

**A Community Housing Development Organization (CHDO) is a private nonprofit organization that:**

- 1) Is organized under State or local law;
- 2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
- 3) Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
  - i. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as builder, developer, or real estate management firm.
  - ii. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and
  - iii. The community Housing Development Organization must be free to contract for goods and services from vendors of its own choosing;
- 4) Has a tax exemption ruling from the Internal Revenue Service under section 501 (c) (3) or (4) of the Internal Revenue Code of 1986;
- 5) Does not include a public body (including the participating jurisdiction). An organization that is State or locally may qualify as a Community Housing Development Organization: however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the participating jurisdiction or State recipient. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members;
- 6) Has standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management System";
- 7) Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income as evidenced in its charter, articles of incorporation, resolutions or by-laws;
- 8) Maintains accountability to low-income community residents by:
  - i. Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and
  - ii. Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
- 9) Has demonstrated capacity for carrying out activities assisted with HOME funds by hiring experienced key staff members who have successfully completed similar projects. This requirement cannot be met through the use of volunteers.
- 10) Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

## CHDO CERTIFICATION PROCESS

- 1) Organization must submit the complete CHDO Certification Application, including signed originals of the Board Member Form, with funding application to:

**Skagit County**  
**Attention: Felicia Medlen**  
**700 S Second Street Suite 301**  
**Mount Vernon WA, 98270**

Failure to return all the required documentation will delay the application's review and processing.

- 2) Once all required information and/or documents are submitted to, the review process begins. The review includes a review of the project proposal submitted with this application.
- 3) The organization will be notified in writing of the resulting determination:
  - i. The organization is granted certification.

### OR

- ii. The organization is notified in writing that deficiencies exist in the application. The organization is given additional time to address deficiencies. Non-receipt of requested information during the following provided time line will result in closing of the file. Once a file is closed, applicants will need to resubmit the entire package.

## Application Checklist

Applicant:

The CHDO Application must include all of the information in the following order. Failure to return all of the required documentation will delay the application's review and processing:

- Certificate of Incorporation/Charter Granted by the Office of the Secretary of State
- Charter or Articles of Incorporation
- Signed By-Laws
- Signed Amendments
- Board Resolution(s) if not included in By-Laws
- A 501 (c)(3) or (4) Certificate from the IRS
- A map defining the geographic boundaries of organization's service area and a description of organization's service area
  
- List of Board Members
- Board Member Information forms - signed originals
- Organizational chart
- Resumes of key staff documenting successfully completed housing developments
- Statement documenting organization's service to community during previous year
  
- Detailed description of the organization, staff experience and capacity, and Board involvement, see question #12
  
- Notarized statement by CFO, see form in Section 5
- or  
Certification from CPA regarding financial accountability standard
- or  
Certified financial statement or audit conducted with generally accepted accounting principles
  
- Most recently submitted IRS Form 990
  
- Financial narrative, see question #15

## Community Housing Development Organization (CHDO) Application

Please see the Skagit County Consortium CHDO Policy and Procedures to ensure your organization is eligible for CHDO certification. Complete this application in its entirety. *(This form is fillable)*

### APPLICATION INFORMATION

Organization Legal Name: \_\_\_\_\_

Executive Director: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, and Zip Code: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Website: \_\_\_\_\_ Email Address: \_\_\_\_\_

Contact Person (if different from above): \_\_\_\_\_

Parent Organization (if applicable): \_\_\_\_\_

Date of Incorporation: \_\_\_\_\_ Tax ID Number: \_\_\_\_\_

DUNS Number: \_\_\_\_\_

IRS Tax Status: (Please check appropriate box)

501 (c) (3) Date Received: \_\_\_\_\_

501 (c) (4) Date Received: \_\_\_\_\_

Other: \_\_\_\_\_

*The following documentation and the page number where the reference is found must be submitted with your request for certification :*

1) The nonprofit organization is organized under the Texas Nonprofit Corporation Act as evidenced by:

- Charter, OR Page Number: \_\_\_\_\_
- Articles of Incorporation Page Number: \_\_\_\_\_

2) No part of the organization's net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

- Charter, OR Page Number: \_\_\_\_\_
- Articles of Incorporation Page Number: \_\_\_\_\_

3) Copy of your organization's Charter, signed Articles of Incorporation; signed By-Laws and amendments; and a copy of Certificate of Incorporation granted by the Office of the Secretary of State.

4) Board Resolution(s) (if not indicated in the organizations By-Laws) which outlines the organization's formal written process that allows low-income residents and program beneficiaries to advise the organization on relevant decisions concerning the development, design, location, and management of affordable housing, as evidenced by the CHDO's:

- By-Laws, OR Page Number:
- Resolutions, OR Page Number:
- A written statement or operating procedure approved by the governing body. Statement must be on original letterhead, signed by the Executive Director with evidence of Board approval.

5) Has as its primary purpose the provision of decent housing that is affordable to low-moderate income people, as evidenced by a statement in organization's:

- Articles of Incorporation OR Page Number:
- By-Laws, OR Page Number:
- Charter, OR Page Number:
- Resolutions Page Number:

6) Has tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c)(3) or (4) of the IRS Code of 1986, as evidenced by below certificates:

- 501 (c) (3) Date Received:
- 501 (c) (4) Date Received:

**OR**

Is classified as a subordinate of a central organization non-profit under section 905 of the IRS Code, as evidenced by:

- A group exemption letter from the IRS that includes the CHDO  
Date Received:

7) A map defining the specific geographic boundaries of organization's service area and a description of organization's service area;

8) List of Board members and original Board Member Information forms signed and completed by each Board Member. Resumes should also be included for Board members documenting housing experience.

9) Organizational chart, resumes and summary of staff experience with affordable housing and federal Program funds, including years of direct experience for each staff working directly with the program.

10) A list of activities or summary that documents the organization's service to the community during the previous year. New organizations have the option of providing a list of activities that document its parent organization's service to the community during the previous year.

11) Board minutes from from last two board meetings

Thoroughly answer the questions provided below regarding the organization, experience and  
12) capacity, staffing and Board involvement.

**Organizational Information**

a) What is the primary business of the organization?

b) How have the services or programs changed since the organization was established?

c) Is there a current business plan? If yes, please provide a brief overview.

d) Does your organization receive a certificate of good standing or other documents from the State? If yes, please provide information and attach a copy of the most recent certificate or other documents.

**Experience and Capacity**

a) Please detail your organization's successful affordable housing developments?

b) Has your organization had any HUD findings? If so, thoroughly explain the resolution.

**Staffing**

a) How many paid staff members does your organization have? What are their roles?

b) Does your organization have staff training and evaluation procedures in place? Describe staff training and evaluation procedures for the organization.

**Board**

a) How regularly does the Board meet?

b) How are Board members recruited and are they involved in fundraising?

- 13) Conforms to the financial accountability standards of 24 CFR 84.21, "Standards of Financial Management Systems", as evidenced by:
- A notarized statement by the Chief Financial Officer, see form on Tab 5, OR
  - A certification from a Certified Public Accountant OR
  - A HUD approved audit summary
- 14) Organizations having revenues in **excess** of \$300,000 **MUST** submit an audit performed by a Certified Public Accountant, along with their most recently filed IRS Form 990.
- An audit performed by a Certified Public Accountant
  - and**
  - Most recently filed IRS Form 990

Organizations having income **less** than \$300,000 **MUST** submit the organizations most recently filed IRS Form 990, along with the items from either:

- A set of Basic Financial Statements, which MUST include the industry equivalent of Balance Sheet, Statement of Cash Flows, Income Statement and the Notes to the Financial Statements. These must have been certified as official financials and evidenced by a copy of the board minutes showing that they were presented and accepted as official financial statements by the entity's board or governing body.
- OR**
- A compiled set of Basic Financial Statements, along with a letter that the compilation was performed in accordance with American Institute of Certified Public Accountant's industry standards. The compilation must include the industry's equivalent of the Balance Sheet, Statement of Cash Flows, Income Statement, and the Notes to the Financial Statements.

15) Please provide a brief narrative for each of the following questions:

a) What is your current annual operating budget?

b) What are the sources of your operating funds?

c) Will these funding sources continue?



d) Who currently maintains your organization's accounting records? Please provide their contact information.

e) Is the organization audited by a certified public accountant? Provide his/her name and address.

f) Describe the frequency that internal financial statements/reports are prepared and to whom the reports are distributed and the systems used for review and approval?

g) Describe system for budget preparation, review and adoption/approval and approvals for adjustments.

h) Describe system of internal controls/procedures for maintaining cash, bank accounts, reconciliations of general and project funds

**Please drop off or mail the requested information to:**

**Skagit County  
Attention: Felicia Medlen  
700 South Second Street suite 301  
Mount Vernon WA, 98273**

**For further information, contact Felicia Medlen at (360) 416-1513**

**NOTE**

A new certification will be required each time an organization applies for CHDO funds.

## Board Information Description

At least one-third of the organization's Board must be representatives of the low-income community the CHDO serves. To meet the one-third minimum requirement, the organization's Board could consist of either:

- Residents that live in the low-income community where 51 percent or more of the residents are low-income. The persons need not be low income;
- Residents of the community who are qualified as low-income (below 80 percent of the median income); or
- Elected representatives of low-income neighborhood organizations.

- 1) Elected or Appointed Public Official - A public sector representative or any elected public official, any appointed public official, any public/government employee of a public agency or department, or any individual who is appointed by a public official to serve on a CHDO board.
- 2) Public Employee - All employees of public agencies, including schools.
- 3) Low-income resident of the community - Under the HOME program, for urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural area, "community" is defined as one or several neighborhoods. Also income must be below 80 percent MFI for their family size.
- 4) Resident of a low income community - This does not mean that you must be a low-income person, only that you reside in a low-income community within the organization's designated service area.
- 5) Elected rep of a low-income neighborhood organization - A low-income neighborhood organization is an organization composed primarily of residents of a low-income neighborhood. Examples are block groups, civic associations, neighborhood church groups.

## Board of Directors - Member Information

Organization Name: \_\_\_\_\_

**Please complete and return the original of this form for each Board Member of the Organization (CHDO). Please print or type (this form is fillable).**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, and Zip Code: \_\_\_\_\_

Telephone

Home: \_\_\_\_\_

Cell: \_\_\_\_\_

Email Address: \_\_\_\_\_

Occupation: \_\_\_\_\_

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

City, State, and Zip Code: \_\_\_\_\_

Board Member Since (Month & Year): \_\_\_\_\_

Term: \_\_\_\_\_

**Please answer all the questions below and check the appropriate box (all questions must be answered):**

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| 1) Elected or Appointed Public Official?                                     | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 2) Public Employee?  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 3) Low-income resident of the community?                                     | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 4) Resident of a low-income neighborhood in service area?                    | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 5) Elected rep of a low-income neighborhood organization?                    | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| 6) Please detail your experience with the development of affordable housing. |                              |                             |

I certify that the information provided above is accurate and correct to the best of my knowledge.

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

### Affidavit of Standards for Financial Management Systems

Date: \_\_\_\_\_

Affiant: \_\_\_\_\_

Recipient: \_\_\_\_\_  
(Insert exact legal name of the organization)

**Affiant on oath swears that the following statements are true and are within the personal knowledge of Affiant:**

1. Affiant is the Chief Financial Officer of the Recipient and is authorized to make this affidavit on behalf of Recipient.
2. Recipients' financial management systems conform to the financial accountability standards set forth in 24 CFR 84.21, by providing for and incorporating the following:
  - a. Accurate, current, and complete disclosure of the financial results of each federally-sponsored project;
  - b. Records which identify the source and application of funds for federally-sponsored activities. These records contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest;
  - c. Control over and accountability for all funds, property and other assets; adequate safeguards of all such assets shall be adopted to assure that all assets are used solely for authorized purposes;
  - d. Comparison of outlays with budget amounts for each award;
  - e. Written procedures to minimize the time elapsing between the receipt of funds and the issuance or redemption of checks for program purposes by the recipient;
  - f. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of Federal cost principles (Circular A-122) and the terms and conditions of the award;
  - g. Accounting records, including cost-accounting records that are supported by source documentation.

Affiant: \_\_\_\_\_

NOTARY SEAL

Title: \_\_\_\_\_

Subscribed and sworn before me on the \_\_\_\_\_, day of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, on behalf of \_\_\_\_\_

My commission expires: \_\_\_\_\_

Notary Public State of Washington