

# ANNE ARUNDEL COUNTY CHDO CERTIFICATION CHECKLIST

*The information contained in this checklist refers to the definition of Community Housing Development Organization (CHDO) in Subpart A, Section 92.2 of the HOME Final Rule. Please provide a copy of the document you check for each question below as evidence that your organization satisfies that requirement.*

## I. LEGAL STATUS

- A. The nonprofit organization is organized under State or local laws, as evidenced by:**

\_\_\_\_\_ a Charter, or  
\_\_\_\_\_ Articles of Incorporation.

- B. No part of the organization's earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:**

\_\_\_\_\_ a Charter, or  
\_\_\_\_\_ Articles of Incorporation.

- C. The nonprofit organization has a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986, as evidenced by:**

\_\_\_\_\_ a 501(c) Certificate from the IRS.

- D. The nonprofit organization has among its purposes the provision of decent housing that is affordable to low and moderate-income people in Anne Arundel County, Maryland, as evidenced by a statement in the organization's:**

\_\_\_\_\_ Charter,  
\_\_\_\_\_ Articles of Incorporation,  
\_\_\_\_\_ Bylaws, or  
\_\_\_\_\_ Resolutions.

## II. CAPACITY

- A. The nonprofit organization conforms to the financial accountability standards of Attachment F of OMB Circular A-110, "Standards for Financial Management Systems," as evidenced by:**

\_\_\_\_\_ a notarized statement by the president or chief financial officer of the organization;  
\_\_\_\_\_ a certification from a Certified Public Accountant; or  
\_\_\_\_\_ a HUD approved audit summary.

**B. The nonprofit organization has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:**

\_\_\_\_\_ resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with HOME funds; or

\_\_\_\_\_ contract(s) with consulting firms or individuals who have housing experience similar to projects to be assisted with HOME funds to train appropriate key staff of the organization.

**C. The nonprofit organization has a history of serving the community in Anne Arundel County where housing to be assisted with HOME funds will be used, as evidenced by:**

\_\_\_\_\_ statement that documents at least one year of experience in serving the community; or

\_\_\_\_\_ for newly created organizations formed by local churches, service, or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community.

***NOTE:** The CHDO or its parent organization must be able to show one year of serving the community from the date Anne Arundel County provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as developing new housing, rehabilitating existing stock, and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such as counseling, food relief, or childcare facilities. The statement must be signed by the president of the organization or by a HUD approved representative.*

**D. Please provide a Certificate of Good Standing from the Maryland Department of Assessment and Taxation.**

**E. Please provide the CHDO organization's last three year's audited financial statements.**

**III. ORGANIZATIONAL STRUCTURE**

**A. The nonprofit organization maintains at least one-third of its governing board's membership for residents of low income neighborhoods, other low income community residents, or elected representatives of low income neighborhood organizations, as evidenced by the organization's:**

\_\_\_\_\_ Bylaws,  
 \_\_\_\_\_ Charter, or  
 \_\_\_\_\_ Articles of Incorporation.

*NOTE: 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 areas, “community” is defined as one or several neighborhoods, a town, village, county, or multi-county area (but not the whole state).*

- B. The nonprofit provides a formal process for low income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of all HOME assisted affordable housing projects, as evidenced by:**

\_\_\_\_\_ the organization’s Bylaws,  
\_\_\_\_\_ Resolutions, or  
\_\_\_\_\_ a written statement of operating procedures approved by the governing body.

- C. A CHDO may be chartered by a State or local government, however, the State or local government may not appoint: (1) more than one-third of the membership of the organization’s governing body; (2) the board members appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the board members; and (3) no more than one-third of the governing board members are public officials. The fact that the nonprofit organization meets this requirement is evidenced by:**

\_\_\_\_\_ Bylaws,  
\_\_\_\_\_ Charter, or  
\_\_\_\_\_ Articles of Incorporation.

- D. If the CHDO is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the CHDO’s governing body and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members. The fact that the nonprofit organization meets this requirement is evidenced by:**

\_\_\_\_\_ Bylaws,  
\_\_\_\_\_ Charter, or  
\_\_\_\_\_ Articles of Incorporation.

- E. Provide name, address, and term of office for all current Board Members and (third party verification) income documentation for all low income Board members.**

#### **IV. RELATIONSHIP WITH FOR-PROFIT ENTITIES**

- A. The nonprofit organization is not controlled, nor receives directions from individuals or entities seeking profit from the organization, as evidenced by:**

\_\_\_\_\_ the organization’s Bylaws, or  
\_\_\_\_\_ a Memorandum of Understanding (MOU).

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**B. The nonprofit organization may be sponsored or created by a for-profit entity, however, the for-profit entity’s primary purpose does not include the development or management of housing, as evidenced by:**

\_\_\_\_\_ the for-profit organization’s Bylaws.

**C. The nonprofit organization is free to contract for goods and services from vendor(s) of its own choosing, as evidenced by:**

\_\_\_\_\_ Bylaws,  
\_\_\_\_\_ Charter, or  
\_\_\_\_\_ Articles of Incorporation.

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**EXCERPTS FROM AN IRS LETTER**

*A sample of typical requests from the IRS to organizations seeking 501(c)(3) status is provided below. Although all situations are unique, this sample can help an organization more effectively plan and prepare for the process. For additional information, contact your local IRS office.*

1. Submit a detailed description of all the activities of the organization -- past, present, and planned -- showing how you operate or will operate to achieve your purposes. Each activity should be separately described and the description should include as a minimum, the following:

- (a) Its purpose and nature.
- (b) Frequency and duration.
- (c) How, when, where, and by whom it was, is, or will be conducted.
- (d) The requirements a person or organization must meet in order to participate in or receive benefit from the activity.
- (e) The amounts of any charges or fees and the basis for them.
- (f) What the activity has accomplished or will accomplish.
- (g) State what percentage of the total time and effort of the organization is devoted to carrying out each activity.

2. If the organization pays, has paid, or will pay compensation to or on behalf of persons who are officers, directors, or trustees or members of their families, or any other compensation, submit the following:

- (a) The name and title or relationship of such person to whom payment has been, is being, or will be paid.
- (b) The nature and/or purpose of payments (i.e., salary, wage, housing allotment, car allowance, etc.) and the amount of payment made or to be made on behalf of such person. If payments are to be made in more than one category, state each separately.
- (c) A detailed description of the positions filled by and the duties and services for which compensation will be paid.
- (d) The amount of time each person devotes to the position (if prospective, how the payment will be affected by an upward or downward adjustment in time based on need of the organization).
- (e) The qualifications (training, background, experience) of such person for the position, duties, and services.
- (f) If any such person is employed outside the organization, the hours per week and weeks per year devoted to such outside employment.

(g) Who determines compensation to be paid? What criteria are used to determine compensation?

(h) How do you or will you insure that all compensation paid is "reasonable" and in return for service rendered?

(i) Does the organization pay or plan to pay any of the personal living expenses of employees, directors, officers, founders, members, etc.? If so, explain in detail. Be specific.

3. Submit copies of any brochures, pamphlets, newsletters, advertisements, or other literature regarding your organization.

4. Providing housing for individuals who earn a certain percentage of an area's median income is not sufficient to establish that you are operated exclusively for charitable purposes, a prerequisite for exemption under Section 501(c)(3). Basing a determination of exempt status on a strict percentage test is generally not sufficient to confer tax-exempt status under Section 501(c)(3). If it appears that the organization may be engaged in assisting the poor and distressed, the organization must be able to show how it qualifies under 501(c)(3).

If you claim to be eliminating prejudice and discrimination, submit descriptions of the existing prejudicial and discriminatory conditions that exist in the areas you are targeting for assistance and an explanation of how your activities will seek to alleviate such conditions. Be specific in your descriptions. Describe any educational or other programs you will provide to eliminate prejudice and/or discrimination.

5. If you claim to combat community deterioration, submit descriptions of the areas you will be targeting for relief. Provide evidence of the deterioration of the community. State whether any of the areas you will be targeting for assistance have been recognized as depressed by a governmental agency.

(a) Submit a copy of such determination as to the condition of the area served.

(b) Submit a description from the authorizing agency as to how that agency defines "blight."

6. State whether any of your housing recipients will earn more than 80% of the area's median income.

7. Why do you include moderate income families in your housing activities? How will this serve a charitable purpose? Discuss in detail.

8. Have you been issued an employer identification number? If so, please let us know the number that has been assigned to you.

9. Please submit any additional information you feel will help us better understand your organization.