support in the rehabilitation project.

As a qualified participant of this program, Owner agrees to perform that portion of the work as outlined using the Form RD 1924-1, Development Plan or another similar form of the attached list of activities and schedule. If necessary, Owner shall obtain substitute assistance as approved by USDA Rural Development.

(substitute) 's Participation: (INSERT ORGANIZATION NAME) will provide technical assistance, advice, supervision, and voluntary or contract services to assist in the completion of the project.

Insurance and Indemnity. Owner will be responsible for obtaining and maintaining homeowner's liability insurance during the period of construction. Owner will indemnify and hold (INSERT ORGANIZATION NAME) harmless against and from all claims arising from Owner's activities andparties related thereto or hired thereby arising out of the Project.

Waiver: Owner agrees to waive all claims against (INSERT ORGANIZATION

NAME) for any damage to person, property, or other person or property during the course of construction arising out of theconstruction.

Licenses: Owner will be responsible for the payment of all permits and licenses for the Project including licenses of contractors hired by Owner for the purposes of fulfilling Owner's obligations under this Agreement. The grantee will provide guidance in this process.

Work and Material Schedules: Attached as an Addendum #4 and made a part hereof are the following schedules:

1) Itemization of the work to be performed and the cost savings on the Project by the Owner; and

2) Materials and supplies necessary for the completion of the Project: (INSERT ORGANIZATION NAME) is not a contractor or builder, but acts as an agent of the Participants and a technical assistance provider. (INSERT ORGANIZATION NAME) makes no warranties with regard to the Project, the material used, or labor performed.

Grievance Procedure:

A. Any claim, dispute or question raised by any PARTICIPANT shall be first brought to the attention of the Construction Supervisor.

B. If no resolution can be accomplished through the Construction Supervisor, the following grievance procedure shall be followed.

1. Before and during construction the grievance should be brought to the attention of the Program Manager of (INSERT ORGANIZATION NAME) in writing. If a resolution is again not reached, then the written grievance shall be referred to the Executive Director of (INSERT ORGANIZATION NAME) . If a resolution is again not reached, then the written shall be referred to (INSERT ORGANIZATION NAME) Board of Directors for final resolution.

C. If a claim is brought prior to completion of repairs of the residence by the participant, the foregoing shall be conditions precedent to arbitration. In any event, any claim, dispute, or question arising between (INSERT ORGANIZATION NAME) and the

participant shall be subject to arbitration at the choice of any party. In the event either party elects arbitration, it shall serve a notice on the other party or parties, stating their grievance and desire to arbitrate, and the parties shall proceed in accordance with state law. A decision of the arbitrator shall be a condition precedent to the right of any other legal action. The cost of the arbitrator shall be born equally by all parties to the dispute.

D. (INSERT ORGANIZATION NAME) has agreed to provide technical assistance to the participant in repair of their home. (INSERT ORGANIZATION NAME) does not charge the participant for this service, and in return the participant agrees that (INSERT ORGANIZATION NAME) shall have no liability for acts and omissions done in good faith. (INSERT ORGANIZATION NAME) shall have no liability of consequential or delay or damages resulting from any act, omission, breach of contract, or negligence.

E. Termination:

Prior to termination, the following items will be reviewed and verified as part of the process. These steps are to be taken to provide justification as well as fairness.

- Timesheets - Verify hours worked during construction.
- Meetings – Verify attendance/participation in group meetings with other participants, both prior to and during construction.
- Workout Plan – If a Workout Plan was developed, review for completion and fulfilment of the obligation.
- Note/Memos – Review and present any notes from staff or other correspondence regarding the issues surrounding the termination.

Violations of the terms of this agreement will result in all expenditures for materials/labor being immediately halted until a satisfactory resolution is reached. If a satisfactory resolution cannot be reached or the same problem continues, expulsion from the program will be determined by (INSERT ORGANIZATION NAME) . Expulsion results in the loss of any rights under the terms of this agreement and the loss of building privileges under (INSERT

ORGANIZATION NAME)'s Self-Help program. After expulsion, the participant's rights concerning their funding will be determined by RD (or other funding source if applicable). In the event a participant fails to meet the requirements of this agreement, the remedies afforded the PARTICIPANT and RD (or other funding source if applicable) in this agreement are cumulative, and in addition to any other remedies afforded by law or otherwise.

Assignment: Neither party may assign their interest in this Agreement without the consent of the other.

Governing Law: This Agreement shall be governed by the laws of any city, county, and the State of_____, or other governmental authority.

Complete Agreement: This Agreement and all other agreements, exhibits, and schedules referred to in this Agreement constitute the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersede all prior and contemporaneous understandings or agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

Time of Performance: Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

Dated: _____ Dated:_____

"Owner" "Agency Representative"

_____ _____

LIST OF ADDENDUMS

Addendum #1 Release and Hold Harmless Agreement

Addendum #2 Recommended Tools

Addendum #3 Self-Help Housing Rehabilitation Labor Agreement

Addendum #4 Work and Materials Schedule

ADDENDUM #1

RELEASE AND HOLD HARMLESS AGREEMENT

I have inspected or had an opportunity to inspect my house and property, legally described as Lot _____, _____.

(Address, City/Town/County, State)

I hereby release (INSERT ORGANIZATION NAME) its agents and employees, of any claim or liability with respect to the construction of said residence, whether known, or arising in the future.

I agree to indemnify and hold ((INSERT ORGANIZATION NAME) and its agents and employees harmless for any claim made against them by a third party with respect to construction of said residence.

Dated this _____day of _____20_____.

By: _____

By: _____

ADDENDUM #2

RECOMMENDED TOOLS

(One Set per Household)

25' to 30' – 1" measuring tape
Speed square
Hammer – 16 or 20 oz., straight or curved claw
Nail set
Chalk line and chalk
Nail apron/Tool bag
Work gloves
Safety glasses & earplugs
Flat pry bar
Utility knife with extra blades
Carpenter's pencils
Screwdrivers – flat and Phillips head
Shovel – round point
Construction shoes (decent quality)
Cat's-paw (nail puller)

ADDENDUM #3

SELF-HELP HOUSING REHABILITATION LABOR AGREEMENT

I understand that my participation in the Self-Help Housing Rehabilitation (SHR) program requires me to provide the labor for my project. I understand that for every $1,000in repair costs I will contribute 10 hours of labor towards my project. I understand that I am required to complete timesheets to track my labor contributions. I understand that any work required to be completed by a licensed professional will be contracted out. I understand that the Self-Help Housing Rehabilitation Representatives are available to provide me with supervision and instruction in completing my project to ensure all work is completed to code standards. I understand the Self-Help Housing Rehabilitation Representatives are not required to provide labor for my project. I understand that if I fail to maintain an acceptable level of participation my project may be discontinued. An acceptable level of participation is defined as meeting tasks and completion dates outlined in the Self-Help Housing Rehab Phase Work Plan. If I fail to finish the phases of my project by the expected completion date, a determination to end the project will be made, and I will be billed for the material used.

Homeowner signature:_____ Date:_____

Homeowner signature:_____ Date:_____

Any person designated by the homeowner as someone who will volunteer their labor is required to sign below.

_____ _____

_____ _____

_____ _____

Construction Supervisor:_____ Date:_____

Program Director:_____ Date:_____

ADDENDUM #4

SAMPLE

WORK & MATERIALS SCHEDULE		
PROJECT FUNDS ALLOTTED	**FUNDS USED TO DATE**	**FUNDS REMAINING**
$	$	$
Item	**Category**	**Amount**

Appendix D4: Cost Estimate Summary example

COST ESTIMATE SUMMARY

Name: _____ Date: _____
Proposed Location: _____
Model: _____
Bedrooms: _____ Baths: _____
Phone: _____ Fax: ________

Category	Sub-Category		Estimate Cost
1. General Requirements	Temporary Utilities		
	Tap-On Fees		
	Dumpster/Disposal Fees		
	Portable facilities		
		(1.)	$
2. Land/Site Improvement	Lot Clearing/Earthwork		
	Site Utilities		
	Excavation foundation		
	Final grading/ Seeding		
	Planting(shrubs/trees)		
		(2.)	$
3. Masonry	Foundation Footings		
	Foundation Walls		
	Basement Floor_		
	Driveway		
	Walkways/ Pads		
		(3.)	$
4. Framing/Sheathing	Floors		
	Walls		
	Roof		
	Porches/Decks		
		(4.)	$
5. Exterior Finishes	Roofing Materials/ Shingles		
	Siding		
	Gutters/ Downspouts		
	Shutters/Vents		
	Mailbox/hardware		
		(5.)	$
6. Windows/ Ext. Doors	Windows		
	Entry Doors		

	Patio Doors		
	Garage Doors		
		(6.)	$
7. HVAC	Rough-In		
	Final		
		(7.)	$
8. Plumbing	Rough-In		
	Final		
	Fixtures		
		(8.)	$
9. Electrical	Rough-In		
	Final		
	Fixture Allowance		
		(9.)	$
10. Insulation	Walls		
	Ceiling		
		(10.)	$
11. Drywall	Materials		
	Installation		
	Finishing		
		(11.)	$
12. Interior Finishes	Interior Doors		
	Interior Trim		
	Kitchen Cabinetry		
	Bath/Powder Room Cabinetry		
	Counter / Vanity Tops		
		(12.)	$
13. Hardware	Locksets/Doorstops		
	Bathroom Accessories		
	Shelving		
		(13.)	$
14. Floor Coverings	Sub-floor		
	Carpet/Pad		
	Vinyl		
	Hardwood/Laminate		
		(14.)	$
15. Appliances	Range		
	Range Hood		

	Dishwasher		
	Disposal		
	Refrigerator		
		(15.)	$
16. Utilities/Soft-Hard Costs	Permanent Electric		
	Impact Fees		
	Permits		
	Well/Pump		
	Septic System		
	Plans/ Specs.		
	Survey		
	Insurance		
* Monthly Service Fees	Electric/water (during construction)		
	Taxes		
	Lot Costs		
	Closing Costs		
	Contingency (%		
		(16.)	$

Total Cost Estimate: $

Applicant	Date	Representative	Date
Applicant	Date	Representative	Date

Appendix D5: Description of Materials

Form RD 1924-2

www.rdinit.usda.gov

Appendix D6: Invitation for bid

Form RD 1924-5

www.rdinit.usda.gov

Appendix D7: Sub-Contractor Selection Questionnaire

General Information

Contractor Name: _____

Business Address: _____

Business Phone/Fax/Email _____

Owner(s) Name: _____

Is this company a: Corporation _____ Partnership ____
Owner Operator_____ Joint Venture ____ Other _____

Organization

1. Are you a general contractor? _____ or Sub-Trade contractor? _____

2. How many years have you been in the construction business? _____

3. How long under the present name? _____ years.

4. Have you worked under a different name? If so, please list name, dates and places where business was conducted? _____
_____

5. How many full-time employees do you have on staff? _____

Licensing & Bonding

1. Contractor's License # _____.

2. What Trade Categories is your company legally qualified to work under:

Trade	*License/ # of*	*Years of experience*
A.		
B.		
C.		
D.		

3. Is your organization in good standing with the Contractor's License Board? _____

4. Does your company have any outstanding or pending citations filed with the Contractor's License Board? _____
If so explain:
_____
_____
_____

5. Has your organization ever been bonded? _____

6. Maximum amount of Performance Bond $ _____.

7. Name and address of your most recent Bonding Company: _____

8. Insurance Coverage:

Company/	Type /	Limits

Experience

1. Have you been sued in the last five years for breach of contract, default or any other cause of action with regard to your business activities? _____
   If so, explain:_____

2. What categories of work does your company perform with its own staff?
   _____
   _____

3. Has your organization ever failed to complete any work awarded? _____

4. Has your organization filed any lawsuits or requested arbitration with regard to construction contracts within the past five years? _____.

5. Are you familiar with the Mutual Self-Help Program? _____

6. Have you ever worked on a Self -Help Housing project? _____
   If so, When & Where? _____

7. What projects do you currently have under construction?

Project	***Location***	***Type***	***Scheduled Completion Date***
A.			
B.			
C.			

8. Please list three local trade references that would vouch for your quality of workmanship and contracting ability?
   A._____
   B._____
   C._____

9. Please list three completed and one in-progress projects that we may visit?
   A._____
   B._____
   C._____
   D_____

General Questions

1. What experience do you have in working with non-profit organizations? _____
   _____

2. If selected as a contractor to bid on this project, can you deliver an accurate cost estimate within 7 days of receipt of bid documents (Plan Specifications)? _____

3. If you are the selected sub-trade contractor for this project, what percentage of time will you (owner) be onsite supervising the project_____

Contract Requirements

1. Describe your billing and payment requirements? _____
   _____
   _____
   _____

2. Will you be able to obtain material and supplies on trade credit? If so, what payment terms are required?
   _____
   _____

3. If selected as the contractor for this development project, describe how and under what conditions you would ensure:
   A. Adequate supervision of work activity
   B. Adequate Workforce present on the job
   C. Timely completion of work activities
   D. Scheduling of work to be performed, material delivery and inspections
   _____
   _____
   _____
   _____

FOR INTERVIEWER'S USE ONLY

DATE: _____ INTERVIEWER: _____

RANK: _____

COMMENTS:

_____
_____
_____
_____
_____

Appendix D8: Construction Contract
RD Form 1924-6
https://www.rd.usda.gov/files/

Appendix D9: Contract Change Order
RD Form 1924-7
https://www.rd.usda.gov/files/

Appendix D10: Development Plan
RD 1924-1
https://www.rd.usda.gov/files/

Appendix D11: Builders Warranty
RD 1924-19
https://www.rd.usda.gov/files/

Appendix D12: Release of Claimants
RD 1924-10
https://www.rd.usda.gov/files/

Appendix D13: Contractors Release
RD 1924-9
https://www.rd.usda.gov/files/

Appendix D14: Inspection Report
RD 1924-12
https://www.rd.usda.gov/files/

Appendix D15: Plan Certification
RD 1924-25
https://www.rd.usda.gov/files/

Appendix D16: Checklist to Construction – Mutual Self-Help Housing

CONGRATULATIONS for being selected for self-help funding by Rural Development!

Here is a Checklist to follow through Construction Start---doesn't need to be in this exact order, but a good list of items to complete:

_____1. ***Ask Rural Development if they would set up a teleconference (within the next 2 weeks) with you, the State Office staff, local RD Office staff, and NCALL, to discuss this Checklist, timelines, applicant eligibilities and what will be needed in Appraisal Packages to RD.

_____2. Subdivision Development---This is a **high priority item** prior to Grant closing-- - determine the timeline for infrastructure development, and readiness of the subdivision to create lot options and start construction. Water, sewer, electricity, gas, streets, storm sewer, street lighting, etc. Will this take 6 months? Or longer?

_____3. Follow-up with Rural Development on Group #1's eligibility. Are they all still eligible? Contact each applicant in Group #1 letting them know the status of your self-help program---they will be starting Construction in a few months. Schedule a meeting to meet with Group #1 (within 30-60 days) to show them lots, house plans, signing the Membership Agreement, homebuyer education, etc.

_____4. Set up timeframes for advertising for your self-help staff i.e. Construction Supervisor, and Group Coordinator/Recruiter.

_____5. The Construction Supervisor cannot be paid out of organizational funds and this cost cannot be reimbursed from Grant funds. This person would be valuable in developing Cost Estimate Summaries, reviewing the Plans and Specs for detail, plot plans, etc. If cost can be paid from organizational funds then advertising, interviews, and selection of a Construction Supervisor would help you greatly.

_____6. Once the subdivision is developed to the point that accurate legal descriptions and Lot addresses are known, then you should meet with the 1st Group again to select their lot. The lot they select needs to make sense for the home you may have them select at this meeting---from the house plans you are offering. After this meeting you should be ready to prepare Lot Options for each one to sign. Make sure you have included all development costs into each lot, and they will be supported by a market value at least equal to the Option. It would be helpful if your Construction Supervisor or Self-Help Project Director could be there to guide them in their lot and home selections.

NOTE: This could be **Preconstruction Meeting #1**---Lot selection and house plan selection. It would be important to start talking about a "no changes/no upgrades" policy.

_____7. Finalize 24 month Self-Help Budget and Construction Timeline spreadsheet.

_____8. Set Agendas for Preconstruction Meetings (**Preconstruction Meeting #2** could be a meeting with each homeowner to go ever the plans and specs in detail and have them sign these).

_____9. Advertise for sub-contractor bids and material bids.

_____10. Work on completing all Conditions in RD's Letter of Conditions.

_____11. Construction Supervisor develops plot plans and finishes Cost Estimate Summary---don't forget the cost of house plans and Contingency of 4-5%. Develop a List of Subs.

_____12. Appraisal Package---Send complete plans, specs, plot plan, Cost Estimate Summary, and signed lot option for each applicant to RD as the Appraisal Package. RD will order the appraisals.

_____13. **Preconstruction Meeting #3**---See Agenda---ideas could be 502 Loans, volunteers, mutual self-help, bill paying, no changes/upgrades, cell phone numbers and who to contact.

_____14. Construction Supervisor Training, Group Coordinator Training, Project Director Training and SHARES Training by NCALL.

_____15. Loan approvals and obligations---determine 502 funds needed for closing.

_____16. **GRANT CLOSES---PR EVENT WITH STATE DIRECTOR, RH PROGRAM DIRECTOR, AREA DIRECTOR, RD STAFF, HOMEOWNERS AND MEDIA.** Set up QRM dates, Homeownership Week Event---workday

_____17. **Preconstruction Meeting #4**---See Agenda---ideas could be no changes, safety, reporting hours, productive hours, bill paying.

_____18. Construction Supervisor finalizes critical path and construction timeline.

_____19. Applicants get Builders Risk Policy with liability (RD will direct this).

_____20. **Loan closings**

_____21. Start construction---permits and excavation.

_____22. **Preconstruction Meeting #5**, **#6, etc---**See Agenda---ideas could be no changes/no upgrades, safety, using power tools, critical path and construction timeline, bill paying again, communication tree, etc.

Appendix D17: Final Inspection Check List

EXTERIOR	**COMMENTS**
Garage doorjambs sealed _____	
Trim cut properly _____	
Flashed properly at roof and windows _____	
Trim and windows caulked properly _____	
Concrete clean	
Siding properly nailed _____ No bird holes	
Utility penetrations caulked _____	
Weather-strip on doors _____	
Graded properly (Need 6" fall in first 10") _____	
Trash removed _____	
Seams on siding joined properly _____	
Gutter extensions installed to grade _____	
All forms removed from concrete _____	
15. Landscaping _____	
16. Driveways/Walkways _____	

ADDITIONAL COMMENTS:

ENTRY	**COMMENTS**
1. Front door jambs sealed _____	
2. Door operates properly/square _____	
3. Thresholds clean _____	
4. Door bump stops installed _____	
5. Brass trim at door clean _____	
6. Entry fixture clean _____	
7. Closet pole/shelf installed _____	
8. Entry floor	

ADDITIONAL COMMENTS:

LIVING ROOM **COMMENTS**

1. Carpet _____
2. Windows open/lock properly _____

ADDITIONAL COMMENTS:

DINNING ROOM **COMMENTS**

1. Carpet _____
2. Windows open/lock properly _____

ADDITIONAL COMMENTS:

KITCHEN **COMMENTS**

1. Back door
   - Clean and operable _____
   - No dings _____
   - Thresholds clean and adjusted _____

1. Windows open/lock properly _____

1. Cabinets
2. Doors adjusted _____
   - Shelves installed _____
   - Bumps and handles installed _____
3. Appliances operate properly _____

5. Sink _____

6. Counter top free of chips and scratches _____
7. Shoe installed and filled _____

8. Vinyl _____

ADDITIONAL COMMENTS:

UTILITY ROOM **COMMENTS**

1. Catch-A-Drip clean _____
2. Vinyl _____

ADDITIONAL COMMENTS:

MASTER BEDROOM **COMMENTS**

1. Windows open/lock properly _____

2. Carpet _____

3. Bath
   - Tissue holder w/spool installed _____
   - Towel rack secure _____
   - Toilet _____
   - Vanity top and cabinet _____
   - Vinyl _____
   - Privacy lock/key _____

ADDITIONAL COMMENTS:

HALL BATH **COMMENTS**

1. Shower/Tub _____
2. Toilet
3. Tissue holder w/spool installed _____
4. Towel rack secure _____
5. Vanity top and cabinet _____
6. Vinyl
7. Privacy lock/key _____

ADDITIONAL COMMENTS:

BEDROOM # 2 **COMMENTS**

1. Windows open properly/lock properly _____
2. Carpet
3. Doors

ADDITIONAL COMMENTS:

BEDROOM # 3 **COMMENTS**

1. Windows open properly/lock properly _____
2. Carpet _____
3. Doors _____

ADDITIONAL COMMENTS:

BEDROOM # 4 **COMMENTS**

1. Windows open properly/lock properly _____
2. Carpet _____
3. Doors _____

ADDITIONAL COMMENTS:

GARAGE / CARPORT **COMMENTS**

Steps _____
Threshold supported _____
Floor clean _____

ADDITIONAL COMMENTS:

BASEMENT		**COMMENTS**
1. Sheetrock clean and dry	_____	
2. Steps secure and clean	_____	
3. Floor clean	_____	
4. Tabs removed	_____	
5. HVAC (new filter & clean)	_____	
6. Water heater (lit & clean)	_____	
7. Rim insulation	_____	
8. Sump discharge secure	_____	
9. Excess paint under stairs	_____	

ADDITIONAL COMMENTS:

GENERAL INTERIOR	**OK**	**COMMENTS**
1. Floor squeaks	_____	
2. Doors and windows operable	_____	
3. Carpet	_____	

ADDITIONAL COMMENTS: