

CENTER FOR FAITH-BASED AND NEIGHBORHOOD PARTNERSHIPS

TOOLS TO BUILD, FUND, ENHANCE CAPACITY AND
MAINTAIN YOUR FAITH-BASED AND COMMUNITY
ORGANIZATIONS

PRACTICAL GUIDE

U.S. Department of Housing and Urban Development

Practical Guide for Faith-Based and Community Organizations

HUD Center for Faith-Based and Neighborhood
Partnerships

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INTRODUCTION

The President has requested that all agencies make concerted efforts to remove bureaucratic barriers for faith-based and non-profit community organizations that are committed to assisting their constituents in serving people in need and rebuilding their communities. Keeping this in mind, the HUD Center for Faith-Based and Neighborhood Partnerships (CFBNP) has developed the “Practical Guide” to offer technical information and a user friendly method for formulating and building the capacity of your Non-profit organization. This guide also establishes the groundwork necessary for Non-profit organizations to function as effective, sustainable faith-based and/or community organizations.

While this guide may not answer every question, it is intended to provide an introduction to how to navigate the difficult but critical process of forming, sustaining and funding organizations. The “Practical Guide” is a tool to optimize organizational performance and sustainability, while assisting your organization in addressing pressing community concerns. It will help with navigating challenges and engaging in a structured, meaningful strategic-planning process to help secure funding. This publication includes information about: forming a 501(c); adopting formal articles of incorporation. The Practical Guide offers an understanding of structural issues like: selecting a Board of Directors; starting a Community Development Corporation (CDC); becoming a Community Housing Development Organizations (CHDOs); learning how to become a HUD approved Housing Counseling Agencies (HCAs): and finding web-based resources on how and where to apply for funding, which is important to any non-profit organization. This guide also focuses on public funding, including federal, state and local funding sources; as well as private sources such as foundations and corporations.

Finally, “The Practical Guide” provides resources to assist organizations in applying for grants emphasizing the importance of tracking potential grant opportunities, provides an overview of an effective grant application, and clarifies the role of monitoring and compliance in program execution. As stakeholders engage with this guide, HUD’s Center for Faith-Based and Neighborhood Partnerships stands ready to help non-profit organizations throughout the country to maximize their effectiveness as they partner with HUD to provide critical services to our nation’s underserved population.

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HOW TO FORM YOUR NON-PROFIT ORGANIZATION

HOW TO BECOME CERTIFIED AS A NON-PROFIT ORGANIZATION

Becoming a 501(c) Non-profit Organization (NPO) is the first step in providing a service to help better your community. 501(c) is a tax exemption code by the Internal Revenue Service (IRS) reserved for organizations that offer programs for the common good of society. There are in fact several different types of 501(c)'s, the two most common types are 501(c)(3) and 501(c)(4). 501(c)(3) is the code given only to organizations that provide religious, educational and charitable service, where 501(c)(4) is the code given to civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes. There are several examples of 501(c)(3)'s around the nation; some of the most well known include: American Red Cross, Catholic Charities, United Way, Salvation Army, Goodwill Industries and Habitat for Humanity. An Example of a well established 501(c)(4) is AARP.

The differences between 501(c)(4) and 501(c)(3) organizations are not vast, if you and your organization find yourselves choosing between becoming a 501(c)(3) or 501(c)(4) organization, know that 501(c)(4)'s do not have lobbying restrictions, thus disqualifying them from any federal funds (grants) and exercise greater latitude to serve individuals who are not low-income or minority as long as the activity serves the common good and general welfare, while 501(c)(3)'s can provide tax deductions to donors for contributions, 501(c)(4)'s cannot. If you are planning on doing limited or no lobbying and no campaigning, then you probably want the 501(c)(3) tax-exemption so that people can benefit from donating to your organization. However, if your organization will be doing substantial lobbying or any campaigning, you should form a 501(c)(4).

If you want the best of both worlds, you can have two separate but affiliated organizations – one a charitable 501(c)(3) and the other a 501(c)(4). Many trade organizations lobby extensively on behalf of their members, but have an affiliated 501(c)(3) foundation for charitable giving. One of the first things your organization will need in its developing stages is a viable source of funding. These sources may either be donations from the public or an awarded grant. If the donations have not been as fruitful as you have hoped for, you may begin to write a grant proposal. While in the developing stages do not get disheartened with the current lack of cash flow; keep your organization busy with activities to further your cause, solicit

donations and continue with meetings. After establishing a proper source of potential funding, your organization can take steps toward its goal, becoming a 501(c) NPO. You may also want to find an attorney to help you understand the legal process involved. In order to be recognized as a 501(c), your organization must first be filed as a Non-Profit Organization (NPO). As the name states, the goal of the organization is zero profit annually, with hopefully no losses. You must then file the articles of incorporation with your state. The Articles of Incorporation outline basic principles of your corporation, such as: your corporation's name, duration of its planned existence, exempt purposes, specific purposes, membership, directors, prohibitions, dissolution conditions, registering agent and office, incorporator's name, and indemnification clause. You will need to register a set of Articles of Incorporation, under the laws of your state, supply a minimum of 3 directors for your corporation: President, Vice-President, and Treasurer/Secretary, and establish (and perhaps register) By-Laws for your corporation. Your Articles of Incorporation must contain the correct verbiage for a tax-exempt 501(c) corporation via IRS rules. Note that if you do not have the correct statements in regard to your non-profit intent and your willingness to abide by 501(c) tax code's rules, then you probably will not succeed in acquiring your letter of recognition of tax exempt status from the IRS and you will have to un-incorporate your flawed Corporation and reincorporate, if you wish to succeed. You may be required to pay a registration fee to your State when you register your corporation.

After you have successfully incorporated, start collecting tax identification numbers from the State and from the Federal Government Employer Identification Number (EIN) for your corporation. Now you can get a bank account; you will need the tax identification numbers to establish a bank account. Note that someone will have to pay the State fees for incorporating in cash or out of someone's personal account, as you will not have any of these tax identification numbers before you incorporate and you can't have a bank account for your corporation until you incorporate.

To become a 501(c) non-profit tax-exempt corporation, you need to apply for Tax-Exempt Recognition using IRS form 1023. In order to prove to state entities, other granting authorities and businesses that your organization is classified as a tax-exempt 501(c)(3) organization as defined by the United States Government and the IRS tax codes, you must successfully fill out and submit IRS form 1023. Once you receive a letter from the IRS recognizing the tax-exemption status of your organization, you will have successfully reached a safe resting point in the process (four-five years in length). Once you formally acquire your tax-exempt recognition status, you may need to re-register your corporation with your state as a non-profit

and now tax-exempt corporation.

You must submit Form 1023 to the IRS within 15 months of incorporating. You should also keep in mind that the IRS will require you to be in business 4 years before they will even consider issuing you a definitive ruling on your organization's tax exempt status. Furthermore, it is technically true that your organization is considered a tax-exempt 501(c)(3) organization from the first day of incorporation even without the tax-exempt recognition letter from the IRS, as long as you apply within 15 months of incorporation. But be prepared to have difficulties working with the state, if dealing with them before submitting the 1023 Form, or even after submitting the form unless you have already received your recognition letter from the IRS. And finally, even though the IRS may treat you and all that deal with you, such as donors as a tax-exempt 501(c) organization for 15 months without a letter of tax-exempt recognition, granting agencies may not. The process runs fairly smooth and it should take about three or four months to receive a letter from the IRS.

If your organization has been fortunate enough to receive a grant, keep in mind that these grants will not help provide for the establishment and start up costs for your organization. You will be responsible for the associated costs for establishing your organization; the initial costs will be thousands of dollars. To help plan and budget keep in mind you will need to deal with these various costs; incorporation fee, new bank account with checks, filing and mailing expenses, IRS form 1023 submission fee, liability insurance, equipment, attorney, accountant or book keeper, and fundraising.

The IRS will want a Statement of Revenue and Expenses and a Balance Sheet. Since your organization will have been in business for only a short time and will most likely not have much money, only the current year should reflect real revenue and expenses. The IRS will also want a budget of what you intend to receive and spend for the next two years. A fee of \$500 is charged by the IRS; however there is an option for only a \$150 fee. You will need to certify that you are a small organization and intend to remain that way for four years with gross receipts not averaging more than \$10,000 during that time period. The IRS will want a "confirmed copy". This is a signed copy of your Articles of Incorporation, a copy of your By-Laws, and a certificate stating you are in good standing as a corporation with your state.

COMPOSITION OF THE BOARD

Non-profit organizations are one of America's greatest resources. Unlike organizations or businesses that sell a product or service, the non-profit organization's products and services change lives and communities. Changing human lives for the better is a noble business, but also a tremendous challenge. Non-profit organizations need to please a host of constituents, often with different demands and priorities. Much of the success of a non-profit organization depends on its ability to raise enough funds and to find enough qualified volunteers to fulfill its function. The measurement of results is often not ascertained immediately and the days are sometimes as long and as complex as they are in any for-profit business or professional corporation. For all of these reasons, the selection of the board and the chief executive of a non-profit organization is, perhaps, even a greater leadership challenge than the selection of their partners at a for-profit organization.

The composition of a non-profit board is typically diverse. Boards can range from three people to more than fifty. The structure, leadership quality, working style and interaction with staff members vary from board to board. A shared understanding of the role of nonprofit boards, therefore, is essential to the effective operation of the organization. The following are some things that may be used as examples to classify the board's role¹:

- Determine the organization's mission and purpose
- Select the chief executive officer
- Support the chief executive and measure his or her performance
- Ensure effective organizational planning
- Ensure adequate resources
- Manage your resources effectively
- Form partnerships that will enhance the capacity of your organization
- Determine, monitor and strengthen the organization's programs and services
- Build and protect the organization's public standing
- Ensure legal and ethical integrity and maintain accountability
- Recruit and orient new board members and assess board performance
- Measure the success and evaluate and eliminate the failures of your organization.

¹ Richard T. Ingram, Ten Basic Responsibilities of Nonprofit Boards, rev. ed. (Washington DC: National Center for Nonprofit Boards, 1997).

The board is the ultimate governing authority for a non-profit organization and the board looks toward the chief executive officer and his staff to implement its policies. It is imperative that the full board sets the policy, not individual members who may feel strongly about an issue. Individual board members must fully understand the need for group action, which is the most abused principle of proper board function and structure.

Another area of concern is that some board members may be more familiar with the corporate world than with the non-profit world. They might seek to emulate the principles of for-profit corporate management in a non-profit environment. Generally, the functions of profit do not work as a model for non-profit organizations. There are fundamental differences between a for-profit and a non-profit board as illustrated in the following page²:

²Robert C. Andringa and Ted W. Engstrom, Nonprofit Board Answer Book(Washington DC: National Center for Nonprofit Boards, 1997).

	PROFIT	NONPROFIT
OVERARCHING GOAL	Generate profits for owners, Shareholders and people	Change lives by fulfilling a mission of service to its constituency
SIZE	Relatively small (three to seven)	Often quite large (as many as 40 or 50)
MEMBERSHIP	Primary owners, business executives, or other professionals	Variety of people from business, professional and voluntary sectors
TERM OF OFFICE	Often no term limits	Many have term limits
MORAL OWNERS	Shareholders	The public, association members, donors, church, or others
PRIMARY BENEFICIARIES	Owners, through profits	Recipients of services as Defined in mission
BOARD ELECTIONS	By shareholders according to shares owned	By a variety of people: members, appointed by another authority, or a combination
COMPENSATION	Often paid per meeting	Most are not paid
STAFF	Almost always paid according to performance	Paid and unpaid, seldom according to performance
PUBLIC	Very private, disclosing only what law requires	Extensive, frequently providing reports and making activities widely known

Obviously, there are some similarities between the two types of boards – both need strong leadership, both need good experience in group discussion and Consensus building, and both can use informed committees to implement decision making. Both generally are not successful with overly controlling leaders. Both are very successful when respect, team work, and integrity are the basis of the operation.

The differences between the two boards, however, are equally important and board members of non-profit organizations need to be fully aware of both functions.

What is the best size for a non-profit board? It depends on the size, function and goals of the organization. First, there is a legal requirement to consider. Each state has its own requirement for the minimum number of board members in order to comply with its statutes relating to non-profit organizations. After complying with this baseline, a non-profit organization can consider other factors when determining the size of its board.

Small boards can work for many organizations. A well selected board of seven or eight, with a variety of backgrounds, experiences, and team work can often get the job done. An active board of this size can eliminate the need for standing committees and create a genuine feeling of ownership among its members. Small boards are also more aware of the big picture and can often achieve consensus more quickly.

Large organizations with diverse constituencies, however, may prefer larger boards for political reasons. A national organization with state affiliations, for example, might find it difficult to exclude any state from its board. Another situation favoring larger boards at non-profit organizations is the fact that board members are often also major donors. Larger boards sometimes present special challenges. They will frequently create active executive committees that take over more and more of the policymaking. Eventually, the executive committees meet more often than the full board and members who are not on such committees are isolated from board functions. If there are good reasons for you to justify a large board then it is imperative that it be structured so that all members feel involved.

The bottom-line on deciding the size of a board should be that it contains as few members as is necessary to fulfill the board's role in the organization. Board size is a complicated matter that requires a careful analysis of your organization and its individual needs.

Lastly, good governance requires a board to balance its role as an oversight body with its function as a force that supports the organization.

The following twelve principles can provide board members with a vision of what is possible and a way to add lasting value to their organization³:

PRODUCTIVE PARTNERSHIP:

Exceptional boards govern in productive partnership with the chief executive, recognizing that the effectiveness of the board and chief executive are interdependent. They build this partnership through trust, candor, respect and honest communication.

MISSION DRIVEN:

Exceptional boards shape and uphold the mission, articulate a compelling vision and ensure the similarity between decisions and core values are present. They treat questions of mission, vision and core values not as exercises to be done once, but as statements of crucial importance to be drilled down and folded into deliberations.

STRATEGIC THINKING:

Exceptional boards allocate time to what matters most and continuously engage in strategic thinking to sharpen the organization's direction. They not only align agendas and goals with strategic priorities, but also use them for assessing the chief executive, driving meeting agendas and shaping board recruitment.

CULTURE OF INQUIRY:

Exceptional boards institutionalize a culture of inquiry, mutual respect and constructive debate. They seek more information, question assumptions and challenge conclusions so that they may advocate solutions based on analysis.

³ BoardSource, Twelve Principals of Governance That Powers Exceptional Boards (Washington, DC: BoardSource, 2005).

INDEPENDENT-THINKING:

Exceptional boards are independent-thinkers with team talent. They apply rigorous conflict-of-interest procedures, and their board members put the interest of the organization above all else when making decisions. They do not allow their votes to be influenced by loyalty to the chief executive or by seniority, personal bias, position or reputation of fellow board members, staff or donors.

CULTURE OF TRANSPARENCY:

Exceptional boards promote a culture of transparency by ensuring that donors, stakeholders and interested members of the public have access to appropriate and accurate information regarding finances, operations and results. They also extend transparency internally, ensuring that every board member has equal access to relevant materials when making decisions.

COMPLIANCE WITH INTEGRITY:

Exceptional boards promote strong ethical values and disciplined compliance by establishing appropriate mechanisms for active oversight. They use these mechanisms, such as independent audits, to ensure accountability and sufficient controls; to deepen their understanding of the organization; and to reduce the risk of waste, fraud and abuse.

SUSTAINING RESOURCES:

Exceptional boards link bold visions and ambitious plans to financial support, expertise and networks of influence. Linking budgeting to strategic planning, they approve activities that can be realistically financed with existing or attainable resources, while ensuring that the organization has the infrastructure and internal capacity it needs.

RESULTS-ORIENTED:

Exceptional boards are results-oriented. They measure the organization's progress toward their mission and evaluate the performance of major programs and services. They gauge efficiency, effectiveness and impact, while simultaneously assessing the quality of service delivery, integrating benchmarks against peers and calculating return on investment.

INTENTIONAL BOARD PRACTICES:

Exceptional boards purposefully structure themselves to fulfill essential governance duties and to support organizational priorities. Making governance intentional, not incidental, exceptional boards invest in structures and practices that can be thoughtfully adapted to changing circumstances of those they serve.

CONTINUOUS LEARNING:

Exceptional boards embrace the qualities of a continuous learning organization, evaluating their own performance and assessing the value they add to the organization. They embed learning opportunities into routine governance work and in activities outside of the boardroom.

REVITALIZATION:

Exceptional boards energize themselves through planned turnover, thoughtful recruitment and comprehensiveness. They see the correlation between mission, strategy and board composition, and they understand the importance of fresh perspectives and the risks of closed groups. They revitalize themselves through diversity of experience and through continuous recruitment.

Strategic Planning is the process of determining what your organization intends to accomplish and how you will achieve your goals. It involves the mission and vision of your organization and the kind of services or products you intend to offer. It defines your organization's role in the community and whom you are going to serve. Finally, it identifies the resources you will need and how you can best utilize these resources to accomplish the organization's mission.

STRETEGIC PLANNING

Strategic Planning is different from Operational Planning. A non-profit organization will utilize Operational Planning to develop their yearly workflow and a budget. Strategic Planning, on the other hand, charts the long-term direction and the ultimate goals of your organization. **How many years should a Strategic Plan cover?** You should project a period long enough to accomplish major shifts in your organization's direction. Smaller non-profit organizations, who often work in a changing environment, generally plan two to three years in the future. A large organization may require a ten-year plan, with longer lead times to make major changes.

Strategic Planning develops a shared vision of your organization's future and determines the best way to accomplish the future you want to create. It offers your staff a sense of purpose and direction that will guide their everyday business choices and decisions. Strategic Planning sets a course that you believe is prudent and exercises flexibility in adjusting that course as your organization gains information and experience. The design gets clearer and better as you begin shaping your organization's future and as you determine what is possible and what is not. Strategic Planning can help you plot your course to the future by determining the proper balance between your organization's vision, capabilities and opportunities.

There are seven basic steps to guide your non-profit organizations in their Strategic Plans⁴. These basic steps can be molded to fit the needs and style of your organization:

EFFECTIVE PLANNING:

Determine the best future direction of the organization and then develop a Strategic Plan. The draft customarily includes the organization's future mission, a vision or overall approach for accomplishing this mission and specific goals or strategies for moving the organization in the direction envisioned. Some Strategic Plans also include more detailed information related to future services, finances and staffing.

⁴Bryon W. Barry, Strategic Planning Workbook for Nonprofit Organizations (Saint Paul, MN: Amherst H. Wilder Foundation, 2001).

REFINE AND ADOPT THE PLAN:

The next step is to refine or tune up the draft plan and secure necessary approvals. In this step the first draft – if it seems generally on target – is sharpened to increase the likelihood of successful implementation and insure board-based commitment.

GET ORGANIZED:

This step usually includes deciding that strategic planning is appropriate at this time; selecting a person or group to keep the planning on track; determining what people and groups will be involved; deciding if you need a consultant or other resource people; outlining the planning steps; and getting agreement to proceed.

SELF EVALUATION:

Organizations often review their history and current situation and then begin to identify future possibilities and choices.

From this analysis you will identify the most critical issues or choices concerning your organization's future.

IMPLEMENT THE PLAN:

A good plan needs good implementation. The organization implements the plan, periodically monitors progress, makes adjustments and then updates the plan – usually every one to three years.

FORMING A FAITH-BASED AND COMMUNITY ORGANIZATION'S COMMUNITY DEVELOPMENT CORPORATION (CDC)

A "Community Development Corporation" (CDC) is a local organization promoting the community's general welfare. CDCs traditionally offer services connected with social programs, job training, day care, affordable housing and similar activities. A faith-based CDC is a community development corporation inspired by faith and may be an association of one or more religious organizations.

When providing assistance or awarding contracts to faith-based CDCs, the government has to treat the organization in the same way it would treat a secular company. The "Charitable Choice" section of the 1996 federal welfare reform law, however, states that a faith-based organization cannot decline to serve clients on the basis of faith and the government must provide alternatives to clients who object to a religious provider. Also, federal funds cannot be used for worship, religious initiatives or proselytizing.

Religious organizations form faith-based CDCs to protect the organization and its assets, to build an organization to separate the Church from activities funded by government entities and to insure funding from government agencies and public foundations are separated. When forming a faith-based CDC, it is important to structure the relationship between the religious organization and the new faith-based CDC. Both organizations should have separate bank accounts, accounting records, stationery and board of directors. If there is overlapping or sharing of staff, the arrangement and the responsibilities of each staff member should be spelled out in great detail.

In order to obtain tax-exemption, a faith-based CDC must fall under the specific provisions of 501 (C) of the Internal Revenue Code. The faith-based CDC must demonstrate that the organization was formed exclusively for charitable purposes, that no part of its earnings will benefit private interests and that the organization will not engage in political activities. To obtain federal tax-exemption you must file Form 1023 with the Internal Revenue Service as soon as possible after incorporation. If 1023 is filed within 27 months of incorporation, tax-exempt status is retroactive to the date of incorporation. The fee for tax exemption ranges from \$150 to \$700. You will be required to provide details about your programs and activities, revenues, expenses and fundraising strategy and targets. After obtaining

a federal tax exemption letter, a faith-based organization should explore the possibilities of state and local tax exemptions in their area.

A religious organization may transfer assets, such as money, computer, or use of space, to a faith-based CDC if the donation is approved by the board of trustees of the religious organization. The resources of the religious organization can be used for charitable or educational objectives if authorized by its members and the board must administer the resources in accordance with the corporation's "discipline, rules and usages" and its ecclesiastical governing body.

Religious organizations are not required to file annual tax returns, but separately incorporated faith-based CDCs must do so. They must file an annual information return Form 990 if gifts, grants, contributions and other income is greater than \$25,000 in a fiscal year or Form 990-EZ if gross receipts are less than \$100,000 and total assets are less than \$250,000.

The above outlines some of the legal issues you must consider when forming a faith-based CDC, but you must be aware that federal and state regulations are extremely complex and you should seek proper legal counsel before proceeding.

INCORPORATION OF YOUR CDC

The process of incorporating a faith-based CDC is involved and time consuming. With an experienced staff, you can do this yourself; however, it is wise to seek legal counsel to protect your interests and make sure all legal requirements are met. Incorporation is a state issue and is dependent upon the religious corporate laws and the nonprofit laws of the individual state concerned. The steps are as follows:

- Select and protect your name with Department of State
- Prepare and sign a Certificate of Incorporation (COI)
- Obtain approval of the Certificate of Incorporation (COI) from the appropriate State agencies
- File Certificate of Incorporation (COI) with the State. All filing fees, certified copies of the filed COI and special expedited handling fees are based on the individual State rules and regulations.

- Receive Filing receipt from the Department of State or your local state authority dated the day the COI was accepted for filing. This date is the date of incorporation of the corporation and the certified copy of the Certificate of Incorporation will reflect this date.
- Hold organizational meeting of Board of Directors to adopt by-laws, elect officers, adopt corporate seal, open bank account, approve filing of application for tax-exempt status and approve other necessary actions.

The following are four types of non-profit corporations that are allowed under State Non-Profit laws:

TYPE A

Formed for any lawful non-business purpose, usually where activities by or for the members predominate. Examples: social clubs, civic organizations, sports clubs.

TYPE B

Organizations for any one or more of the following nonbusiness purposes: charitable, educational, religious, scientific, literary, cultural, or for the prevention of cruelty to children or animals. Examples: social service agencies, churches, historical societies. May or many not have members.

TYPE C

Organized for any lawful business purpose, provided the dominant or ultimate objectives are not-for-profit. Examples: local development corporations.

TYPE D

Not-for-profit corporations whose formation is authorized by any other state law for any business or non-business purpose (specified in the law) whether or not such purpose is also within Types A, B, or C. Example: Housing Development Fund Corporations incorporated under Article 11 of the Private Housing Finance Law. May or may not have members.

Again, each state's laws for incorporation of faith-based organizations are different and unique to the state the organization is located in. We, therefore, strongly advise legal assistance to help you properly form your non-profit corporation.

SAMPLE CERTIFICATE OF INCORPORATION

CERTIFICATE OF INCORPORATION OF

(Insert Corporation Name)

Under Section 402 of the Not-for-Profit Corporation Law

FIRST: The name of the corporation is:

SECOND: The corporation is a corporation as defined in subparagraph (a)(5) of Section 102 (Definitions) of the Not-for-Profit Corporation Law.

THIRD: The purpose or purposes for which the corporation is formed are as follows
(type or print clearly):

FOURTH: The corporation shall be a Type corporation pursuant to Section 201 of the Not-for-Profit Corporation Law. *(Please insert Type A, B, C or D, as appropriate.)*

FIFTH: The office of the corporation is to be located in the County of, State of New York.

SIXTH: The names and addresses of the initial directors of the corporation are
(a minimum of three are required):

SEVENTH: The Secretary of State is designated as agent of the corporation upon whom process against it may be served. The address which the Secretary of State shall mail a copy of any process accepted on behalf of the corporation is:

EIGHTH: *(Corporations seeking tax exempt status may include language required by the Internal Revenue Service in this paragraph. See instructions, paragraph eighth.)*

The incorporator or incorporators must sign the Certificate of Incorporation and type or print his/her name and address.

X

(Type or print name of incorporator) (Signature)

(Address)

X

(Type or print name of incorporator) (Signature)

(Address)

X

(Type or print name of incorporator) (Signature)

(Address)

CERTIFICATE OF INCORPORATION OF

(Insert Corporation Name)

Under Section 402 of the Not-for-Profit Corporation Law

Filed by:

(Name)

(Mailing address)

(City, State and Zip code)

NOTE: This sample form is provided by the New York State Department of State Division of Corporations for filing a certificate of incorporation. This form is designed to satisfy the minimum filing requirements pursuant to the Not-for-Profit Corporation Law. The Division will accept any other form which complies with the applicable statutory provisions.

The Division recommends that this legal document be prepared under the guidance of an attorney. The Division does not provide legal, accounting or tax advice. This certificate must be submitted with a \$75 filing fee made payable to the "Department of State."

**HOW TO FUND
YOUR FAITH-BASED AND
COMMUNITY
ORGANIZATION**

FUNDING YOUR FAITH-BASED AND COMMUNITY ORGANIZATION FEDERAL RESOURCES

There are literally hundreds of separate grant-in-aid programs supported through the federal government that are available to faith-based and community organizations and they are managed by a large bureaucracy of departments, bureaus and offices. All grants are now filed electronically. Please review Grants.gov for information on grants available to you from various agencies. To review HUD grant opportunities and instructions, go to www.hud.gov/grants/index.cfm

Traditionally, there are two types of grants available from the federal government. First, there is a discretionary grant. This grant is awarded by a branch of the federal government directly to the recipient. An example might be a homeless assistance grant given by the Department of Housing and Urban Development to a homeless shelter. The second type of grant puts federal money into the hands of states, cities or communities for them to distribute to charities and other social service providers. As a faith-based and/or community organization, therefore, you can apply for funding directly from the federal government or from an entity that distributes money it receives from the federal government. It is important to note, however, that more money is usually available from programs administered by states and localities. This will be discussed in the next section.

How can your organization find out about federal funding opportunities? A good place to start is with the White House Office of Faith-Based and Neighborhood Partnerships and with agencies that have established Partnership Centers.

The White House Office of Faith-Based and Neighborhood Partnership, is charged with insuring that local faith-based and community groups have a fair chance to compete for federal dollars without facing needless barriers. The Centers for Faith-Based and Neighborhood Partnerships connect faith-based and community groups to each other, identify new resources to improve their capacity to assist others and offer conferences and meetings to provide interested parties with more information about the initiative.

The White House Office of Faith-Based and Neighborhood Partnerships also lists funding opportunities on its website and publishes a brochure entitled “Federal Funds For Organizations That Help Those In Need.” The brochure lists almost 200

programs operated by multiple federal agencies that faith-based organizations can apply for. If you find a program that interests you, you can get more information about when and how you can apply for funds from the agency contact-person mentioned in each listing. Or, you can refer to the Catalog of Federal Domestic Assistance (CFDA). To use the CFDA, locate the CFDA number at the end of each of the listings in the brochure and enter that number into the “program number” box on the CFDA’s website <https://www.cfda.gov/> You can request the brochure or contact the office as follows:

White House Office of Faith-Based and Neighborhood Partnerships

The White House

Washington, DC 20502

(202) 456-3394

<http://www.whitehouse.gov/administration/eop/ofbnp>

Each of the federal agencies that operate Centers for Faith- Based and Neighborhood Partnerships are also available to be of service to you:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

It is HUD’s goal to increase homeownership, support community development and increase access to affordable housing for everyone. It is the Department’s mission to increase opportunity for homeownership, provide assistance for low-income Americans, lend aid to the homeless and provide affordable housing for the elderly, people with disabilities, underserved minority groups and people living with AIDS. HUD also promotes economic development in thousands of American communities and strives to prevent housing discrimination through public education and enforcement of existing fair housing laws.

The Department has a long history of partnering with faith-based and community organizations. Faith-based organizations have been actively engaged in the construction of housing for the elderly and disabled, in providing shelter for the homeless and in promoting homeownership and community development. They also provide support and services for residents of public housing. Many of the programs for which faith-based and community organizations are eligible are operated by HUD’s Office of Community Planning and Development (CPD). Faith-based and community organizations can also apply for programs offered by HUD’s Office of Housing and Office of Public and Indian Housing.

U.S. Department of Housing and Urban Development

451 7th Street S.W. Room 10184

Washington, DC 20410

(202) 708-2404

www.hud.gov/offices/fbci

U.S. DEPARTMENT OF LABOR

The Department of Labor is concerned with the welfare of American job seekers, wage earners and retirees. It strives to improve working conditions, offers opportunities for profitable employment, protects health care and retirement benefits and helps employers find eligible workers. The Department administers federal labor laws protecting workers' rights to safe and healthful working conditions, minimal hourly wage and overtime pay and freedom from employment discrimination. It also operates the unemployment insurance program.

Faith-based and community organizations can help connect people in their communities to local employment networks by getting involved in the "One-Stop" system. Each state has established numerous "One-Stop Career Centers" in key areas. The Centers are designed to put all employment and training services in one place, including unemployment insurance, state job services and public assistance and job training initiatives.

Local Workforce Investment Boards, which are appointed by mayors, are responsible for ensuring a comprehensive high quality One-Stop delivery service system in their areas. The Boards, which include representatives from business, education and labor, distribute eighty-five percent of local federal job training funds. The Department is working diligently to strengthen the connection between local government groups and the Workforce Investment Boards.

U.S. Department of Labor

200 Constitution Avenue, N.W.

Washington, DC 20210

(202) 693-6017

www.dol.gov/cfbnp

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Department's mission is to protect the health of the American people and to provide essential human services, especially for those who cannot provide these

services for themselves. HHS is the largest grant-making agency in the federal government, operating over 300 programs and providing up to 60,000 grants every year. These programs cover a wide range of services including medical and social science research, containing the outbreak of infectious diseases, assuring the safety of food and drugs, offering financial assistance for low-income families, providing substance abuse treatment and operating programs for older Americans. Many HHS programs, such as Medicare and Medicaid, are household words, but others are less well known - even when they reach citizens on a very personal level. HHS is involved, for example, when a child is vaccinated against disease, when a poor family receives medical care and when an absent parent contributes for child support.

Faith-based and community organizations have traditionally provided a variety of services funded under HHS programs. Most of the programs are offered by the Administration for Children and Families, the Administration on Aging, the Health Resources and Services Administration and the Substance Abuse and Mental Health Services Administration.

U.S. Department of Health and Human Services

200 Independence Avenue, S.W.

Washington, DC 20201

(202) 358-3595

www.hhs.gov/partnerships

U.S. DEPARTMENT OF JUSTICE

The Department of Justice enforces the laws of the United States. It works to prevent, investigate and prosecute crime and terrorism. As part of its duties, the Department also funds a number of programs designed to bring relief to those who need it most, including youth without direction, prisoners who are re-entering society and victims of crime.

Faith-based and community organizations play an important role in Department of Justice programs, partnering in the areas of juvenile delinquency, crime victims, prisoners and their families, drug addiction and domestic violence. Most of the programs are administered through the Office of Justice Programs.

U.S. Department of Justice

950 Pennsylvania Avenue, N.W.

Washington, DC 20530

(202) 305-7462

<http://www.ojp.gov/fbnp>

U.S. DEPARTMENT OF EDUCATION

The Department's mission is to ensure equal access to education and to promote educational excellence for all Americans. It provides national leadership to address critical issues concerning American education and it distributes about \$13 billion per year to help schools meet the needs of their students. The Department conducts education research programs and shares the information with teachers, parents, school board members, policy makers and the general public. It also helps families to pay for college, prepares students to work in a changing economy and ensures nondiscrimination by recipients of federal funds for education. Faith-based and community organizations can apply directly to the Department of Education for a number of grants, often administered by the Office of Elementary and Secondary Education.

U.S. Department of Education

555 New Jersey Avenue, N.W. Suite 410

Washington, DC 20208

(202) 205-9655

<http://www.ed.gov/edpartners>

U.S. DEPARTMENT OF AGRICULTURE

The Department of Agriculture works with rural and urban communities to strengthen the entire food and agriculture system. Its goal is to ensure a safe, affordable, nutritional and accessible food supply and to reduce hunger in the United States and throughout the world. The Department additionally supports the development of rural communities and protects agriculture, forest and range lands.

The Department of Agriculture provides many programs and grants that help to build stronger American communities through development and investment. Faith-based and community organizations can play an integral part in assisting the Department to carry out its role of promoting the economic development of rural communities and conserving the environment.

U.S. Department of Agriculture

14th and Independence Avenue, S.W.

Office of the Secretary, Room 544-A

Washington, DC 20250
(202) 720-2032
<http://www.usda.gov/partnerships>

U.S. DEPARTMENT OF HOMELAND SECURITY

In 2002, President Bush created the Department of Homeland Security to mobilize and organize the nation to secure our country from terrorist attacks. The objectives of the Department focus on six key areas: intelligence and warning; border and transportation security; domestic counter terrorism; protecting critical infrastructure; defending against catastrophic treats; and emergency preparedness and response.

Its Center for Faith-Based and Neighborhood Partnerships, however, conducts departmental audits to identify existing barriers to the participation of faith-based and other community organizations in the Department's activities.

U.S. Department of Homeland Security

500 C St., S.W., Suite 716
Washington, DC 20472
(202) 646-3487
<http://www.dhs.gov/dhs-center-faith-based-neighborhoodpartnerships>

U.S. DEPARTMENT OF COMMERCE

The mission of the Department is "to foster, promote and develop the foreign and domestic commerce" of the United States. This has evolved to encompass responsibility to foster, serve and promote the Nation's economic development and technological advancement. A few of the ways in which the Department does this are by assisting international trade; promoting progressive domestic business policies and growth; acquiring, analyzing and disseminating information regarding the economy; and assisting states, communities and individuals to achieve economic progress.

The Department has a long history of providing grants to faith-based and community organizations that assist distressed communities and minority business.

U.S. Department of Commerce

1401 Constitution Avenue, N.W
Washington, DC 20230

(202) 482-2770
www.doc.gov

U.S. DEPARTMENT OF VETERANS AFFAIRS

The U.S. Department of Veterans Affairs seeks to provide excellence in patient care, veterans' benefits and customer satisfaction. The Department has been reformed internally and is striving for high quality and prompt and seamless service to veterans. The Department's employees continue to offer their dedicated commitment to help veterans get the services they have earned.

The mission of the Center for Faith-Based and Neighborhood Partnerships is to coordinate Department of Veterans Affairs efforts to eliminate regulatory, contracting and other programmatic obstacles to the participation of faith-based and other community organizations in the provision of social and community services to veterans. The Center empowers faith-based and other community organizations to apply for federal social service grants. The Center supplies information and training, but it does not make the decisions about which groups will be funded. Those decisions are made through procedures established by each grant program, generally involving a competitive process. No grant funding is set aside for faith-based and community organizations. Instead, the Faith-Based and Neighborhood Partnerships creates a level playing field for faith-based as well as other community organizations so that they can work with the government to meet the needs of America's communities.

U.S. Department of Veterans Affairs
810 Vermont Avenue, N.W. Room 1140
Washington, DC 20420
(202) 461-7689
<http://www.va.gov/cfbnpartnerships/>

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

The Agency for International Development is the principal U.S. agency working to fulfill U.S. foreign policy interests in expanding democracies and free markets. It also works to improve the lives of the citizens of the developing world. The Agency distributes foreign aid including disaster relief, economic assistance, improved global health programs and environmental preservation. It also awards grants and competitive contracts to domestic and foreign non-profit and for-profit organizations.

The Agency for International Development has a long history of working with faith-based and community organizations. Since its inception in 1961, the Agency has partnered with many religious groups including Catholic Relief Services, World Vision, Samaritan's Purse and others.

U.S. Agency for International Development

1300 Pennsylvania Avenue, N.W.

Washington, DC 20523

(202) 712-4080

www.usaid.gov

U.S. SMALL BUSINESS ADMINISTRATION

The mission of the Small Business Administration is to maintain and strengthen the nation's economy by aiding, counseling, assisting and protecting the interests of small businesses and by helping families and businesses recover from national disasters.

The United States Small Business Administration provides loan guarantees, technical support, grants and other services to help small business men and women achieve their goals. Faith-based and community organizations can play an important role in helping the Small Business Administration identify, train and finance the entrepreneurs who bring jobs and hope to economically distressed communities all across the Nation.

U.S. Small Business Administration

409 Third Street, S.W.

Washington, DC 20416

(202) 205-9037

www.sba.gov/fbc

In addition to the White House Office of Faith-Based and Neighborhood Partnerships and the agencies listed above, the government provides many other resources that can help you identify the federal grants and programs that are most likely to match your interests. "Getting Funded – A Complete Guide to Proposal Writing,"⁵ for example, lists seven major tools you can utilize;

- **Catalog of Federal Domestic Assistance**, Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. This is the

official guide to all federal programs authorized by public law. It will answer most of your basic questions about any programs, although financial data and deadlines given should always be double checked with the administering agency.

- **Federal Assistance Programs Retrieval System (FAPRS)**, is a computerized question-answer system designed to give more rapid access to most of the same information provided in the Catalog. Customized searches can be done by subject area, applicant eligibility criteria or type of assistance desired. Every state has designated access points where FAPRS searches can be requested. You can get further information by contacting your local Member of Congress (who may do the search for you at no cost) or by writing to: Federal Domestic Assistance Catalog Staff (WKU), General Services Administration, Ground Floor, Reporters Building, 300 7th Street, S.W., Washington, DC 20407.
- **Federal Register**, Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. This is the official news publication of the government including announcements of public meetings, availability of new programs and changes in regulations and deadlines.
- **U.S. Government Manual**, Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. This handbook describes all federal agencies and their responsibilities and gives the names of key officials.
- **Commerce Business Daily**, Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. This is the required mechanism for announcing upcoming contracts and Requests for Proposals, as well as those selected for such awards.
- **Federal Executive Telephone Directory**, Carroll Publishing, 1058 Thomas Jefferson Street, N.W., Washington, DC 20007. Names, addresses and telephone numbers of key governmental personnel. Issued six times a year.
- **Agency Catalogs**, Newsletters, Program Announcements and RFPs. Once you know which agencies typically administer funds of interest to you, write to their public information office and ask to be put on the mailing list for further publications.

STATE AND LOCAL RESOURCES

As mentioned in the preceding section, the second type of federal grant places federal money into the hands of states, cities or communities, who in turn distribute the funds to faith-based and other charitable organizations. The majority of federal funds are actually distributed in this manner, rather than directly from federal agencies. State and local governments have many resources to serve you as sources for grant or contract money. Your local governments have been designated as recipients of Community Development Block Grant (CDBG) funds, which must then be distributed to local organizations. State and local agencies need to identify eligible secondary organizations in order to perform parts of their functions and responsibilities as recipients of these block grant funds. Often they have been designated as administrators of grant-in-aid programs by the state legislature, county, borough or city council and they must in turn choose recipients for the funds entrusted to them.

There are two distinctive advantages to approaching a State or local government for funds rather than going directly to federal agencies. First, these funds must be received from your State or local government. Second, the personnel is usually more accessible and competition for available funds is more likely to be less intense at the local level. State and local agencies, therefore, represent a good source for grants and other federal funds, particularly if the faith-based CDC is just beginning to seek federal funding.

State and local agencies that distribute federal funds can be identified through the seven resources that have been listed in the preceding section. In the case of state agencies, there are also two beginning points that can help you compile a list of individuals performing functions most directly related to your organization:

- The annual “State Administrative Officials Classified by Function” issued by the Council on State Government.
- Your state’s agency directory, which is normally available from your local library or from the office of your Secretary of State.

Your preliminary contacts with the state or local agencies that are of interest, you should seek to determine if they are a potential source of funding for your organization or your particular project. If so, ascertain all of the necessary information from your local government required to prepare and submit a

successful application for funding. Research the overall interests and priorities of the agency to see if it is worthwhile for you to maintain future contact and find out if the agency has a forecast or communications system that will lead to notification of future grant and contract opportunities. Register for direct email notification for all grant opportunities at: www.grants.gov/search/subscribeAll.do

There may also be sources of support other than federal monies from your local county, city or borough government. In some places, a regional council of government may also exist to help point you in the right direction to nongovernment funding.

FOUNDATIONS

Most private foundations limit their awards to private, non-profit, tax-exempt organizations that have been certified by the Internal Revenue Service as qualifying under Section 501 (C) (3) of the Code. Below you will find four types of private foundations.

INDEPENDENT FOUNDATION

An independent grant making organization that offers aid to social, educational, religious or other charitable groups. It usually derives its funds from endowments made by an individual, family or group of individuals. Contributions to the endowment are limited as tax deductibles. A donor, members of a donor family or an independent board of directors makes the decisions on awarding grants. There is broad discretion in the granting of funds, but most independent foundations limit their giving to organizations in their local areas.

COMPANY-SPONSORED FOUNDATION

An independent grant making organization with close ties to the corporation supplying the funds. Its funds are derived from endowments and annual contributions from a profitmaking organization. The foundation may maintain a small endowment and distribute most of its funds or may maintain a larger endowment as a hedge against years when corporate profits are down; The decisions on distribution of funds are usually made by the board of directors, which are often composed of corporate officials. Grants are most often limited to local organizations that operate in fields related to the corporation's activities.

OPERATING FOUNDATION

A foundation that utilizes its resources to conduct research or provide a direct service. It usually receives its funds from endowments from a single source and the endowments are eligible for significant tax deductions. The decisions on distribution are made by the board of directors. There are few, if any, grants and they have to be directly related to the foundation's program.

COMMUNITY FOUNDATION

A publicly supported foundation that makes grants for social, educational,

charitable or religious reasons to organizations in their communities.

Contributions are received from a multitude of donors and they are tax deductible. The board of directors, who usually represent a broad diversity of the community, make decisions on awards and grants.

Foundations may make their grants or awards for many different purposes. They may supply funding for the normal ongoing work of your organization or establish an endowment providing sufficient monies for a specific purpose. A foundation may supply a fellowship or scholarship to support the work of a specific individual or group or offer capital grants for buildings or equipment. They may also offer guarantees to an applicant applying for a loan from a commercial source. Finally, in a few cases, a foundation may consider making a direct investment of some of its assets for your organization, with the understanding that the funds will eventually be returned to the donor.

The following resource guide, may aid you in locating Foundations with potential funding in your area:

- COMSEARCH
- The Foundation Directory
- Foundation Fundamentals: A Guide for Grant Seekers
- The Foundations Grants Index
- Securing Your Organizations Future
- Source Book Profiles
- The Foundation Center

CORPORATIONS

You may ask why a corporation, which was created solely for making money, would give donations to a faith-based and/or community organization. Many corporations feel that businesses have an ethical responsibility to contribute to non-profit charitable organizations in their communities. There is an enlightened self-interest in having good health, social welfare and cultural and educational programs in the community in which the corporation's business or manufacturing plant is located. There is also a perceived positive public image that will result from corporate gift making.

Whatever the reason, a growing and significant number of large and small corporations are serving as potential sources of funding for charitable organizations. In addition to the corporate foundations mentioned earlier, a corporation may supply support to your organization in a variety of ways. They may have direct gift-giving programs or offer donations of equipment, facilities, land or products. Or, they may engage in "Cause Related Marketing," where the corporation promotes its recipients.

TOOLS AVAILABLE FOR YOU

TOOLS AVAILABLE FOR YOU INTERNET RESOURCES

In addition to the World Wide Web sites presented throughout this handbook, the following might be of interest to you in your quest for funding. Internet addresses change with some regularity and, if a listed address is not correct, a search will usually result in obtaining the correct address: <http://www.hud.gov/offices/fbci/> for HUD's Center for Faith-Based and Neighborhood Partnerships or email Partnerships@hud.gov.

GOVERNMENT FUNDING RESOURCES

Catalog of Federal Domestic Assistance

www.cfda.gov

Corporation for National and Community Services

www.grants.gov

U.S. Nonprofit Gateway

www.nonprofit.gov

INFORMATION ON FOUNDATIONS

Desktop User Guide for Submitting Electronic Applications

www.hud.gov/grants/index.cfm

Foundation Center

Foundationcenter.org

Grantsmart

<http://www.grantsmart.com>

Guidestar

www.guidestar.org

INFORMATION ON CORPORATIONS

Corporate Information

www.corporateinformation.com

The Capacity Building/Grant Writing

Schedule: <http://www.hud.gov/offices/fbci/>

Alliance for Nonprofit Management

www.allianceonline.org

REGULATION CIRCULARS

The following Web sites provide guidance and information on public funds, financial management and administrative requirements for recipients of federal funding. It is provided as a snapshot guide only and is not designed to be a definitive list of the resources available to you.

National Archives and Records Administration site for the Code of Federal Regulations (CFR). Provides links to specific regulations, Federal Register notices, public laws and Privacy Act issuances.

www.access.gpo.gov/nara/cfr/waisidx

Government Accountability Office (GAO) web site. Provides links to a financial audit manual, Comptroller General decisions and GAO audit reports.

www.gao.gov

National Archives and Records Administration.

www.nara.gov

National Archives and Records Administration, Office of the Federal Registrar.

<http://www.archives.gov/federal-register/>

Federal government-wide financial requirements and information.

www.financenet.org

U.S. Treasury Department financial information site. Also has links to other government financial resource pages.

<http://www.fms.treas.gov>

The Library of Congress home page. An excellent beginning point for research.

www.loc.gov

National Association of Workforce Boards home page.

<http://nawb.org>

ANNUAL AUDITS

The Office of Management and Budget (OMB) requires annual audits of states, local governments and organizations expending federal funds. OMB Circular 133 sets the standards for obtaining consistency and uniformity among the federal agencies conducting the audit.

Generally, non-federal entities that expend \$300,000 or more in federal awards a year are required to have a single audit – except when they elect to have a program specific audit in accordance with paragraph B of Circular 133. The program specific audit can be elected when an auditee expends federal awards under only one federal program and that program’s laws, regulations or grant agreements do not require a financial statement audit.

Non-federal grassroots entities that expend less than \$300,000 a year in federal awards are exempt from federal audit requirements for that year. Their records must be available for review, however, by the appropriate officials of the federal agency concerned and by the Government Accountability Office as applicable.

Except for provisions for biennial audits as outlined in Circular 133, the audits will be performed annually. Any biennial audit granted will cover both years within the biennial period.

For detailed information on the requirements for audits visit the OMB web site: www.whitehouse.gov/OMB.

CAPACITY BUILDING AND GRANT WRITING

Every book and brochure on Grant writing for federal funds stresses the importance of submitting a well-written and well-presented proposal. The proposal document itself may be the most important factor in the approval or disapproval of an application for funding. Make sure you attended a Capacity building workshop, have done your homework and that the project you are presenting is relevant to the funding source. You will need to persuade the federal agency you are soliciting that your project is important, answers a critical need and that something tangible will result that justifies the resources you are requesting. Then present your proposal with clarity, conciseness, readability and absence of jargon.

“The HUD Capacity Building/Grant Writing” training sessions will provide personal instruction from key HUD staff on how to become more competitive for federal grant funds, how to qualify for 501 (C)(3) non-profit status, and how to structure an organization to secure government funds. Each session will be held at local facilities such as universities, community centers, churches and hotels. For a complete schedule of these training sessions, email: Partnerships@hud.gov or visit www.hud.gov/offices/fbci/. Remember, all government grants are submitted electronically! You will find tutorials for applying for grants at HUD at Grants.gov Tutorials not only prepare prospective non-profit applicants to compete for federal grant funding but also corporate and foundation sources as well. Some of the Dos and Don'ts of grant writing that you will gain through attending these trainings are as follows:

- Do read all forms and instructions provided by the funding source and follow them carefully. Recheck the proposal before it is sent to insure compliance.
- Do maintain a balance between conciseness and sufficient detail to effectively explain the project. Admittedly, this is hard to do if a foundation limits the application to no more than two or four pages. However, limit the page numbers to determine your true knowledge of their programs. You have to know a subject awfully well to describe it succinctly.
- Do make certain that the reviewers are guided to the most important parts of the proposal. Use sub-headings whenever necessary.
- Do adapt the language of the proposal to the audience in the funding agency.

All donors (including those in the research field) now warn against the use of jargon. But, even technical phrases or words should be explained unless they are commonly used and easily understood. Remember that employees of the funding agencies may not have had the opportunity to keep current with all aspects of the discipline. Readability is very important.

- Do make certain that the proposal flows logically from one section to another. In essence, you are telling a story about what needs to be done, why, how and who will be served.
- Do avoid abbreviations and acronyms (unless very common in your field).
- Do have the proposal edited by someone else. Poor grammar, spelling and typing can doom otherwise excellent applications.
- Do leave ample margins at the top, bottom and side of each page.
- Do make a determination of what the funding source really wants to see. Example: Whether the proposal should be double or single-spaced and if they prefer text guided by a particular style manual;
- Don't bury your most important points behind unnecessary introductory phrases. Make sure the heart of the matter is identified in the beginning.
- Don't provide a slew of drawings, charts or statistical tables in the body of the proposal unless required by the application forms. Put them in an appendix if they are absolutely necessary.
- Don't use citations to previous research without indicating how they apply to your own idea.
- Don't be intimidated by the apparent lack of logic in application forms. After all, proposal format designers are human, too.
- Don't be too concerned about using words that are "in" with particular funding sources. Most of these change so rapidly that they are "out" by the time the proposal reaches its destination.
- Don't make commitments or propose approaches in the proposal that you

have no means to implement. Most funding sources assume that actual project implementation may require some changes from the original proposal. But they are quick to spot and seldom forgive those who have been deliberately misleading.

Many other resources are also available to you. Some are oriented toward proposals directed to a specific federal agency, while others focus on particular types of government proposal writing. There are also guides directed toward foundation or corporate proposal writing. The Internet or your public library can help you identify the resource vehicles most appropriate for you.

THE CHOICE IS YOURS

THE CHOICE IS YOURS IS GOVERNMENT FUNDING RIGHT FOR YOU?

Are you writing a grant application for the first time? Perhaps you are a veteran fundraiser looking to sharpen your grant writing skills. No matter how experienced you are at writing requests for money, people and organizations are not going to support you just because you are in need of funds. You will be supported based on your capacity to deliver a clear, concise innovative, and timely project. You must also show the organizations capacity to manage government funds. Grants and contracts are sometimes confused, creating misconceptions about the obligations they entail.

Grants managers must facilitate the work of program staff while ensuring that every obligation to a funding source is being met. It's a job that takes on special importance when dealing with government grants, which have strict compliance and reporting requirements. To apply for government funding be sure to set up the necessary record-keeping apparatus and quality review procedures. The highest level of ethics and management must be exercised at all times.

Federal grants are seldom disbursed in a single lump sum. To receive payments, grantees must submit periodic requests. They must also submit regular financial status reports, demonstrating that grant funds are being expended in a reasonable and timely way.

Every grant award requires a process for tracking project activities and demonstrating compliance with the grant maker's conditions. Grants awarded by federal agencies are likely to have especially rigorous compliance and performance requirements, raising numerous questions in the minds of grants managers. If federal grant funds are used to buy goods and services, specific policies and procedures must also be followed. The "Federal Financial Assistance Management Improvement Act" promises to produce more uniform applications and simplified reporting requirements for federal grants. For assistance, review the rules and regulations at the following URL: www.whitehouse.gov/omb/grants/reform.html.

EQUAL TREATMENT AND NEIGHBORHOOD PARTNERSHIPS

The President came into office vowing to establish fundamental principles and policymaking criteria for partnerships with Faith-Based and Other Neighborhood

Organizations to promote compliance with constitutional and other applicable legal principals, and to strengthen the capacity of Faith-based and other Neighborhood organizations to deliver services effectively to those in need.

HUD has conducted comprehensive regulatory reform, in line with White House expectations, to ensure that faith-based and community organizations can compete on an equal footing with other groups competing for funds in competitive HUD programs or in the competitive components of state-and locally-administered block grant programs.

The Equal Treatment Regulations form the basis for creating strong partnerships between government and faith-based and community organizations that can prepare high-need job-seekers to become successful, increase the performance of the workforce investment system, and expand the ability of the workforce investment system to effectively serve struggling communities.

- **Department of Housing and Urban Development (HUD) final rule**

Summary: This final rule implements executive branch policy that, within the framework of constitutional church-state guidelines, faith-based organizations should be able to compete on an equal footing with other organizations for federal funding. Consistent with Executive Order 13279, entitled “Equal Protection of the Laws for Faith-Based and Community Organizations,” this final rule describes HUD’s policy for the participation of faith-based organizations in HUD programs and activities.

These regulations apply to: Temporary Assistance for Needy Families (TANF); Community Service Block Grants (CSBG); Community Development Block Grants (CDBG); and Substance Abuse Mental Health Service Administration (SAMHSA); prohibits government from excluding faith-based providers from competing on an equal basis for government funds based on faith. It also prohibits discrimination for or against faith-based groups. The regulation also obligates government to protect the religious character and independence of groups that receive government funds. It protects the religious liberty of beneficiaries by expanding their service options and requiring alternatives if anyone objects to a faith-based program (regardless of whether funding is direct or indirect). Equal Treatment Regulations prohibit discrimination against beneficiaries on the basis of religion; and preserves Title VII religious hiring liberty.

Federal, State, Local officials and Intermediary organizations are bound by Equal Treatment Regulations whenever they engage in the purchase of social

services from nongovernmental organizations with Federal or related State or local funds

What types of funds are covered?

- Discretionary grant funds
- Formula grant funds
- Block grants funds
- Required matching funds, regardless of whether commingled with Federal funds
- State, local or private supplemental funds when voluntarily commingled with Federal funds

General Rule

HUD cross-cutting regulatory requirements in 24 CFR part 5, see 500.109

Program Specific

HOME Program Regulations in 24 CFR part 92

CDBG Regulations, 24 CFR part 570, see paragraph (j) of 570.200 (at page40)

HOPE for Homeownership of Single Family Homes Program (HOPE 3), 24 CFR part 572, see 572.405 at page 189

HOPWA Regulations in 24 CFR part 574, see 574.300(c) at page 203

Emergency Shelter Grant Regulations in 24 CFR part 576, see 576.23

Supportive Housing Regulations at 24 CFR part 583, see 583.150(b)

Indian Home Program regulations at 24 CFR part 954, see 954.301

Indian Community Development Block Grant regulations at 24 CFR part 1003, see 1003.600

The federal welfare reform law included a section encouraging the government to reach out to faith-based and community organizations to find ways to mutually service the poor and needy. The “Charitable Choice” provision (section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) spelled out new rules for collaboration and established a level playing field between secular and faith-based organizations when competing for federal funds.

The above code outlines a series of commitments that a faith-based organization choosing to accept public money can subscribe to in order to keep their conduct above reproach – both in the eyes of God and the government. It is meant as a guideline only, for faith-based organizations to follow when considering whether or not to apply for funds underwritten by the government.

HOW TO BECOME A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

Becoming a Community Housing Development Organization (CHDO) follows the same steps and parameters as becoming a 501(c), tax exempt organization. In fact you will need to receive a 501(c) tax exempt designation from the IRS before becoming involved in the process to become an official CHDO. A very important piece of information you must remember, with status as a CHDO you are also recognized as a developer.

A CHDO (pronounced cho'do) is a private nonprofit, community-based service organization whose primary purpose is to provide and develop decent, affordable housing for the community it serves. Certified CHDOs receive certification from a Participating Jurisdiction (PJ) indicating that they meet certain HOME Program requirements and therefore are eligible for HOME funding.

To be successful as a CHDO, you should also familiarize yourself with HUDs HOME Investment Partnership programs rules and regulations. Under the HOME program, local governments are able to join together to form a “consortium” in order to receive HOME funding for affordable housing initiatives. Forming a consortium enables local governments that would not otherwise qualify for HOME program funding under the formula criteria to join with other units of local government to receive a direct allocation of funds from HUD. This creates an opportunity for these jurisdictions to take a more regional, collaborative approach to meeting their affordable housing needs. To learn more about the HOME program, review the following URL:

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>

The legal status of an organization is the first characteristic examined to determine if it is eligible to become a certified CHDO. There are five legal status requirements that an organization must meet to be certified as a CHDO by a Participating Jurisdiction (PJ). These are:

1. **Organized Under State/Local Law.** Organizations must show evidence to the PJ, either in their charter or articles of incorporation, that they are organized under state or local law.

2. **Purpose of Organization.** Among its purposes, the organization must have the provision of decent housing that is affordable to low and moderate income people. This must be evidenced by a statement in the organization's charter, articles of incorporation, by-laws, or resolutions.
3. **No Individual Benefit.** No part of a CHDO's net earnings (profits) may benefit any members, founders, contributors, or individuals. This requirement must also be evidenced in the organization's charter or articles of incorporation.
4. **Clearly Defined Service Area.** The organization must have a clearly defined geographic service area which can be described and documented for the PJ. CHDOs may serve individual neighborhoods or large areas. However, while the organization may include an entire community in their service area (such as a city, town, village, county, or multi county area), they may not include the entire state.
5. **Nonprofit Status.** The organization must have a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986. The ruling must be evidenced by a 501(c) certificate from the IRS.

NON-PROFIT STATUS

To be certified by a PJ, a CHDO must have a tax-exempt ruling from the IRS under Section 501(c) of the Internal Revenue Code of 1986. There are many incorporation options under Section 501(c), depending on the type and purpose of the organization seeking the tax-exempt designation.

The 501(c) designations permissible for CHDOs under the HOME regulations are:

501(c)(3) status - a charitable, nonprofit corporation

501(c) (4) status - a community or civic organization

Section 905 status - subordinate organization of a 501(c) organization

The HOME requirement for a 501(c) designation can be fulfilled by documenting either a conditional or a final designation from the IRS. However, submission of documentation that an application for 501(c) status is pending at the IRS is not sufficient to fulfill this requirement.

The HOME Program establishes requirements for the organizational structure of a CHDO to ensure that the governing body of the organization is controlled by the community it serves. These requirements are designed to ensure that the CHDO is capable of decisions and actions that address the community's needs without undue influence from external agendas.

There are four specific requirements related to the organization's board which must be evidenced in the organization's by-laws, charter, or articles of incorporation. These are:

1. At least 1/3 of the organization's board must be representatives of the low-income community served by the CHDO.
2. No more than 1/3 of the organization's board may be representatives of the public sector, including any employees of the PJ.
3. If a CHDO is sponsored by a for-profit entity, the for-profit may not appoint more than 1/3 of the board. The board members appointed by the for-profit may not appoint the remaining 2/3 of the board members.
4. States or local governments who charter CHDOs may not appoint more than 1/3 of the board, and the board members appointed by the state or local government may not appoint the remaining 2/3 of the board members.

To be certified as a CHDO, the HOME Program requires organizations to demonstrate sufficient: Experience, Capacity and Financial Accountability.

EXPERIENCE

The CHDO must demonstrate a history of serving the community where the housing to be assisted with HOME funds will be located.

HUD requires that organizations show a history of serving the community by providing:

- A statement that documents at least one year of experience serving the community.
- For newly created organizations formed by churches, service or community organizations, providing a statement that the parent organization has at least

one year experience serving the community.

CAPACITY

The CHDO must demonstrate the capacity of key staff to carry out the HOME-assisted activities they are planning. The type of capacity required is as follows:

- CHDO must demonstrate that their staff has the relevant experience necessary to perform the HOME-assisted activities they are planning. The CHDO must have either:
- Resumes and/or statements of key staff members that describe their experience of successfully completed projects similar to those proposed.
- A plan in place for experienced consultants to help plan and develop proposed projects as well as train key staff.

FINANCIAL ACCOUNTABILITY

The CHDO must have financial accountability standards that conform to the requirements detailed in 24 CFR 82.21, “Standards for Financial Management Systems.” Some financial accountability requirements are:

- Providing a notarized statement by the president or chief financial officer of the organization.
- Furnishing a certification from a certified public accountant or supplying HUD with an approved audit summary.

Follow the guidance and talk to your PJ about their qualification process. Some choose to conduct qualification only at certain times, while others maintain an open window. Some qualify CHDO in a separate process, while others integrate qualification with their project application process. Keep in mind that qualifying is only one step in the overall funding process. PJs separately determine your eligibility for the various benefits of a CHDO. Just because you are qualified does not entitle you to any CHDO funding. Also keep in mind that you must maintain and be able to certify your CHDO status for the entire life of your project. PJs will continue to ask you to update your CHDO documentation and certification when you have open CHDO projects, including rental projects within their compliance

period.

A PJ must reserve at least 15% of its annual allocation of HOME funding for CHDO eligible projects, but its choice of CHDO projects and use of the other three benefits listed below is discretionary. Some PJs use these discretionary resources, while others do not. Some make them available equally to all of their CHDOs, others choose only to allocate where needed. Talk to your PJ about if and how these resources are being made available.

In closing, while PJs will help you and work with you, it is important to acknowledge that CHDO are borrowers and PJs are funders. Because of both performance and repayment requirements, the PJ has to act like a lender, rather than merely as a partner. The PJ needs to ensure that HOME program requirements are met and that units are produced in a timely manner, or incur repayment obligations.

If you are unsure as how to proceed, below is a checklist designed to aid you.

CHDO 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. This checklist should be used as a tool to educate participating jurisdictions about the documents they must receive from a nonprofit before it may be certified as a CHDO.

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 its net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

_____ A Charter, OR

_____ Articles of Incorporation.

C. 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. Has among its purposes the provision of decent housing that is affordable to low and moderate-income people, as evidenced by a statement in the organizations:

- _____ Charter,
- _____ Articles of Incorporation,
- _____ By-laws, OR
- _____ Resolutions.
- _____ A HUD approved audit summary

II. CAPACITY

A. 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. 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. Has a history of serving the community 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 the participating jurisdiction 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.

III. ORGANIZATIONAL STRUCTURE

A. 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:

- _____ By-Laws,
- _____ Charter, OR
- _____ Articles of Incorporation.

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. 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 By-laws,
- _____ 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, as evidenced by the organization's:

- _____ By-Laws,
- _____ 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, as evidenced by the CHDO's:

- _____ By-Laws,
- _____ Charter, OR
- _____ Articles of Incorporation.

IV. RELATIONSHIP WITH FOR-PROFIT ENTITIES

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

_____ The organization's By-laws, OR
_____ A Memorandum of Understanding (MOU).

B. A CHDO may be sponsored or created by a for-profit entity, however:

(1) The for-profit entity's primary purpose does not include the development or management of housing, as evidenced by:

_____ The for-profit organization's By-laws

AND;

(2) The CHDO is free to contract for goods and services from vendor(s) of its own choosing, as evidenced by the CHDO's:

_____ By-Laws,

_____ Charter, OR

_____ Articles of Incorporation.

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 is 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.

The HOME Program definition of a CHDO is found at 24 CFR Part 92.2. This HOME Front module summarizes these requirements, and provides useful interpretation and guidance based upon the language and intent of the regulations.

Funds are available through HOME PJs exclusively for qualified, eligible CHDO projects and operating expenses.

- If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set aside just for CHDOs, as well as additional special technical assistance from HUD.
- CHDO set-aside funds provide equity for community-based organizations to undertake projects, build their capacity to serve a broad range of affordable housing needs and provide guaranteed resources for affordable housing development.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning[http://](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning)

portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning

HOW TO BECOME A HUD HOUSING COUNSELING AGENCY (HCA)

To become a HUD approved certified Housing Counseling Agency (HCA) your organization must be a qualified public or private non-profit organization. Before you begin this process, you must incorporate in your state as a nonprofit organization. Once you are incorporated in your state, you can apply and receive a 501(c) tax exempt status from the IRS. If your organization has not met this criterion, you are not eligible to apply.

If your organization meets these guidelines, you are eligible to serve these three purposes: 1) HUD-approved local housing counseling agency; 2) HUD-approved national or regional intermediary; and 3) State housing finance agency.

FUNDING

An organization approved by HUD under this handbook does NOT automatically receive funding from HUD. Funding depends upon two factors: appropriations by Congress and the award of grants by HUD on a competitive basis under established federal and HUD policies and regulations. HUD funding is not intended to cover all counseling costs incurred by the agency in delivering counseling services.

APPROVAL CRITERIA

HUD will accept applications from national, multi- State, regional, and local entities. Applicants with branch offices or affiliate member organizations over which the primary entity exercises some control regarding services rendered, and the quality of those services, may submit a single application for approval of the primary entity and its branches or affiliates. The branches or affiliates must meet the primary entity's standards as well as those in this handbook. An applicant agency with branch offices or affiliates must provide a written delineation of the responsibilities of the parent organization and its branches or affiliates.

The following approval criteria apply to all applicants. Each branch or affiliate included in an approval application must satisfy these criteria.

Non-profit Status. An applicant and its branches or affiliates for approval must function as private or public non-profit organizations. The applicant must submit evidence of nonprofit status as demonstrated by section 501(c) of the Internal

Revenue Code approval (or pending approval) to support its non-profit status and that of its branches or affiliates.

Community Base. The applicant or its branches and affiliates must function for at least one year in the geographical area that the applicant proposes for itself or its branches or affiliates to serve as a HUD-approved housing counseling agency or agencies.

Experience. The applicant must have successfully administered a housing counseling program for at least one year.

Audit. The applicant must have had an independent audit of its financial records during the twelve months preceding the date of applying for HUD approval. An applicant must submit with its approval application a copy of the most recent auditor's report. An applicant with branches or affiliates with accounting independent of the applicant must provide written assurance that those branches or affiliates meet this criterion.

NOTE: A national, regional, or multi-State applicant whose latest audit does not meet this timeliness criterion may receive a conditional approval. HUD will grant conditional approval if the applicant agrees in writing to contract for the completion of the required within six months of their application for approval.

BASIC REQUIREMENTS

HUD requires the following basic general services for each client served by a HUD-approved housing counseling agency. Paragraph 3-2 elaborates each of these items.

Although affiliates and branches of national, regional, and multi-State agencies do not submit individual applications for HUD approval, those affiliates and branches must conform to the requirements in this chapter. To assure compliance by HUD branches or affiliates, HUD expects following from the parent entity:

- An intake or screening interview conducted by a Counselor.
- Housing counseling that enables a client to make informed and reasonable decisions to achieve their housing goal by meeting their housing need or resolving their housing problem by using all available resources.

- Referrals to local, State, and federal resources.
- Follow-up communication with the client to assure that the client is progressing toward his or her housing goal or that the agency should modify or terminate counseling.
- Screening Interview conducted by a Counselor. Purpose: The interview enables the counselor to:
 - Obtain information from the client that enables the agency to identify the client's housing need or housing problem.
 - Determine if the agency's resources can assist the client to meet the need or resolve the problem.
 - Design a counseling plan in relation to the need or problem.
 - Learn whether the client is willing, with the assistance of counseling, to assume his or her responsibilities under a mutually acceptable plan for meeting the need or resolving the problem.

PERSONNEL

1. Only a housing counselor may perform the screening interview.
2. A receptionist or other non-counseling staff member may obtain and record certain intake information from a potential client in preparation for the screening interview by the counselor. This may include such items as name, address, telephone number, etc., but no financial, employment, or family information. Obtaining this intake information must be done under conditions that assure privacy for the potential client confidentiality of the information.

Documentation: During the interview the counselor obtains and records enough information to identify the housing need or problem of the potential client and determine if the agency will take the client into its workload. The counselor may use Form HUD-9921, Housing Counseling Activity and Unit Log, or an agency form that records at least the items on HUD-9921.

After reviewing the qualifying criteria, if you qualify and your agency is interested in applying, you must complete the HUD-9900, Application for Approval as a Housing Counseling Agency, and submit an original with an original signature, and one copy of the application form. Applications should be submitted to the appropriate HUD office or homeownership center. Local agencies should apply to the homeownership center that serves their states. Applications from national and regional organizations should be sent to HUD Headquarters.

The application will be reviewed within 45 days of receipt. If, after review of the application, HUD determines that the applicant may qualify as a HUD-approved housing counseling agency, a conference will be arranged before a final determination letter is issued.

Within 60 days, the applicant will be notified whether the application was approved or denied. If approved, a Letter of Approval will be sent to the applicant. The applicant must sign and date the letter and return it to HUD.

Agencies with questions about the application process or the status of their requests should contact their local HUD office.

THE STRONG CITIES, STRONG COMMUNITIES VISIONING CHALLENGE

What is the objective of the Strong Cities, Strong Communities Visioning Challenge?

The objective of the Strong Cities, Strong Communities Visioning Challenge (SC2 Pilot Challenge) is to generate innovative ideas, strategies, and perspectives that cities can use to advance economic development planning in their city and region.

How does the SC2 Pilot Challenge work?

The SC2 Pilot Challenge will select six cities under this Federal Funding Opportunity (FFO) through a competitive application process. Each city will then be provided funds, technology, and training to conduct a Challenge Competition. Each Challenge Competition will consist of two phases. In the first phase, cities will invite teams of professionals to submit proposals broadly outlining how they will develop economic development strategies and plans for the city. Each city will award financial prizes to the top-rated proposals and invite several teams to participate in the second phase. In the second phase, teams will compete to develop a comprehensive economic development plan for the city. Each city will evaluate the submitted plans using a city-appointed panel of experts, and award a financial prize to the highest-rated plan.

What is the purpose of this FFO?

The objective of this FFO is to invite application from cities interested in being selected to implement Challenge Competitions.

How much funding has been appropriated for the SC2 Challenge?

Total proposed funding for the SC2 Pilot Challenge is approximately \$6 million from the Economic Development Administration (EDA).

How many awards will be made under the SC2 Challenge?

EDA anticipates making six total awards - one winning applicant will be selected in each of EDA's regions.

How much funding will be provided to each winning applicant?

Individual awards of \$1 million are expected to be made to each city selected.

Who is eligible to apply for funding?

Eligible applicants under the SC2 Pilot Challenge are cities with a population of 100,000 or more persons residing within their official municipal boundaries as of the 2010 Census who meet one or more of the following criteria for economic distress:

- An unemployment rate that is, for the most recent 24-month period for which data are available, at least one percentage point greater than the national average unemployment rate;
- Per capita income that is, for the most recent period for which data are available, 80 percent or less of the national average per capita income; or
- Meets one of EDA's Special Need eligibility criteria (as defined in 13 C.F.R. § 301.3).

Where can I find an application?

Applications can be found at Grants.gov by searching for "2012SC2". A link to Grants.gov and additional information can also be found on EDA's website at www.eda.gov/SC2Challenge/.

Can a city submit an application if it has done so in the past, or plans to in the future?

Yes.

Are applicants required to provide a Matching Share?

Applicants must demonstrate a Matching Share, which must be available and committed to the project from non-Federal sources. The FFO states that projects may receive up to 80 percent of total project costs, depending upon the eligible grant rate of the applicant, as determined by EDA. For more information about EDA's matching requirements, see section 204(a) of PWEDA (42 U.S.C. § 3144) and 13 C.F.R. § 301.4(b)(1).

What if I have additional questions?

Additional questions on how to apply and/or eligibility requirements should be directed to the appropriate point of contact identified. General questions about the SC2 Pilot Challenge should be directed to SC2Challenge@eda.gov. or www.whitehouse.gov.

CENTER FOR FAITH-BASED AND NEIGHBORHOOD PARTNERSHIPS

TOOLS TO BUILD, FUND, ENHANCE CAPACITY AND
MAINTAIN YOUR FAITH-BASED AND COMMUNITY
ORGANIZATIONS

PRACTICAL GUIDE

U.S. Department of Housing and Urban Development