

HDF GRANT SYNOPSIS

SPONSOR: National Council on Agricultural Life and Labor Research Fund, Inc. (NCALL), a nonprofit housing agency that provides rural and self-help housing technical assistance and homeownership education groups with funds from Rural Development (RD), Department of Labor, and contributions and grants.

PROGRAM NAME: Rural Delaware Homeownership Initiative (RDHI)

LOCATION: Kent, Sussex, and lower New Castle County

GRANT REQUEST: \$ 79,450 matching funds (12 months)
(FY09 HDF Grant - \$ 80,325)

TERMS: Grant to be used for administrative costs for NCALL to package RD 502 Homeownership applications and Section 504 Home Repair grants/loans for a 12-month period.

PROGRAM BENEFICIARIES: Very low- and low-income families

PROGRAM DESCRIPTION:

- RDHI provides homeownership counseling services to families interested in using the RD 502 Homeownership Loan Program to purchase homes in rural areas of the State. RDHI also provides packaging of RD Section 504 Home Repair Program for homeowners whose homes are substandard or in need of substantial repair.
- Families assisted receive the following services:
 - RD loan packaging
 - Group information and training workshops
 - Client interviews (qualifying applicants)
 - Land search/House search
 - Application preparation
 - Contractor selection
 - Attend RD interview with client
 - Attend settlement
 - Monitor construction
 - Networking with other housing and social service agencies

RD SECTION 502 HOMEOWNERSHIP PROGRAM

- Purpose: To buy an existing property or construct a new house. Also used to rehabilitate (winterization, central heat, bathrooms, etc.).
- Interest Rate: 5.125% may be reduced to as low as 1% depending upon adjusted family income--33 to 38 years/no downpayment.
- Security: Real estate mortgage; promissory note if repair loan is less than \$2,500.
- Who Qualifies: Rural residents and farmers. Geographic areas include southern New Castle, Kent (except Dover) and Sussex Counties. Must not already own a home which meets acceptable local housing code standards. Must meet RD income guidelines.

FAMILY OF FOUR

	<u>New Castle</u>	<u>Kent</u>	<u>Sussex</u>
Low Income (80% of Median)	\$ 62,250	\$ 47,600	\$ 46,900
Very Low Income (50% of Median)	\$ 38,900	\$ 29,750	\$ 29,300
Modest Housing Price Limits*	\$268,600	\$239,700	\$239,700

* These limits are set by HUD in accordance with the Section 203 (b) program.

Other Factors: Mortgagors who are eligible for interest rates below 5.125% will have their incomes reviewed annually to determine interest rate adjustment, if any.

Applicant cannot obtain conventional financing at reasonable rates and terms.

RDHI PERFORMANCE STATISTICS
INITIAL FUNDING JULY 1, 1988 THROUGH CURRENT FUNDING

Loans Closed	606	(324 Very-Low/282 Low Income)
Amount Leveraged to Date:	\$62,288,855	
Average Closings/Year:	29	

Current RDHI Statistics
October 1, 2008 through June 30, 2009

Section 502 Applications

Loans Closed: 21 (8 Very-Low/13 Low Income) (Expect to close 9 more by end of September, which will meet goal).

Average Family Income: \$26,687; Family size: 3; Loan Amount: \$181,500.

EXPECTED IMPACT OF PROGRAM:

- Provide packaging, pre-development and homeownership counseling services utilizing the RD 502 loans which would result in 40 loan approvals and on an as needed basis for the RD 504 loans.
- HDF funds will leverage approximately \$7,280,000. (Section 502: 40 units @ \$182,000 each).
- Households will receive credit and budget counseling.

**FY2010 FUNDING STATUS
BUDGET - \$158,900**

Funds Raised to Date:

<u>Funding Source</u>	<u>Amount</u>
Bank of America	\$ 25,000
Deutsche Bank	7,500
HSBC	12,500
TD Bank	2,500
Delaware National Bank	250
Wilmington Trust	3,750
ING Direct	5,000
Wachovia Foundation	2,500
Citizens Bank	1,000
WSFS Bank	1,000
Artisans Bank	<u>1,000</u>
<i>Subtotal</i>	<i>\$ 62,000</i>
NCALL Contribution	<u>17,450</u>
TOTAL NCALL MATCH	<u>\$ 79,450</u>

SOURCES:

	<u>FY10</u>
HDF	\$ 79,450
CONTRIBUTIONS	62,000
NCALL	<u>17,450</u>
TOTAL	<u>\$158,900</u>

USES:

Salaries and Benefits ¹	\$ 90,099
Fringes ²	27,521
Travel	1,608
Rent	7,700
Consumables	200
Phone	1,000
Printing	250
Equipment Purchase	1,300
Training/Publications/Workshops	1,000
Refreshments	400
Dues/Memberships	70
Postage	174
Indirect Costs ³	<u>27,578</u>
TOTAL	<u>\$ 158,900</u>

¹ Salaries include 2 Rural Housing Specialists and Secretary (20%).

² Fringes include employers matching FICA, medical insurance, pension, disability and life insurance, worker's compensation, unemployment tax and employment training tax.

³ Indirect Costs - RDHI's portion of accounting, equipment rental/maintenance, local telephone calls and equipment, office printing, postage, office supplies, supervision, agency insurances, and annual audit.

NOTE: HDF funds support 50% of the budget (or \$79,450).

RECOMMENDATION:

- HDF grant in the amount of \$79,450.

CONDITIONS:

1. Grantee will receive quarterly installments of the approved funded amount beginning of the first day of each quarter. Such installments will begin within 30 days of the signing of the Grant Agreement and subject to Grantee meeting all conditions of the resolution.
2. Grantor will receive quarterly reports detailing applications submitted to RD, RD rejection or approval, RD loan closings and any other pertinent information.
3. Grantor will receive a quarterly expense report consistent with the line items as shown in the program's operating budget.
4. Grantee will have 40 documented RD Section 502 loan closings by September 30, 2010.
5. Should RD funds be reduced to a point where Grantee cannot be reasonably expected to meet Grantor required closings, and Grantee provides appropriate documentation from RD as to why Grantee cannot meet Grantor's performance requirements, Grantor agrees to assess the feasibility of Grantee meeting its performance goals. Grantor agrees that, at its sole discretion, it will make reasonable efforts to keep Grantee's RDHI program in place should Grantee experience substantial reductions in RD funding.
6. If RD does not receive funding in FY10, this Grant is terminated.
7. Grantee agrees to submit a current audit to Grantor within thirty days after receipt thereof.
8. Grantee will conduct outreach services to encourage participation of Public Housing tenants.
9. Grantee agrees that any other funds received from Grantor for packaging/counseling services for prospective homeowners involved with the Program's funding, will be deducted from Grant appropriation.
10. Grantee agrees that, as a pre-condition to Grantor entering into any agreement for future Program funding requests, Grantee shall have secured funding commitments from other sources for at least one-half of its Program budget.
11. Grantee shall make a full disclosure of Program funds or commitments received from matching sources prior to execution of Grant Agreement with Grantor.
12. All terms and conditions of this Grant shall be set forth in a fully executed Grant Agreement between DSHA and Sponsor within 30 days of Grant approval or the Grant approval shall be null and void.

COUNCIL ON HOUSING

RESOLUTION NO. 391

NATIONAL COUNCIL ON AGRICULTURAL LIFE AND LABOR RESEARCH FUND
ADMINISTRATIVE GRANT

WHEREAS, National Council On Agricultural Life and Labor Research Fund, Inc. ("Grantee") is a nonprofit corporation located in Dover, Delaware, which provides rural housing technical assistance to farm workers, rural families and organizations; and

WHEREAS, Grantee is seeking a 12-month administrative grant ("Grant") for the purpose of continuing its Rural Delaware Homeownership Initiative Program ("Program") of assisting eligible low- and very low-income families in applying for Rural Development (RD) Section 502 Homeownership loans.

WHEREAS, Grantee is a housing technical assistance agency approved by the Delaware State Housing Authority ("Grantor") and is an approved nonprofit organization meeting the prescribed requirements for financial responsibility; and

WHEREAS, Grantee proposes to receive one-half of its Fiscal Year 2010 ("FY10") Program budget in the amount of \$79,450 from Grantor; and

WHEREAS, Grantor requires that administrative grants for funding of on-going programs be matched at least dollar for dollar by other funding sources; and

WHEREAS, Grantee has received its required match of \$79,450 from sources other than Grantor funds; and

WHEREAS, Grantee has demonstrated there is a need for its services; and

WHEREAS, Grantee has demonstrated for numerous years the capability to administer a program to package RD loans/grants in the State of Delaware; and

WHEREAS, Grantee expects to have completed 40 RD Section 502 closings by September 30, 2010.

NOW, THEREFORE, the Council on Housing approves a Grant to Grantee which shall not be in excess of \$79,450 for a period of 12 months. The Grant will be subject to the following terms and conditions:

1. Grantee will receive quarterly installments of the approved funded. Such installments will begin within 30 days of the signing of the Grant Agreement, subject to Grantee meeting all conditions of this resolution.

2. Grantor will receive quarterly progress reports detailing applications submitted to RD, RD rejection or approval, RD loan closings and any other pertinent information.

3. Grantor will receive a quarterly expense report consistent with line items as shown in Program operating budget.

4. Grantee will have 40 documented RD 502 loan closings by September 30, 2010.

5. Should RD funds be reduced to a point where Grantee cannot be reasonably expected to meet Grantor required closings, and Grantee provides appropriate documentation from RD as to why Grantee cannot meet Grantor's performance requirements, Grantor agrees to assess the feasibility of Grantee meeting its performance goals. Grantor agrees that, at its sole discretion, it will make reasonable efforts to keep Grantee's RDHI Program in place should Grantee experience substantial reductions in RD funding.

6. If RD does not receive funding in FY10 this Grant is terminated.

7. Grantee agrees to submit a current audit to Grantor within five days after receipt thereof.

8. Grantee will conduct outreach services to encourage participation of Public Housing tenants.

9. Grantee agrees that any other funds received from Grantor for packaging/counseling services for prospective homeowners involved with Program's funding, will be deducted from Grant appropriation.

10. Grantee agrees that, as a pre-condition to Grantor entering into any agreement for future Program funding requests, Grantee shall have secured funding commitments from other sources for at least one-half of its Program budget.

11. Grantee shall make a full disclosure of Program funds or commitments received from matching sources prior to execution of Grant Agreement with Grantor.

12. All terms and conditions of this Grant shall be set forth in a fully executed Grant Agreement between Grantee and Grantor within 30 days of this date or this Grant approval shall be null and void.

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9/8/09