

Rural Decentralized Water Systems Grant Program | Fiscal Year 2026, Second Opportunity Application Guide

Instructions and notice to applicants:

- This guide is intended to help you. Using it will not favorably impact your application.
- Regardless of whether or not you use the guide, you must complete and submit all required federal forms and registrations, and include documentation that supports applicant and project eligibility claims, priority points, and verifications of reserved and matching funds.
- You must provide complete responses to all questions in the application.
- Incomplete applications **will not** be considered for funding.
- Certifications, statements, and other standard terms used in this guide (examples include “you,” “I,” “we,” “it,” “applicant,” “entity,” and “grantee,” among others) refer to the **legal entity** applying for the Rural Decentralized Water Systems Grant program. By checking, signing, or otherwise acknowledging these elements, you confirm they are true and correct.
- The application window for this program is open July 28, 2026, through September 30, 2026. To be considered for Rural Decentralized Water Systems Grant program funding, you must submit your complete, signed application and all required documents no later than **11:59 p.m. eastern time on September 30, 2026**.

NOTE: The information requested in this application guide is being collected and will be used by USDA Rural Development’s Rural Utilities Service (RUS) to determine eligibility for grants and to meet reporting requirements. According to the Paperwork Reduction Act (available at this link: [pra.digital.gov/](https://www.pra.digital.gov/)), you are not required to respond to a request for collection of information unless the request displays a valid Office of Management and Budget (OMB) control number. The valid OMB control number associated with this information collection is 0572-0139.

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A note about website links: For ease of reference, this guide provides links to relevant, useful information hosted outside the USDA domain. Please be aware that, when you access information through a link provided in this document, you are subject to the copyright and licensing restrictions of those sites. All links in this document were active as of February 2026.

Section 1: Rural Decentralized Water Systems Grant

1.1 Introduction

The Rural Decentralized Water Systems (DWS) Grant program helps eligible individuals with low-to-moderate incomes finance the costs associated with household water wells and decentralized wastewater systems they own or will own. USDA Rural Development Rural Utilities Service (RUS) makes grants to qualified, private nonprofit organizations to establish lending programs for homeowners to borrow up to \$15,000 for building, refurbishing, and servicing household water wells and decentralized wastewater systems for an existing home. Subgrant awards can also be made from grant proceeds. For eligibility information, see the Fiscal Year 2026, Second Opportunity Notice of Funding Opportunity (NOFO), available under the “Overview” tab at this link: tinyurl.com/yxn6mps6.

In this guide, you will find information to help you understand the:

- Application process and deadlines
- Components of a completed application
- Scoring criteria and application review process

1.2 Authorization

The Consolidated Farm and Rural Development Act (CONACT) Section 306E authorizes the DWS Grant program (7 U.S.C. 1926(a) – available at this link: go.usa.gov/xJDZU.)

The DWS Grant program is found in the Code of Federal Regulations (CFR) Part 1776 (available at this link: go.usa.gov/xJbep). If any differences in the interpretation of this guide in comparison with 7 CFR Part 1776 occur, the regulation takes precedence. This application guide is to be used **in conjunction with** 7 CFR Part 1776.

1.3 Fiscal Year 2026 Funding Availability

Fiscal Year 2026 funding is determined by Congress and will be released when the budget is approved.

1.4 Contact

USDA Rural Utilities Service Water and Environmental Programs (WEP) staff administers the DWS Grant program. If you have questions, contact the WEP staff early in your application process.

Email: Water-RD@usda.gov

1.5 Online Resources

Additional information about this program is available at tinyurl.com/yxn6mps6.

Additional application guidance is available in the Fiscal Year 2026 Notice of Funding Opportunity (NOFO) available at this link: grants.gov/. The DWS application package can be found by searching for funding opportunity number **RDRUS-26-DWS**.

Section 2: Loans and Subgrants Eligibility

2.1 Individual Eligibility Differs from Organizational Eligibility

Individuals can receive loans and subgrants from DWS grant awardees, but cannot, themselves, receive a DWS grant. To be eligible to apply for DWS loans and subgrants, an individual must meet definitions in 7 CFR part 1776.3, available at this link: go.usa.gov/xJbzS.

Eligible individual criteria includes being a member of a household with a combined income of not more than 60 percent of the median nonmetropolitan household income for the state or territory in which the person resides (using five-year income data from the American Community Service (ACS), or other U.S. Census Bureau data).

Section 3: Requirements for a Complete Application

3.1 Preparing the Application

All applicants must be eligible entities, and must submit a complete application by the deadline stated in Section 4.3. For additional information, see 7 CFR 1776.5 – “Eligibility to receive a DWS grant” – available at this link: go.usa.gov/xJbS6. Additionally, applicants must have no delinquent federal debt and no outstanding judgments to repay a federal debt.

Grant funds can be used for the purposes listed in:

- 7 CFR 1776.1 (“*Purpose*” – available at this link: go.usa.gov/xJbhW)
- 7 CFR 1776.12 (“*Use of DWS Grant Proceeds*” – available at this link:

[go.usa.gov/xJbh5](https://www.go.usa.gov/xJbh5))

- 7 CFR 1776.13 (“*Administrative Expenses*” – available at this link: [go.usa.gov/xJbh6](https://www.go.usa.gov/xJbh6))
- 7 CFR 1776 Subpart C (“*DWS Loans*” – available at [go.usa.gov/xJbhM](https://www.go.usa.gov/xJbhM)).

In order to prepare the budget and successfully complete other parts of your application, you must consult the cost principles and general administrative requirements for grants based on your organization type (See 2 CFR Part 200 “*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*” – available at this link: [go.usa.gov/xJjq4](https://www.go.usa.gov/xJjq4)).

You must also demonstrate compliance – or intent to comply – with a number of public policy requirements using certification or other means described in this application guide, in the NOFO, or at [grants.gov](https://www.grants.gov).

3.2 Application Components

3.2.1 Required Forms

- The Standard Form 424 family of documents – all required to complete your application, can be found on Grants.gov at this link: tinyurl.com/RD-SF424
 - a. Standard Form 424, *Application for Federal Assistance*
 - b. Standard Form 424A, *Budget Information for Non-Construction Programs*
 - c. Standard Form LLL, *Disclosure of Lobbying Activities*
- Certifications for Contracts, Grants and Loans (No lobbying, complete this form)
- Compliance with 1900-D and 2 CFR 400 Disclosure Act
- Form RD 400-4, “Assurance Agreement”
- Other forms and information as listed in 7 CFR 1776 are available at this link: [go.usa.gov/xJDC8](https://www.go.usa.gov/xJDC8)

3.2.2 Project Proposal

Your project proposal must outline the project with enough detail to provide the evaluator with a complete understanding of how your proposed project will work. The proposal must explain what your project will accomplish by lending funds to individual well and wastewater treatment operation owners. Your proposal also must demonstrate the feasibility of the proposed revolving loan program in meeting DWS program objectives.

Your proposal must cover the following elements:

1. **Project Summary** – Present a brief project overview.

- a. Explain the purpose of your project and how it relates to the purposes of the DWS grant program.
 - b. Describe how you will carry out the project, what the project will produce, and who will direct it.
2. **Needs Assessment** – Describe why the project is necessary.
 - a. Identify any economic, social, financial, or other problems your project will solve.
 - b. Demonstrate the water well or wastewater systems owners need for financial and technical assistance.
 - c. Quantify the number of prospective borrowers, or provide statistical or narrative evidence that a sufficient number of borrowers exists to justify the grant award.
 - d. Describe the service area, including the names of communities to be served, population, and median household income (MHI).
 - e. Address the specific needs of the proposed service area.
3. **Project Goals and Objectives** – State your project goals.
 - a. Your objectives must describe your project goals clearly enough to be quantitative or observable.
 - b. Goals must be feasible and relate to the purpose of the DWS loan and subgrant program.
4. **Project Narrative** – This must be more detailed than your project summary.
 - a. Demonstrate your experience and expertise in promoting the safe and productive use of individually owned household water well systems and wastewater treatment systems. In describing what the project will achieve, explain if it also will have a broader influence. The project narrative must:
 - Document your ability to manage and service a revolving loan fund following 7 CFR Part 1776 (available at this link: go.usa.gov/xJDC8).
 - Describe the systems in place to cover the full life cycle of a loan, from origination through servicing. If a servicing contractor will handle the loan portfolio, that arrangement and the services provided also must be described.
 - b. Show evidence of the availability of funds from sources other than the DWS grant, itself.
 - Note all contributions the project will receive from your organization,

local, state, and other federal agencies, nongovernmental organizations, private industry, and individuals.

- Describe how these contributions will be used to pay your operational costs and provide financial assistance for projects.
- c. List the interest rate and any other fees or charges your borrowers will be assessed. Describe how those fees and charges are determined.

3.2.3 Work Plan

The work plan must describe the tasks and activities that will be accomplished with available resources during the grant period.

It must show the work you plan to do to achieve the anticipated outcomes, goals, and objectives of the DWS grant program. Describe any unusual or unique features of your project, such as innovations, reductions in cost or time, or extraordinary community involvement. The plan must:

- a. Describe the work to be performed by each person.
- b. Provide a schedule or timetable of work to be done.
- c. Show evidence of previous experience with the techniques to be used.
- d. Outline the revolving loan program. Include specific loan and subgrant purposes, the application process, priorities, borrower eligibility criteria, limitations, fees, interest rates, terms, collateral requirements, and servicing policies. You can do this by providing a copy of your program operation policies, but you must include all of the information listed here.
- e. Outline the criteria for awarding subgrants, including specific subgrant purposes and the subgrant application process.
- f. Provide a marketing plan.
- g. Explain how you will transfer funds to individual borrowers.
- h. Describe ongoing or follow-up activities that will occur after project completion (such as monitoring and reporting borrowers' accomplishments). Include policies for addressing delinquencies.
- i. Using your project objectives, describe how project results will be evaluated to measure the success of the DWS.
- j. List all personnel responsible for administering the DWS program. Include a statement of each person's qualifications and experience.
- k. Address the process for complying with environmental requirements for multitier actions listed in 7 CFR 1970, Environmental Policies and Procedures available at this link: [go.usa.gov/xJjYM](https://www.go.usa.gov/xJjYM).

3.2.4 Budget and Budget Justification

The written justification for projected costs must explain how you determined budget figures for each category. It also must indicate which costs are to be covered by grant funds, and which costs will be met by your organization or non-DWS sources. The justification must account for all expenditures in your narrative. It also must reflect appropriate cost-sharing contributions.

The budget justification must explain the budget and accounting system proposed or already in place. The administrative costs for operating the budget must be expressed as a percentage of the overall budget. The budget justification must provide specific budget figures, rounding-off figures to the nearest dollar. Consult 2 CFR Part 200, Subpart E “Cost Principles,” (available at this link: [go.usa.gov/xMvaQ](https://www.govinfo.gov/sequence.do?seqNum=100)) for information about appropriate costs for each budget category.

3.2.5 Required Information Not Found on Standard Application Forms

In addition to completing all standard application forms, you must submit the following supplementary materials:

1. **Evidence of Legal Existence.** Demonstrate that your organization is legally recognized under state and federal law as a private, nonprofit organization.
 - a. The documentation must show you have the authority to enter into a grant agreement with USDA Rural Development’s Rural Utilities Service, and to perform the activities proposed under the grant application.
 - b. Among other items, satisfactory documentation includes certificates from the Secretary of State, copies of state statutes or laws establishing your organization, and copies of your organization’s articles of incorporation and bylaws. **NOTE:** Letters from the IRS awarding tax-exempt status are **not** considered adequate evidence.
2. **A list of your board of directors and officers.** Submit a current certified list of directors and officers with their full legal names and respective terms.
3. **A list of Entity Principals and their full legal names and respective terms.** Refer to below chart for the minimum principals to be included listed by entity type.

Principals Table.

Entity Type	Minimum Principals to be Screened
Institutions of Higher Education	President/Dean and any person accepting/distributing the federal funds; plus, Chairman/President and Treasurer of the governing board
Federal tribes	Tribal Chairman or equivalent, plus Treasurer or any person who will be accepting and distributing the Federal funds
Non-profits	Chief Executive Officer (CEO)/Director/Executive Director, Chief Financial Officer (CFO), and any person who will be accepting/distributing the Federal funds; plus, Chairman/President and Treasurer of the governing board
Private Entities (other than those listed elsewhere)	Director/Executive Director and person who will be accepting/distributing the federal funds
Public bodies such as towns, counties, or districts	Mayor/Town Manager/Executive Director and Person accepting and distributing the Federal funds; plus, Chair of the city, town or county council and Treasurer

4. **IRS tax exempt status.** Submit evidence of tax-exempt status from the IRS.
5. **Audit.** As directed in 2 CFR Part 200, Subpart F, *Audit Requirements* (available at this link: [go.usa.gov/xJDqN](https://www.go.usa.gov/xJDqN)) you must submit your organization's most recent, independently conducted audit. A link for website access to an audit is not acceptable.
6. **Financial statements.** Submit the following:
 - Balance sheet, income statements, and cash flow statements covering the last three years. **NOTE:** If your organization was formed fewer than three years ago, submit financial statements from the date it was formed up to the present, including pro forma statements at the time the organization was established.
 - Projected income and cash flow statements for at least three years, supported by a list of assumptions showing the basis **ONLY** for the revolving loan fund projections. Also include a separate set of financial projections illustrating the organization's total operations.
7. **Other Organizational Documents.** If your organization is contracting with an affiliated organization, provide the contract or legal documents that illustrate the affiliation between the contractor and your organization. If you have questions about this requirement, contact WEP staff as noted in section 1.4 of this guide.
8. **Additional Supporting Information.** You can submit additional information to support and describe your plan for achieving the grant objectives. This information is regarded as essential for understanding and evaluating your projects, and can include such things as letters of support, resolutions, your revolving fund policies, and so on. This supplemental information can be presented in appendices to your proposal.

Section 4: Application Submission Process

4.1 Electronic Filing

Applications must be filed electronically using Grants.gov (available at this link: [grants.gov](https://www.grants.gov)). The DWS application package can be found by searching for the funding opportunity number

RDRUS-26-DWS2.

NOTE: We will not accept applications by email or fax. If you have questions, see Section 1.4 for contact information.

4.2 Actions Required Prior to Submitting Your Application

You are required to get a Unique Entity ID (UEI) and maintain active registration in the U.S. Government's System for Award Management (SAM) database, available at this link: sam.gov/content/home. Your registration must be renewed and revalidated every 12 months for as long as you have an active loan, guaranteed loan, or grant with USDA Rural Development's Rural Utilities Service.

To ensure your information is current, accurate, and complete, and to prevent SAM account expiration, reviews and updates must be performed within one year of the initial account activation date. The registration process can take up to 10 business days to complete. Additional information can be found in 2 CFR Part 25, *Universal Identifier and System for Award Management*, available at this link: tinyurl.com/2CFR-25UEI. You can also check the "Help" section at SAM.gov.

4.3 Application Window

The FY 2026, Second Opportunity application window opens on July 28, 2026. To be considered for funding, your application must be time-stamped electronically on [grants.gov](https://www.grants.gov) no later than **11:59 p.m. Eastern Standard Time on September 30, 2026**.

Late or incomplete applications are not eligible for funding.

NOTE: If a filing deadline date falls on a weekend or a federal holiday, the deadline is extended to the next business day.

Section 5: The Application Review Process

5.1 Acknowledging Receipt of your Application

An acknowledgement receipt of the application will be emailed to the applicant by grants.gov once the Agency has downloaded and acknowledged the application. All

applications are reviewed for completeness. You will be notified in writing if your application is incomplete, and no further action will be taken. If your application is determined to be ineligible, we will notify you with an explanation.

5.2 Evaluating your Application

Complete, eligible applications will be evaluated competitively by RUS employees from the Water and Environmental Programs. The employees will score applications using criteria outlined in Section 5.3, and will base its recommendations on factors such as eligibility, clarity, detailed information, application completeness, and conformity to application requirements.

5.3 Scoring Criteria

Your application and supporting information will be used to determine your priority for available DWS funds. Points are given only for well-documented factors in your application package and those that – in the opinion of the reviewers – meet the objectives outlined under each factor in 7 CFR Part 1776.9, “Scoring Applications” (available at this link: go.usa.gov/xJDcG) and as outlined below.

1. Degree of expertise and experience in promoting the safe and productive use of individually owned household water well systems, wastewater treatment systems, and groundwater. **Up to 30 points possible.**
2. Degree of expertise and successful experience in making and servicing loans to individuals. **Up to 20 points possible.**
3. Percentage of applicant contribution. Points are based on written evidence of the availability of funds from sources other than the proceeds of a DWS grant to pay part of the cost of a loan recipient’s project. In-kind contributions will not be considered. Funds from other sources as a percentage of the DWS grant and points corresponding to those percentages are as follows: **(up to 20 points possible)**

a. 0 – 9 percent	ineligible
b. 10 – 25 percent	5 points
c. 26 – 30 percent	10 points
d. 31 – 50 percent	15 points
e. 51 or more percent	20 points
4. Extent to which your work plan demonstrates a well-thought-out, comprehensive approach to accomplishing the objectives of the DWS program, clearly defines who will be served by your project, and appears likely to be sustainable. **Up to 20 points possible.**
5. Extent to which your goals and objectives are clearly defined, tied to the need as

defined in your needs assessment, tied to the work plan, and are measurable.
Up to 10 points possible.

6. Lowest ratio of projected administrative expenses to loans advanced. **Up to 10 points possible.**
7. **Administrator's discretionary points.** To be considered for administrative points, your work plan **must** include a separate section titled "Administrative Points". Creative outreach ideas for marketing HWWS loans to rural residents, the amount of funds requested in relation to the amount of needs demonstrated in the work plan, previous experiences demonstrating excellent utilization of a revolving loan fund grant, and optimizing the use of agency resources. **Up to 10 points.**

5.4 Application Selection

We will rank qualifying applications by final score. Applications are selected based on the highest ranking, plus on funding availability. USDA reserves the right to not award DWS grant funding if applications are incomplete or earn low scores. All applicants will be notified of their selection status.

5.5 Possible Application Actions

USDA Rural Development will decide among the following:

- Eligible, and selected for funding
- Eligible, but offered fewer funds than requested
- Eligible, but not selected for funding
- Ineligible

5.6 Appeals Process

Following direction in 7 CFR Part 1900, Subpart B, *Adverse Decisions and Administrative Appeals*, (available at this link: go.usa.gov/xJDaW), applicants generally have the right to appeal adverse decisions. However, some adverse decisions – such as a denial due to lack of available DWS grant funds – cannot be appealed.

Applicants can request review by the National Appeals Division (NAD). The appeal must be received within the proper timeframe as directed in 7 CFR Part 1900, must be in writing, and filed with the appropriate NAD regional office. A list of regional offices is available at this link: usda.gov/oha/nad/contact. You can call NAD toll-free at (877) 487-3262.

Appendix: Rules and Regulations

- 7 CFR Part 1776: *Rural Decentralized Water Systems* – available at this link: go.usa.gov/xJDC8
- CFR Part 1900, *Subpart B: Adverse Decisions and Administrative Appeals* – available at this link: go.usa.gov/xJDaW
- 2 CFR Part 25, *Universal Identifier and System for Award Management* – available at this link: tinyurl.com/2CFR-25UEI
- 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* – available at this link: go.usa.gov/xJjq4
- 2 CFR Part 400: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* – available at this link: go.usa.gov/xJDrv
- 2 CFR Part 417, *Nonprocurement Debarment and Suspension* – available at this link: go.usa.gov/xJjgs
- 2 CFR Part 421, *Requirements for a Drug-free Workplace (Financial Assistance)* – available at this link: go.usa.gov/xJj4T
- Code of Federal Regulations – available at this link: ecfr.gov/

Civil Rights Information

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the State or local Agency that administers the program or contact USDA through the Telecommunications Relay Service at 711 (voice and TTY). Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <https://www.usda.gov/about-usda/general-information/staff-offices/office-assistant-secretary-civil-rights/how-file-program-discrimination-complaint> and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

(a) mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW, Mail Stop 9410
Washington, D.C. 20250-9410;

(b) fax: (202) 690-7442; or

(c) email: program.intake@usda.gov.

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