

# Self-Helper

Winter 2014/2015

Volume 124

Inside:

Title	Page
Ready, Set, Save! (with Email Marketing 101)	2
New Under Secretary for Rural Development	3
5 Easy Ways to Cut Costs	3
RD Interest Rate	3
FY 15 Budget News	4
Are Retirement Accounts Assets?	5
Save the Date!	6
Regional Conference Call Planned	6

## National Office Updates

The recent HAC conference offered a wonderful opportunity for learning, networking and sharing. There was great interaction between Rural Development staff and attendees. Many changes are in the works for the upcoming year. The following information was shared by the RD National Office:

- To hear about the latest information about the 502 Direct Loan Program, sign up to participate in the ListServ. Visit <http://www.rdlist.sc.egov.usda.gov/listserv/mainervlet> to subscribe.
- The agency will offer restoration of the 10% cut taken by grantees funded in 2014.
- Plans are underway to celebrate the 50,000th self-help home.
- Process improvements are underway to reduce time, promote consistency and enhance service to homebuyers. This is being done with a program call DirectUS. It is a loan underwriting system for the 502 direct loan program. It is scheduled for implementation during the summer of 2015!
- It will also be easier to submit a loan application to Rural Development in the summer of 2015. They are working on a process whereby grantees will be able to submit files electronically. This will eliminate a lot of duplicative work.
- A final rule is expected on the Certified Loan Application Packaging Process by March to be implemented in the summer.
- Inspections were also discussed. In FY 2013 a practice was put into place to allow "other qualified persons" to perform the RD interim and final staff construction inspections outlined in 1924-A. These means are encouraged as long as they are readily available and economically feasible.

Sounds like a busy and productive year is ahead!



*Providing comprehensive, quality services for self-help housing*

## Ready, Set, Save! / E-mail Marketing 101



Every self-help housing organization struggles with finding qualified applicants to participate in the program. Instead of waiting for the

perfect applicant to walk through the door, grantees need to help those who are interested in the program to become qualified. This can take time...and it's easy to loose touch with a once interested applicant.

In November, NCALL developed the first issue of *Ready, Set, Save!*, a newsletter targeting people that do not qualify for the self-help housing program, but want to become participants. Keeping in touch with these individuals will help keep the self-help program on their mind. Articles will give advice on how to pay off debt, reduce their bills, save money, and provide budget cooking recipes. The next issue will be released in February 2015. Contact Meghan Fitzgerald at [mfitzgerald@ncall.org](mailto:mfitzgerald@ncall.org) to get your customized issue to send to potential participants.

Now that you have material to send out, what do you do with it? Here are some suggestions on how to plan and implement a successful email marketing strategy.

### Obey the Law

Be sure to abide by the regulations that are determined by the CAN-SPAM Act of 2003. Here are some best practices:

- ♦ Get permission from the

person before sending them emails

- ♦ Send emails from a legitimate email address, one that is monitored by staff
- ♦ The header should announce that it is from your organization or from your organization's domain
- ♦ The subject line needs to be accurate and not misleading - it must pertain to the content of the email
- ♦ It is required to provide a way for the recipient to easily opt out of receiving future emails (Opt outs must be complied with upon 10 days of request.)

### Build Your Email List

Now that you know how to legally conduct an email marketing campaign, you need to build an email list. Here's a few ways to do just that:

- ♦ Add checkbox to opt-in for newsletters on intake applications
- ♦ Add button or form to your website
- ♦ Add a link on social media posts
- ♦ Add link to your email signature

- ♦ Add QR Code to printed materials (People can scan the code and sign-up to receive emails)
- ♦ Ask when potential participants call your organization

### Get Email Marketing App

Once email addresses have been collected, find an email marketing application that will make creating, scheduling, and analyzing the effectiveness of your email campaigns a breeze. You can easily upload your email addresses, organize into topic-specific lists, and develop email templates. Collect and upload email addresses to the application. The chart below contains a breakdown of a few of the most popular email marketing providers.

Potential Sources:

- [Entrepreneur](#)
- [Experian](#)
- [Guide star](#)

Vendor	Price	Contacts	Send Limit per Month
<a href="#">Vertical Response</a>	FREE	0 to 1,000	Up to 4,000
<a href="#">Campaign Monitor</a>	Free to Try, \$9/month	0 to 500	Up to 2,500
<a href="#">iContact</a>	Free to Try, \$11.20/month w/ 20% Off for Nonprofits	0 to 500	Unknown
<a href="#">AWeber</a>	\$1 to Try/ \$19/month	0 to 500	Unlimited
<a href="#">MailChimp</a>	FREE	0 to 2,000	Up to 12,000
<a href="#">Constant Contact</a>	Free to Try, \$10.50/mo. w/ 30% off pre-pay	0 to 500	Unlimited

## Lisa Mensah New Under Secretary for Rural Development



Lisa Afua Serwah Mensah was nominated by President Obama for the position of Under Secretary of

USDA Rural Development and she was confirmed by the U.S. Senate in November.

Ms. Mensah provides leadership for three USDA agencies charged with improving the economic wellbeing of rural America: the Rural Housing Service, the Rural Utilities Service and the Rural Business-Cooperative Service. Together, these agencies provide critical infrastructure investments in the form of loans and grants for rural housing, high-speed broadband access, telephone, electric and water

utilities, renewable energy generation and conservation, local and regional food systems, community facilities, and small business development in rural America.

An expert in using financial tools to improve the economic security of the working poor, Ms. Mensah has experience in the private financial sector and has worked extensively on small and micro business development, housing, financial and savings policy.

Prior to joining USDA, she was the founding Executive Director of the Initiative on Financial Security at the Aspen Institute. In that role she led a national bi-partisan effort with leaders of financial institutions, non-profit executives and experts to

promote solutions to the complex problems of helping more Americans save money, buy homes, and finance retirement. Ms. Mensah began her career in commercial banking at Citibank before joining the Ford Foundation where she was responsible for the country's largest philanthropic grant and loan portfolio of investments in rural America.

Ms. Mensah holds an M.A. from the Paul H. Nitze School of Advanced International Studies of The Johns Hopkins University and a B.A. from Harvard University. Born and raised in Oregon, she is the daughter of an immigrant from Ghana and of a former Iowa farm girl. She resides in Maryland with her husband and two children.

## 5 Easy Ways to Cut Costs: Paper Consumption

Controlling costs and reducing expenses is imperative for any nonprofit organization to be sustainable. In this series of articles, we will provide simple ways to reduce expenses. This edition focuses on the cost of consuming paper and provides tips to reduce those costs.

### Paper Consumption

To give you an idea of how much paper is consumed, the typical employee uses about 20 reams of paper each year. If you're paying \$3.20 per ream of paper, that's only \$64 per year – again, it doesn't seem like a significant amount, but if you have a 10 person staff, the total cost of paper is over **\$50** every month.

*Here are 5 easy ways you can reduce that cost:*

- Use a digital document solution, like [Adobe Acrobat](#) or [Google Drive](#)
- Use the [sticky note](#) app on Windows (Start > Accessories > Sticky notes) instead of writing on paper
- Print on both sides of the paper
- Use fonts with “light” or “narrow” in the name, instead of “bold” or “black”
- Sending and receiving faxes directly from your computer using [eFax](#) or similar solution

### Rural Development Interest Rate

The Rural Development 502 Direct Note Rate dropped in December to 3.375%.

Check with your local RD office to confirm this change and keep this in mind when qualifying applicants!!

## FY 15 Budget News

In mid-December, Congress passed an omnibus appropriations bill, funding all but the Dept. of Homeland Security through the remainder of this fiscal year. The

Senate and the House split the difference in their Self-Help grant totals, so the Section 523 budget this year is \$27.5 million.

Work is now being done on the budget for next year, so continue to inform your congressmen of the benefits of your programs!

USDA Rural Development Program (dollars in millions)	FY 14 Final	FY 15 Admin Request	FY 15 House Bill	FY 15 Senate Bill	FY 15 Final
<b>Loans</b>					
502 Single Fam. Direct	\$900	\$360**	1,042	900	900
502 Single Family Guar.	24,000	24,000	24,000	24,000	24,000
504 Very Low-Inc. Repair	26.28	26.28	26.4	26.3	26.3
514 Farm Labor Hsg.	23.8	23.9	23.6	23.8	23.6
515 Rental Hsg. Direct	28.4	28.4	28.3	28.4	28.4
538 Rental Housing Guaranteed	150	150	150	150	150
<b>Grants &amp; Payments</b>					
504 Very Low-Inc. Repair	29.5	28.2	27	28.7	28.7
516 Farm Labor Hsg.	8.336	8.3	8.3	8.3	8.3
523 Self-Help TA	25	10	30	25	27.5
533 Hsg. Prsrv. Grants	3.54	0	0	3.5	3.5
521 Rental Assistance	1,110	1,089	1,089	1,094	1,089
RCDI	5.97	4***	5	5.97	4

\* Figures shown do not include the 5% sequester or 2.5% across the board cuts.

\*\* This does not include any reserve at the National office for Self-Help Housing loans. (The last 2 years this was \$5 million.)

\*\*\*Limited to tribal colleges.

HUD Program (dollars in millions)	FY 14 Final	FY 15 Admin Request	FY 15 House Bill	FY 15 Senate Bill	FY 15 Final
CDBG	\$3,030	\$2,837	\$3,000	\$3,020	3,000
HOME	1,000	945	700	950	900
SHOP	50	10***	10	50	50
Housing Counseling	45	55	45	49	47
Housing Trust Fund	0	1,000	0	0	0
Choice Neighborhood Initiative	90	120	25	90	80

\*\*\*Budget request would put under HOME program.

## Are Retirement Accounts Assets?

The subject of the counting of certain retirement accounts as assets when considering a 502 applicant's eligibility and/or down payment can be confusing and difficult to understand. It is a little easier to comprehend when broken down into sections.

First, if the applicant is retired and drawing down the account as income on a regular basis, then the value of the fund or funds need not be considered for down payment/eligibility (but would need to be counted as income). If, however, the applicant is not retired, then we must distinguish between *market* and *cash value* of the retirement account. The *market value* of a retirement account is simply the face value. For instance, a CD of \$5,000 has a market value of \$5,000. The *cash value* is the value of the retirement account after any penalties and fees are paid. In the above case, if the CD is cashed before retirement age and before its maturity, there may be a penalty of \$1,000, making the *cash value* of the CD \$4,000. Also, the retirement account must pass a test in order to be counted: If the funds cannot be removed (cashed) unless the person 1) retires or 2) unless the person borrows from them to obtain the funds or 3) unless the person is terminated, then the account, no matter what the dollar amount, cannot be counted as an asset because essentially, the person cannot access those funds until one of those three things happen.

Assuming none of the above apply and the applicant CAN access the funds, then other rules apply to

determine exactly how much of the retirement assets should be counted. Only the amount of funds in the retirement account that EXCEED the Adjusted Median Income (AMI) for the area in which the applicant chooses to purchase can be counted. The AMI can be found on Fannie Mae's website ([www.fanniemae.com](http://www.fanniemae.com)). Any penalty for early withdrawal or other penalties must be deducted from the market value of the fund before it is counted as an asset for down payment purposes.

The following are examples of applicants, **not retired**, with an IRA that can be cashed without any of the 3 criteria previously mentioned applying:

1. **An applicant has an IRA set up as a CD at his bank with a value of \$50,000.**
  - \*The penalty for early withdrawal is 20%
  - \*The AMI for the area is \$40,000

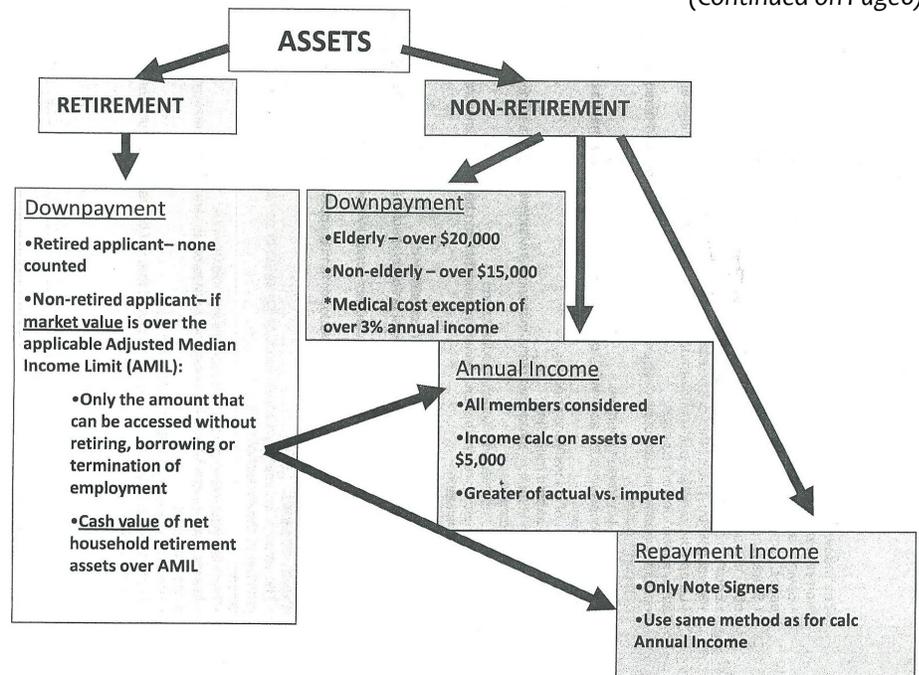
Deducting the AMI of \$40,000 from the market value of the account, which is \$50,000 leaves \$10,000. A 20% penalty on the entire \$50,000 market value would be \$10,000. In this case, the value counted for eligibility/down payment purposes would be \$0- ( $\$50,000 - \$40,000 - \$10,000 = \$0$ ).

2. **An applicant receives an inheritance of \$80,000 and places it in a retirement account in the form of mutual funds.**

- \*The AMI for the area is \$50,000
- \*The penalty for early withdrawal is 20%

Deducting the AMI of \$50,000 from the market value of \$80,000, leaves \$30,000. Deducting the 20% penalty on the \$80,000 (\$16,000) leaves a balance of \$14,000 ( $\$30,000 - \$16,000$ ) that would need to be counted as money towards a down payment.

(Continued on Page6)



## Retirement Accounts *(Continued from Page 5)*

If the amount required to be applied as a down payment and the applicant's income is sufficient, the applicant may be able to obtain a conventional mortgage and not be eligible for a 502 loan. If it is **not** sufficient for a conventional down payment (normally 20% of the purchase price), then the applicant would generally be expected to put the final dollar amount determined using the above criteria towards the purchase of the house to reduce the 502 loan.

The chart on the previous page may help to clarify the use of both retirement and non-retirement assets for both down payment and income purposes.

Thanks to Carol Riggles of Interfaith Housing Associates for sharing the chart.

## Regional Conference Call Planned

NCALL will be hosting another regional conference call on **Thursday, January 22<sup>nd</sup> at 10:00 a.m.** for an open discussion. Please join us and be prepared to share your thoughts and questions. More information will be coming out soon.

**SAVE THE DATE**

National Self-Help Housing Conference

July 21-23, 2015 ■ San Antonio, TX

**50 YEARS OF BUILDING DREAMS**  
50 Years | 50,000 Homes

Visit [www.ncall.org](http://www.ncall.org) for the latest info

*In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. (Not all prohibited bases apply to all programs).*

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

Published Quarterly  
by NCALL Research  
Joe L. Myer, Executive Director  
Jill E. Lordan, Self-Help  
Director & Editor  
Articles contributed by NCALL staff.  
Phone (302) 678-9400  
Fax (302) 678-9058  
[www.ncall.org](http://www.ncall.org)