BOARD OF DIRECTORS RESPONSIBILITIES

THIS SESSION WILL DISCUSS BOD'S AUTHORITY, OFFICER'S RESPONSIBILITIES, BOARD LIABILITY, MAINTAINING GOOD CORPORATE STANDING, MEETINGS, PERSONNEL POLICIES, WARNING SIGNS FOR THE BOARD, EXHIBIT E: EVALUATING YOUR SELF-HELP PROGRAM AND HOUSING DEVELOPMENT PLAN.

BOARD OF DIRECTORS RESPONSIBILITIES
SESSION CHECKLIST

1. **S/H TECHNICAL ASSISTANCE GRANT AGREEMENT:**
   a) UNDERSTANDING THE GRANT AGREEMENT (not in detail)

2. **RD INSTRUCTION 1944-I EXHIBIT E:**
   a) Form used every 6 months

3. **BOARD RESPONSIBILITIES:**
   a) Authority
   b) Officers
   c) Liability
   d) Good Corporate Standing
   e) Meetings
   f) Minutes

4. **AGENCY PLANNING:**
   a) Goals
   b) Objectives
   c) Budgets
   d) Strategic Planning

5. **ADMINISTRATION OF AGENCY PERSONNEL:**
   a) Supervision
   b) Job Description
   c) Hiring
   d) Monitoring – (Construction Schedule & Implementation Schedule)
   e) Evaluation
   f) Personnel Policy
   g) Salary Schedule

NOTE: **Warning signs for the BOD**

Characteristics of the BOD

Forming a Nonprofit Organization

UNDERSTANDING THE

GRANT AGREEMENT

SELF-HELP TECHNICAL ASSISTANCE GRANT AGREEMENT

THIS GRANT AGREEMENT dated ________________, 20 , is between a nonprofit corporation, organized and operating under ______________________________and the United States of America acting through Rural Development, Department of Agriculture.

In consideration of financial assistance in the amount of $____________(called "Grant Funds") to be made available by Rural Development to Grantee under Section 523 (b) (1)(A) of the Housing Act of 1949 to be used in ________________________(specify areas to be served) for the purpose of providing a program of technical and supervisory assistance which will aid low-income families in carrying out mutual self-help housing efforts. Grantee will provide such a program in accordance with the terms of this Agreement and Rural Development regulations.

Definitions:

"Date of Completion" means the date when all work under a grant is completed or the date in the TA Grant Agreement, or any supplement or amendment thereto, on which Federal assistance ends. ***(Federal Register I Vol 78, No. 248- Para 200.309 Period of Performance)***

"Disallowed costs" are those charges to a grant which the Rural Development determines cannot be authorized. ***(RD Instruction 1944-I Para 1944.403(e) Disallowed costs)***

"Grant Closeout" is the process by which the grant operation is concluded at the expiration of the grant period or following a decision to terminate the grant. ***(Federal Register I Vol 78, No. 248- Para 200.343 Closeout)***

"Termination" of a grant means the cancellation of Federal assistance, in whole or in part, under a grant at any time prior to the date of completion. ***(RD Instruction 1944-I Termination of a grant)***

Terms of agreement:

(a) This Agreement shall terminate two (2) years from this date unless extended or sooner terminated under paragraphs (e) and (f) of this Agreement. ***(Federal Register I Vol78, No. 248- Para 200.309 Period of Performance)* A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass through entity.**

(b) Grantee shall carry out the self-help housing activity described in the application docket which is attached to and made a part of this Agreement. Grantee will be bound by the conditions set forth in the docket, 7 CFR Part 1944, Subpart I, and the further conditions set forth in this Agreement. If any of the conditions in the docket are inconsistent with those in the Agreement or Subpart I of Part 1944, the latter will govern. A waiver of any condition must be in writing and must be signed by an authorized representative of Rural Development. ***(Reference: Information submitted in your Section 523 Application)***

(c) Grantee shall use grant funds only for the purposes and activities specified in Rural Development regulations and in the application docket approved by Rural Development including the approved budget. Any uses not provided for in the approved budget must be approved in writing by Rural Development in advance. ***(§ 200.308 Revision of Budget and Program Plans.) (a) The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process. It may include either the Federal and non-Federal share (see § 200.43 Federal share) or only the Federal share, depending upon Federal awarding agency requirements. It must be related to performance for program evaluation purposes whenever appropriate. (b) Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions, in accordance with this section. (c) For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for one or more of the following program or budget-related reasons:***

> ***(1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).***
> ***(2) Change in a key person specified in the application or the Federal award.***
> ***(3) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.***
> ***(4) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles of this Part or 45 CFR Part 74 Appendix E, "Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals," or 48 CFR Part 31, "Contract Cost Principles and Procedures," as applicable.***
> ***(5) The transfer of funds budgeted for participant support costs as defined in §200.75 Participant support costs to other categories of expense.***
> ***(6) Unless described in the application and funded in the approved Federal awards, the sub-awarding, transferring or contracting out of any work under a Federal award. This provision does not apply to the acquisition of supplies, material, equipment or general support services.***

(d) If Grantee is a private nonprofit corporation, expenses charged for travel or per diem will not exceed the rates paid Rural Development employees for similar expenses. If Grantee is a public body, the rates will be those that are allowable under the customary practice in the government of which Grantee is a part; if none are customary, the Rural Development rates will be the maximum allowed.

(e) Grant closeout and termination procedures will be as follows:

(1) Promptly after the date of completion or a decision to terminate a grant, grant closeout actions are to be taken to allow the orderly discontinuation of Grantee activity.

(i) Grantee shall immediately refund to Rural Development any uncommitted balance of grant funds. ***(§200.343 Closeout (d) The non-Federal entity must promptly refund any balances of unobligated cash that the Federal awarding agency or pass- through entity paid in advance or paid and that is not authorized to be retained by the non-Federal entity for use in other projects. See OMB Circular A-129 and see §200.345 Collection of amounts due for requirements regarding unreturned amounts that become delinquent debts.***

(ii) Grantee will furnish to Rural Development within 90 days after the date of completion of the grant a "Financial Status Report", Form SF-425. All financial, performance, and other reports required as a condition of the grant will also be completed. ***(§200.343 Closeout- (a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non- Federal entity.***
(b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.
(c) The Federal awarding agency or pass-through entity must make prompt payments to the non-Federal entity for allowable the Federal reimbursable costs under award being closed out.

(iii) Grantee shall account for any property acquired with technical assistance (TA) grant funds, or otherwise received from Rural Development. ***(§200.312 (a)Federally-owned and exempt property.(a) Title to federally-owned property remains vested in the Federal government. The non-Federal entity must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency. Upon completion of the Federal award or when the property is no longer needed, the non-Federal entity must report the property to the Federal awarding agency for further Federal agency utilization.) (b) If the Federal awarding agency has no further need for the property, it must declare the property excess and report it for disposal to the appropriate Federal disposal authority, unless the Federal awarding agency has statutory authority to dispose of the property by alternative methods.***

(iv) After the grant closeout, Rural Development retains the right to recover any disallowed costs which may be discovered as a result of any audit. ***(§200.344 Post-closeout adjustments and continuing responsibilities. (a) The closeout of a Federal award does not affect any of the following:***
(1) The right of the Federal awarding agency or pass-through entity to disallow costs and recover funds on the basis of a later audit or other review. The Federal awarding agency or pass through entity must make any cost disallowance determination and notify the non-Federal entity within the record retention period.

(2) The obligation of the non-Federal entity to return any funds due as a result of later refunds, corrections, or other transactions including final indirect cost rate adjustments.

(3) Audit requirements in Subpart F— Audit Requirements of this Part.
(4) Property management and disposition requirements in Subpart D— Post Federal Award Requirements of this Part, §§ 200.310 Insurance Coverage through 200.316 Property trust relationship.
(5) Records retention as required in Subpart D—Post Federal Award Requirements of this Part, § 200.333 Retention requirements for records through 200.337 Restrictions on public access to records.

(2) When there is reasonable evidence that Grantee has failed to comply with the terms of this Agreement, the State Director may determine Grantee as "high risk". A "high risk" Grantee will be supervised to the extent necessary to protect the Government's interest and to help Grantee overcome the deficiencies.
(§200.207 Specific conditions)
(a) Based on the criteria set forth in § 200.205 Federal awarding agency review of risk posed by applicants or when an applicant or recipient has a history of failure to comply with the general or specific terms and conditions of a Federal award, or failure to meet expected performance goals as described in § 200.210 Information contained in a Federal award, or is not otherwise responsible, the Federal awarding agency may impose additional specific award conditions as needed under the procedure specified in paragraph (b) of this section.) These additional Federal award conditions may include items such as the following:
(1) Requiring payments as reimbursements rather than advance payments;
(2) Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
(3) Requiring additional, more detailed financial reports;
(4) Requiring additional project monitoring;
(5) Requiring the non-Federal entity to obtain technical or management assistance; or
(6) Establishing additional prior approvals.

(b) The Federal awarding agency or pass-through entity must notify the applicant or non-Federal entity as to:
(1) The nature of the additional requirements;
(2) The reason why the additional requirements are being imposed;
(3) The nature of the action needed to remove the additional requirement, if applicable;
(4) The time allowed for completing the actions if applicable, and
(5) The method for requesting reconsideration of the additional requirements imposed.

(c) Any special conditions must be promptly removed once the conditions that prompted them have been corrected.

(3) Grant termination will be based on the following:
(i) Termination for cause. This grant may be terminated in whole, or in part, 90 days after a Grantee has been classified as "high risk" if the State Director determines that Grantee has failed to correct previous deficiencies and is unlikely to correct such items if additional time is allowed. The reasons for termination may include, but are not limited to, such problems as:

(A) Actual TA costs significantly exceeding the amount stipulated in the proposal.

(B) The number of homes being built is significantly less

(C) The cost of housing not being appropriate for the self-help program.

(D) Failure of Grantee to only use grant funds for authorized purposes.

(E) Failure of Grantee to submit adequate and timely reports of its operation.

(F) Failure of Grantee to require families to work together in groups by the mutual self-help method in the case of new construction.

(G) Serious or repetitive violation of any of the provisions of any laws administered by Rural Development or any regulation issued under those laws.

(H) Violation of any nondiscrimination or equal opportunity requirement administered by Rural Development in connection with any Rural Development programs.

(I) Failure to establish an accounting system acceptable to Rural Development. (11-15-90) SPECIAL PN RD Instruction 1944-1 Exhibit A Page 4

(J) Failure to serve very low-income families.

(K) Failure to recruit families from substandard housing.

(§ 200.339 Termination)
(a) The Federal award may be terminated in whole or in part as follows:

(1) By the Federal awarding agency or pass-through entity, if a non-Federal entity fails to comply with the terms and conditions of a Federal award;
(2) By the Federal awarding agency or pass- through entity for cause;
(3) By the Federal awarding agency or pass-through entity with the consent of the non-Federal entity, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.
(4) By the non-Federal entity upon sending to the Federal awarding agency or pass-through entity written notification setting forth the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if the Federal awarding agency or pass-through entity determines in the case of partial termination that the reduced or modified portion of the Federal award or sub-award will not accomplish the purposes for which the Federal award was made, the Federal awarding agency or pass-through entity may terminate the Federal award in its entirety.

(ii) Termination for convenience. Rural Development or Grantee may terminate the grant in whole, or in part, when both parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date and, in case of partial termination, the portion to be terminated.
(§ 200.339 Termination)
(b) When a Federal award is terminated or partially terminated, both the Federal awarding agency or pass-through entity and the non-Federal entity remain responsible for compliance with the requirements in §§ 200.343 Closeout and 200.344 Post-closeout adjustments and continuing responsibilities.

(4) To terminate a grant for cause, Rural Development shall promptly notify Grantee in writing of the determination and the reasons for and the effective date of the whole or partial termination. Grantee will be advised of its appeal rights under 7 CFR Part 1900, Subpart B. ***(§200.471 Termination costs.) Termination of a Federal award generally gives rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the Federal award not been terminated.***

Cost principles covering these items are set forth in this section. They are to be used in conjunction with the other provisions of this Part in termination situations.)

(f) An extension of this grant agreement may be approved by Rural Development provided in its opinion, the extension is justified and there is a likelihood that the grantee can accomplish the goals set out and approved in the application docket during the period of the extension. ***(§RD Instruction 1944-I Para 1944.420 Extension or revision of the grant agreement)***
The State Director may authorize the District Director to execute on behalf of the Government, Exhibit C of this subpart, at any time during the grant period provided:

(a) The extension period is for no more than one year from the final date of the existing Agreement.
(b) The need for the extension is clearly justified,
(c) If additional funds are needed, a revised budget is submitted with complete justification, and
(d) The grantee is within the guidelines in §1944.407 of this subpart (Limitations: TA Cost) or the State Director determines that the best interest of the Government will be served by the extension.

(g) Grant funds may not be used to pay obligations incurred before the date of this Agreement. Grantee will not obligate grant funds after the grant termination or completion date. ***(§200.309 Period of performance) A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass through entity.***

(h) As requested and in the manner specified by Rural Development, the grantee must make quarterly reports, Exhibit C of this subpart (on 1/15, 4/15, 7/15 and 10/15 of each year), and a financial status report at the end of the grant period, and permit on-site inspections of program progress by Rural Development representatives. Rural Development may require progress reports more frequently if it deems necessary. Grantee must also comply with the audit requirements found in ½½ 1944.422 of Subpart I of 7 CFR Part 1944, if applicable. Grantee will maintain records and accounts, including property, personnel and financial records, to assure a proper accounting of all grant funds. These records will be made available to Rural Development for auditing purposes and will be retained by grantee for three years after the termination or completion of this grant.
(§200.328 Monitoring and reporting program performance)

(a) Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity.

(b) Non-construction performance reports. The Federal awarding agency must use standard OMB-approved data elements for collection of performance information (including performance progress reports, Research Performance Progress Report, or such future collections as may be approved by OMB and listed on the OMB Web site).

(1) The non-Federal entity must submit performance reports at the interval required by the Federal to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report will be due 90 calendar days after the period of performance end date. If a justified request is submitted by a non- Federal entity, the Federal agency may extend the due date for any performance report.

(i) Acquisition and disposal of personal equipment and supplies should comply with Subpart R of 7 CFR Part 3015 and Subpart C of 7 CFR Part 3016. RD Instruction 1944-I Exhibit A Page 5.

(§200.313 Equipment & §200.439 Equipment and other capital expenditures.)

(a) See §§ 200.13 Capital expenditures, 200.33 Equipment, 200.89 Special purpose equipment, 200.48 General purpose equipment, 200.2 Acquisition cost, and 200.12 Capital assets.

(b) The following rules of allowable cost must apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of $5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity. See § 200.436 Depreciation, for rules on the allow ability of depreciation on buildings, capital improvements, and equipment. See also § 200.465 Rental costs of real property and equipment.

(4) When approved as a direct charge pursuant to paragraphs (b)(1 through (3) of this section, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.

(5) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the Federal cognizant agency for indirect cost.

(6) Cost of equipment disposal. If the non-Federal entity is instructed by the Federal awarding agency to otherwise dispose of or transfer the equipment the costs of such disposal or transfer are allowable.

(j) Results of the program assisted by grant funds may be published by Grantee without prior review by Rural Development, provided that such publications acknowledge the support provided by funds pursuant to the provisions of Title V of the Housing Act of 1949, 42 U.S.C. 1471, et seq., and that five copies of each such publication are furnished to the local representative of Rural Development.

(k) Grantee certifies that no person or organization has been employed or retained to solicit or secure this grant for a commission, percentage, brokerage, or contingent fee. ***(Self Explanatory)***

(l) Grantee shall comply with all civil rights laws and the Rural Development regulations implementing these laws. ***(Self Explanatory)***

(m) In all hiring or employment made possible by or resulting from this grant, Grantee: (1) will not discriminate against any employee or applicant for employment because of race, religion, color, sex, marital status, national origin, age, or mental or physical handicap, and (2) will take affirmative action to insure that applicants are employed, and that employees are treated during employment without regard to their race, religion, color, sex, marital status, national origin, or mental or physical handicap. This requirement shall apply to, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In the event Grantee signs a contract which would be covered by any Executive Order, law, or regulation prohibiting discrimination, Grantee shall include in the contract the "Equal Employment Clause" as specified by Rural Development. ***(Self Explanatory))(FNPH review of Articles and By-Laws)***

(n) It is understood and agreed by Grantee that any assistance granted under this Agreement will be administered subject to the limitations of Title V of the Housing Act of 1949 as amended, 42 USC 1471 et seq., and related regulations, and that rights granted to Rural Development in this Agreement or elsewhere may be exercised by it in its sole discretion to carry out the purposes of the assistance, and protect Rural Development's financial interest. ***(Self Explanatory)***

(o) Grantee will maintain a code or standards of conduct which will govern the performance of its officers, employees, or agents. Grantee's officers, employees, or agents will neither solicit nor accept gratuities, favors, of anything of monetary value from suppliers, contractors, or others doing business with the grantee. To the extent permissible by State or local law, rules, or regulations such standards will provide for penalties, sanctions, or other disciplinary actions to be taken for violations of such standards. ***(Self Explanatory)(FNPH review of Articles and By-Laws)***

(p) Grantee shall not hire or permit to be hired any person in a staff position or as a participant if that person or a member of that person's immediate household is employed in an administrative capacity by the organization, unless waived by the State Director. (For the purpose of this section, the term "household" means all persons sharing the same dwelling, whether related or not). ***(Self Explanatory)***

(q) Grantee's board members or employees shall not directly or indirectly participate, for financial gain, in any transactions involving the organization or the participating families. This includes activities such as selling real estate, building material, supplies, and services. ***(Self Explanatory)***

(r) Grantee will retain all financial records, supporting documents, statistical records, and other records pertinent to this agreement for 3 years and affirms that it is fully aware of the provisions of the Administrative Remedies for False Claims and Statements Act, 31 USC 3801, et seq.
(§200.333 Retention requirements for records) Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a Sub-recipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:

(a) If any litigation, claim, or audit is started before the expiration of the 3- year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

(b) When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.

(c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.
(d) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the non-Federal entity.

By: ______________________________
Signature

____
(Title) Authorized Representative

By: ______________________________
Signature

____
(Title) USDA Rural Development

GUIDANCE FOR RECIPIENTS OF SELF-HELP TECHNICAL ASSISTANCE GRANTS (SECTION 523 OF HOUSING ACT OF 1949)

7 CFR Part 1944, Subpart I provides the specific details of this grant program. The following is a list of some functions of the grant recipients taken from this subpart. With the list are questions we request to be answered by the recipients to reduce the potential for fraud, waste, unauthorized use or mismanagement of these grant funds. We suggest the Board of Directors answer these questions every six months by conducting their own review. Paid staff should not be permitted to complete this evaluation.

A. Family Labor Contribution

1. Does your organization maintain a list of each family and a running total of hours worked (when and on what activity)? Yes No

2. Are there records of discussions with participating families counseling them when the family contribution is falling behind? Yes No

3. Are there obstacles which prevent the family from performing the required tasks? Yes No

B. Use of Grant Funds

1. Were grant funds used to pay salaries or other expenses of personnel not directly associated with this grant? Yes No

2. Were grant funds used to pay for construction work for participating families? Yes No

3. Were all purchases or rentals (item and cost) of office equipment authorized? Yes No

4. Are all office expenses authorized by 7 CFR Part 1944, Subpart I? Yes No

5. Was a record of long distance telephone calls maintained and was that log and telephone checked? Yes No

6. Was all travel and mileage incurred for official business and properly authorized in advance? Yes No

7. Were mileage and per diem rates within authorized levels? Yes No

8. Were participating families charged for use of tools? Yes No

9. Were grant funds expended to train grant personnel? Yes No

10. Was training appropriate for the individual trainee? Yes No

11. Were any technical or consultant services obtained for participating families? Yes No

12. Were the provided technical or consultant services appropriate in type and cost? Yes No

C. Financial Responsibilities

1. Does each invoice paid by the grant recipient match the purchase order? Yes No

2. Does each invoice paid by the borrower and Rural Development match the purchase order? Yes No

3. Were purchases made from the appropriate vendors? Yes No

4. Are the invoices and itemized statements totaled for materials purchased for individual families? Yes No

5. Is there a record of deposits and withdrawals to account for all loan funds? Yes No

6. Are checks from grant funds signed by the Board Treasurer and Executive Director? Yes No

7. Are grant funds deposited in an interest bearing account? Yes No

8. Are checks from loan funds prepared by the grant recipient for the borrower's and lender's signature? Yes No

9. Are checks from loan funds accompanied by accurate invoices? Yes No

10. Are any borrower loan funds including interest, deposited in grantee accounts? Yes No

11. Are checks from loan funds submitted to Rural DevelopmentYes No more often than once every 30 days?

12. Is the reconciliation of bank statements for both grant and loan funds completed on a monthly basis? Yes No

13.	If the person who issues the checks also reconciles them, does the Executive Director review this activity?	Yes	No
14.	Are materials purchased in bulk approved by the Executive Director?	Yes	No
15.	Was the amount of materials determined by both the Executive Director and construction staff?	Yes	No
16.	Were any participating families consulted about the purchase of materials?	Yes	No
17.	Were savings accomplished by the bulk purchase method?	Yes	No
18.	Did the Executive Director review the purchase order and the ultimate use of the materials?	Yes	No
19.	Are materials covered by insurance when stored by grantee?	Yes	No

D. Reporting

1.	Are "Requests for Advance or Reimbursement" made once monthly to the Rural Development District Office?	Yes	No
2.	Has the grant recipient engaged a certified public Accountant (CPA) or CPA firm to review their operations on a regular basis: (Annually is preferable but every two years and at the end or the grant period are requirements)?	Yes	No
3.	Are the quarterly evaluation reports submitted on time to the County Supervisor?	Yes	No

What, if any, problems exist that need to be corrected for effective management of the grant project?

____
Date

____
President, Board of Directors

(Period covered by report______________)

ANSWER KEY

The following answers should help your organization in assessing its vulnerablility to fraud, waste, and abuse. You should take actions to correct practices that now generate an answer different from the key.

Question	Answer
A. 1	yes
A. 2	yes
A. 3	yes
B. 1	no
B. 2	no
B. 3	yes
B. 4	yes
B. 5	yes
B. 6	yes
B. 7	yes
B. 8	no
B. 9	yes
B. 10	yes
B. 11	yes
B. 12	yes
C. 1	yes
C. 2	yes
C. 3	yes
C. 4	yes
C. 5	yes
C. 6	yes
C. 7	no
C. 8	yes
C. 9	yes
C. 10	no
C. 11	no
C. 12	yes
C. 13	yes
C. 14	yes
C. 15	yes
C. 16	yes
C. 17	yes
C. 18	yes
C. 19	yes
D. 1	yes
D. 2	yes
D. 3	yes

Board Responsibility

The Board's Authority and Responsibility

The board of directors is the governing body of a nonprofit corporation and is the source of all program authority. The authority of the board results from the corporation's charter and contractual relationships with Rural Development and other funding sources. It also results from properly conducted meetings and recorded minutes. The authority of the directors must be exercised as one body and not individually. No individual board member has any authority independent of the board as a whole, unless designated by the board. (There is an outline entitled "Source of Board's Authority" located in the Appendix, Attachment 1.)

Most governing boards of directors are responsible for:

1 Establishment and achievement of the organization's stated purpose and objectives.
2. Formulation of policies and plans.
3. Maintenance of membership and the corporate requirements.
4. Raising and managing the organization's funds.
5. Employment of staff -- hiring the executive director and approval of employment policies.
6. Supervision and evaluation of the executive director, as well as delegation of responsibilities to the director.
7. Appointment of committees.
8. Holding property.

Responsibilities of Officers

The **President** is the principal executive officer of the corporation and shall in general, supervise and control all of the business and affairs of the corporation. The President presides at all meetings, signs key fiscal and programmatic documents, and executes all contracts on behalf of the board of directors. The President must be fully versed in all activities of the corporation.

The **Vice-President** shall perform all of the duties of the President in his absence. The Vice-President should be well versed in all of the affairs of the corporation.

The **Secretary** of the corporation is responsible for keeping accurate and complete minutes of the corporation's meetings. These minutes should record all action taken at board meetings, all fiscal reports, all corporate resolutions, and all motions and votes taken by the board, and be kept in a special notebook. The Secretary (or staff member if so assigned) is responsible for sending out advance notices of meetings. Also, the Secretary is the keeper of the corporate seal that is to be affixed to all appropriate documents.

The **Treasurer** shall have charge and custody of all funds and securities unless a bonded staff member has been delegated this responsibility. The Treasurer will make financial reports, both written and verbal, at all board meetings. The Treasurer must be aware of the financial system in place and the financial operation of the corporation. S/He must ensure that all monies in the name of the corporation are deposited and protected according to guidelines set forth in the corporation's bylaws and accounting manual. The Treasurer must be constantly aware of the financial health of the corporation.

Delegation of Authority: Responsibilities and Roles

Since the board of directors hires the executive director, the board is ultimately responsible for the actions of the executive director and other staff employed by the nonprofit corporation. Therefore, the board is responsible for seeing that the executive director is doing the job and should be fully aware of the fiscal and programmatic actions of the corporation.

The board delegates authority to the staff and should not usurp any of the responsibilities given to the executive director and/or other staff by involving themselves in the day-to-day operations. As mentioned earlier, most boards determine the policies of the corporation; the implementation of these policies is then delegated to the staff.

The executive director is responsible for the overall daily operation of the corporation's programs. This involves planning to achieve goals, administering the programs, interpreting policies as set by the board, monitoring daily operations, and reporting to the board. The executive director, in turn, delegates responsibilities to the staff.

The board and the staff each have their roles to play. Each should understand its respective role and not infringe upon the role of the other. This is done through a clear delineation and delegation of authority. Typically, the roles are as follows:

1. Board of Directors
    a. Policy determination and governance
    b. Fund raising
    c. Financial management
    d. Hiring, supervising, evaluation of executive director

2. Executive Director
    a. Management of day-to-day operations
    b. Hiring and supervising staff
    c. Support of board and committee activity
    d. Liaison with related agencies

3. Board and the Director together
    a. Long range planning
    b. Enlisting volunteers
    c. Community relations
    d. Suggestions for new policies, plans, or directives
    e. Program implementation

Corporate/Board Liability

Board members not only need to know their responsibilities, but also their liabilities in the eyes of the law. The "corporate shield" in most cases, protects board members, but they may be held personally liable in certain areas of responsibility if they fail to act with reasonable care.

A corporation is recognized by the law as a legal entity and, as such, can sue and be sued, complain and defend, just as an individual. The board of directors are fiduciaries, or trustees, entrusted with the management of the corporation. Generally, lawsuits against the corporation and board may be brought forth for unfair employment practices, failure to supervise staff properly, failure to maintain financial controls, or reduction in levels of service when such reductions appear to discriminate against a geographic area or specific population.

The fiduciary, or "holding in trust," concept imposes some liability upon the directors. However, if they can prove that they acted in good faith and due diligence, they will not be liable as a group or personally liable for losses incurred by the corporation. For example, in terms of basic liability, if an individual threatens to sue for the $1,000 s/he is owed, and the nonprofit decides that s/he is owed nothing and refuses to pay, the individual could sue the nonprofit, as a corporation, for the money, but could not sue any individual member of the corporation.

Keep in mind that a board member's first and foremost responsibility is to participate in the governance of the corporation for the best interest of all who are served by the organization.

Furthermore, there are three basic duties created by the fiduciary relationship, which the directors owe to the corporation: obedience, diligence, and loyalty. These can be grounds for liability cases.

The "duty of obedience" essentially means that the directors will not allow the corporation to engage in activities which are outside of the powers granted to the corporation by statute, the corporation's charter, and bylaws. A willful or negligent breach of this duty will subject a director to liability. Acting in good faith would be a defense only where the director is found to have committed a simple mistake or error in judgment, and not when the activity in question exceeds the limits placed upon his/her or the corporation's powers. The liability imposed depends upon the circumstances of the situation.

For example, if the board decides to enter into a contract to make and sell airplanes, which is outside of the activities that the corporation can engage in, then the board is subject to any liability from that contract. Therefore, the board of directors must use forethought and engage in permitted activities when executing the organization's functions.

The second duty is the "duty of diligence." This has been interpreted as the attention and care that is legally expected of a person. At one time, courts required overt or affirmative actions by a director before imposing personal liability on them. It now appears that liability may result from mere inaction on the part of a director if such inaction is considered to be the cause of loss.

For example, if the board is sued for not paying a bill, and the director of the board misplaced the invoice, s/he could be personally liable. S/He would definitely be liable if s/he knowingly misplaced the bill.

In general, officers and boards of directors are not liable for errors in judgment provided prudence and care was present. The bottom line is to be careful and aware of your responsibilities in the management of the corporation.

The third duty owed by the directors to the corporation is that of "loyalty." This requires that a director refrain from engaging in personal activities that would injure or take advantage of the corporation. This involves any situation where the director would benefit by making a profit or where s/he holds a position as director, general manager or principal officer and where s/he has not previously informed those who are approving the business transaction of his/her interest or position.

In discussing the duty of loyalty, it is important to note the difference between conflict of interest and self-dealing. A conflict of interest occurs when a member of a board is considering engaging in a transaction with another institution with which s/he is affiliated. Self-dealing is an action taken by a director for personal gain in a matter between the corporation and the director himself or another organization in which s/he has a substantial interest.

It is virtually impossible to avoid all conflict of interest situations. The law does not prohibit conflicts of interest, but they must be disclosed, and they place a heavy burden on directors. If a conflict of interest situation arises, the directors involved should inform the other members of the board of the nature of his/her conflict and should avoid voting on the matter (making sure that the abstention is recorded in the minutes). S/He should also avoid engaging in any discussion of the matter, except that s/he has a duty to disclose any facts that would indicate that the transaction is not in the best interest of the corporation. Every governing board should adopt a conflict of interest policy.

The following are a few suggestions that board members of nonprofit corporations should consider:

1. Attend most of the meetings of the board and the board committees on which you serve as a member, or resign.
2. Make sure that there are full minutes kept on all board and committee meetings and that those minutes are sent to all of the board members. Carefully review the minutes you receive as promptly as possible.
3. On any transaction of substance which is proposed in a meeting at which you are in attendance, or disclosed in the minutes of any meeting which you missed, seek further information as soon as possible, and make sure that your concern or objections are included as part of the minutes. Missing a meeting does not absolve you from responsibility.
4. On any matters that come up about which you have serious reservations as to legal requirements, do not hesitate to request and insist on a legal opinion from your corporation's legal counsel before allowing the proposed action to proceed.
5. If your board has not adopted a conflict of interest policy, urge it to do so.
6. Make sure that you call to the attention of the board or board committee any conflict of interest that arises, and abstain from discussing or voting on the matter. Make sure your abstention is recorded in the minutes. Also, disclose any information you have which other members may not know of as to why the proposed action may be to the disadvantage of the corporation, and make sure that this is included in the minutes.

Corporations and their board of directors often assume that the directors cannot be sued, but they can be. In most cases, it is improper for the directors to be named as defendants, since the actions constituting the basis of the lawsuit would have been taken by the directors in carrying out their "fiduciary" responsibilities. Nevertheless, one can never be sure, when named as a defendant in a lawsuit, that s/he will be dismissed as having been improperly named. Moreover, the issue of liability is often in large part a question of fact that can only be determined after several stages of litigation. Legal defense costs money, often a great deal. Board of Directors have the option to purchase Directors and Officers Liability Insurance, which could help if the directors of the agency were ever sued. This type of insurance coverage is becoming quite common these days.

To further protect the board of directors, the board should adopt an indemnification policy (adopted by resolution or an amendment to the bylaws or articles, or as part of the original bylaws or articles). An indemnification policy clearly states that no director is responsible or may be held responsible for corporate actions and protects them against expenses actually and necessarily incurred by them in connection with the defense or settlement of any action, suit or proceeding in which they are made parties by reason of having been a director of the corporation -- except when that director acted without the board's consent or is judged to be liable of willful misconduct.

Many state laws have been strengthened to provide nonprofit board members with protection against personal liability, and your state laws should be examined. The board, depending on the state's statute, should consider obtaining liability insurance on behalf of the directors. Such an insurance policy can be expensive and should be examined to be sure that it covers the types of lawsuits that are likely to occur and that it has sufficient limits of liability so that legal expenses incurred would be paid. Laws and insurance vary from state to state and legal counsel should be consulted.

Maintaining Good Corporate Standing

Participation in Rural Development's rural housing programs and many state housing programs, requires proof that a corporation is recognized to be in good standing by the state responsible for incorporation. If the corporation has met all state reporting requirements and is current with all of its state tax payments and other liabilities, the Secretary of State can issue a "Certificate of Good Standing," which basically is a bill of good health from the perspective of the state. Compliance with all reporting, tax, and state regulations is necessary to maintain a good standing.

The Appendix contains a legal checklist (Attachment 2) that is included for the board to walk through to ensure the corporation's good standing.

Board Meetings and Operations

Meeting Frequency

How often should boards meet? Many boards try to accomplish the full scope of their responsibilities in monthly or quarterly meetings. The board itself will determine the frequency for meeting, but when making this decision, the board should take a hard look at all their responsibilities -- the annual activities as well as policy making and supervisory responsibilities:

- The need for annual review of the organization's purpose
- The need for annual review of all the boards' current policy decisions
- Adequate attention to the boards' leadership development activities
- The budget development or review process
- The boards' own group development
- The annual performance evaluation of the executive director
- Annual fund raising activities (if required), and
- Periodic board self-evaluation.

A board should not overlook the full scope of its responsibilities and meet less often than is actually necessary. Whatever the number of meetings the board decides, the frequency, day of the month and the time should be specified in advance for regular meetings, and in the bylaws for annual meetings.

Meeting Attendance

The most fundamental requirement for a board member is regular meeting attendance and participation. Attendance requirements should be spelled out in the bylaws. Many bylaws require that if a board member is absent from three consecutive board meetings without excuse, then that member is assumed to have resigned. In many cases, this requirement in the bylaws is not enforced. This can result in a weakening of the board over a period of time. The board president has the responsibility to contact the absent board member and inquire whether personal commitments conflict with regular attendance at board meetings. If the board member cannot make a commitment, then the board president should request a resignation. If the board member refuses, then the full board will have to decide whether to remove the absentee board member. The number of remaining years in the term of the board member will probably affect the board's decision. In a discussion on attendance, there is also the case of the board member who is legitimately absent from meetings, but too often. A review of attendance records will reveal the problem, and if so, it too must be dealt with. A sample "Quorum Determination" form is included in the Appendix, Attachment 3, which can be used to not only record meeting quorums but also to keep track of board members' attendance and absences.

Agenda

The first order of business in preparing for board meetings is the development of an agenda. An agenda helps to ensure that meeting goals are achieved by helping to keep meetings on track. The responsibility of developing the agenda rests with the board president, usually in conjunction with the executive director. In developing the agenda, the president will contact the committee chairpersons to determine the needs of each committee at the board meeting. A typical agenda might include:

- Call to order
- Approval of previous meeting minutes
- Reports:
    - Organizational staff (executive director's report, etc.)
    - Committees (standing/permanent and then ad hoc/special committees)
    - Financial report
- Old business
    - (Discussion, problem solving, decisions left over from previous meetings)
- New business
    - (Introduction, discussion of new topics)
- Set and confirm next meeting date
- Adjournment

Minutes

Minutes are the accurate record of board and committee meetings and are essential to an effective board. If the board finds itself in litigation, the minutes could become extremely important.

Ideally, the secretary of the Board or an assigned staff person other than the executive director should have the responsibility of actually taking the minutes. The executive director should be able to participate and concentrate on the meeting issues. If staff is not available, then the taking of the minutes becomes the responsibility of the board secretary. The board secretary has the responsibility of reviewing the minutes prior to distribution when a staff person records them.

Minutes should follow a consistent format. The heading should indicate the date and location of the meeting, followed by a listing of board members present and those absent (indicating those absent with excuse).

Minutes should start by noting the time the meeting was called to order and who is chairing the meeting. The minutes should be easy to read. Using frequent paragraphs and a new paragraph for each new idea or change of topic is a good technique. Vote counts should be noted in the minutes, along with motions and seconds. If there is a split vote, note the number in favor, the number against, and the number of abstentions. If any member chooses to have their vote or lack thereof noted in the minutes, this request should be honored. Finally, be sure that the motions and decisions are written down in the exact language intended by the group.

It is a good idea to implement a system that encourages following up on board decisions. The minutes are an ideal place for this to occur. Without changing the contents of the minutes, add, at the beginning or end, a concise list of decisions that still need follow-up. Each item would require a one-line description with the name of the person or group that the decision was referred to for implementation and the time frame established by the board for completion. Then, give only the full board the authority to remove a decision from the follow-up list.

Typing of the minutes is usually a staff function. Mailing the minutes ideally occurs within ten days of the meeting. This allows the members to review them while the meeting is still fresh in their minds and eliminates any need to read them aloud at the next meeting.

The organization's office should maintain the official copy of both board and committee meeting minutes. Minutes for the past 12 to 18 months are kept for reference. Minutes older than 18 months are stored in a permanent file. Individual minute notebooks should be kept for the board and each active committee. **Do not forget** to make corrections to the official set of minutes when at subsequent board meetings corrections are determined appropriate by the board.

Meeting Preparation

Preparation for the next meeting begins with the mailing of the notice one week in advance of the meeting. A variety of information is included with this notice, which is designed to notify and educate board members of issues to be addressed at the next meeting.

Agency Planning

Corporate or agency planning is perhaps the most important function of the board of directors. In planning, the board must consider and set the goals for the agency within the framework of the corporation's statement of purpose, and then decide how to meet those goals. Remember, the agency is a reflection of the goals it has set, and that carefully designed goals and a plan to meet them are the factors that determine success or failure for the agency.

Goals and Objectives

A goal is a target the agency wishes to reach. Goals may exist on several different levels:

- Broad - as in statements of mission or purpose,
- Long-range – three to five years in the future, often referred to as strategic planning
- Short-range - from one to three years in duration; goals regarding funding levels or clients to be served, for example, and
- Operational - **very** specific short-term goals, usually less than a year in duration and easily measurable as to success or failure.

Objectives are the more specific steps needed to attain the goals. By setting objectives, the board is saying "these are the steps that we want accomplished and this is where we want the agency to be within a set time frame." Objectives need to be:

- Measurable - such as dollars raised, houses started, participants recruited, staff hired, etc.
- Result oriented.
- Feasible - given agency resources and operating environment.
- Relatively short-term - several smaller objectives leading to a goal are preferable to one large, long-term, and complex objective. Short-term objectives also indicate more careful planning.

The agency is chartered to perform certain tasks or services to fulfill a purpose. Funding sources often dictate certain or "given" goals. For example, as a self-help housing grantee, you are funded specifically to provide the technical assistance necessary to build Rural Development financed mutual self-help houses. These are "given" goals -- those you must work towards.

They cannot be changed without changing funding sources, and for those that are solely self-help housing agencies, without fundamental restructuring of the corporation.

Determining Goals

When first organizing and periodically thereafter, the board of directors should determine the corporation's goals. These will probably be general or broad in nature at first, for example to improve the community's low-income housing or to help reduce poverty. More specific goals, such as to develop twenty-five low-income apartments, provide forty homeownership opportunities, or raise an annual budget of $500,000, can then be established. The corporation's Articles of Incorporation will restrict certain activities. Therefore, goals should be kept within the corporation's mission statement and never outside of its purposes. Each board member needs to know the corporation's restrictions as stated in the charter and be familiar with state laws and IRS codes related to being a nonprofit. The board of directors should also be well acquainted with any existing goals, and as new ones are set, they should not conflict with existing ones.

Many self-help housing grantees, unless a multi-funded agency, have as their primary purpose to provide the technical assistance needed to build self-help housing. This is the only activity allowed under the Rural Development 523 grant program. Any other goals and activities must be funded by other sources.

Operational Plan for Achieving Goals

The board should periodically set an operational plan, usually annually. This plan should include the objectives necessary to meet the long-range goals. In setting objectives, the board must be careful to observe several guidelines:

a. Objectives must be consistent with the mission of the organization and put in writing.
b. Objectives must produce specific results when accomplished.
c. Set the objectives within definite time frames with specific dates for completion.
d. Benchmarks must be established with a timeframe in which progress can be measured.
e. Objectives should be realistic, attainable, and agreed to by all who are involved.

Annual Review of Goals and Objectives

Goals and objectives need to be periodically reviewed and revised. This is a regular function of the board and needs to be scheduled at least once a year. An annual review can ensure that the agency is living up to its mandate. Every nonprofit corporation should have a means to accomplish the review/evaluation process. A committee of the board, perhaps the executive committee, could conduct the review and prepare a report for the board. The purpose of the review is to evaluate the ongoing work and programs as to relevance to the goals and objectives of the corporation. The report should indicate successes as well as what has not worked and why. As a result of the review, the board can consider revising, dropping, or adding goals, and then set new objectives as appropriate. From this, a new operational plan should be drawn as a guide for all agency activity.

The Role of the Budget in Planning

The organization's budget can be one of the most powerful planning tools available to the board. For some programs, it can be the only yardstick by which to measure progress. It is a plan of action that equates activities with the cost of doing them.

The operational budget corresponds with the operational plan, which means activities should correspond with the money available in the budget to accomplish them. However, the budget must not be allowed to dictate the plan or the level of activity. Budgetary shortfalls should point to the need for fund raising. The board should not confuse the amount of money spent in any given budget category with actual progress towards a particular goal. While they often correspond, they do not necessarily.

Furthermore, budgets do not tell anything about the quality of services performed. This information must be obtained through the other evaluation activities.

Strategic Planning

Strategic planning is the process by which an organization envisions its future and develops the necessary procedures and operations to achieve that future. While this type of planning used to be done in five or ten year increments, now every three years is typical.

There are numerous potential benefits of such planning, such as the following:

- Identifies potential problems or opportunities that exist or may arise.
- Can improve the decision-making process of an organization.
- Causes the organization to focus on future directions, values, and objectives.

- Can help an organization adapt to changes in its environment.
- Can help managers assure the success and survival of the organization.
- Can help the organization provide better, more effective products and services to their target market.

In order to envision the future, it helps to look at the past. This is the first step in strategic planning. The past represents an organizations' history and heritage. Investigate such facts as why the organization was created and by whom. What has the organization looked like over the years (structure, people, programs) and how has it changed? What was the organization's original mission? It would also help to list some accomplishments the organization has had. There is an "Organizational History" chart in the Appendix, Attachment 5, which should help with this step.

The next stage in strategic planning is to analyze the present. Where is the organization now? A vision cannot be established for the future before knowing the current status of the organization. In addition to board members and key staff, consider having funding sources, clients, collaborating agencies, and vendors play a part in your assessment of the present organization.

In order to effectively look at the current status of an organization, follow the "SWOT Analysis."

Administration of Agency Personnel

Supervision

It is the responsibility of the Board of Directors to supervise the Executive Director. The difficulty comes with knowing what is appropriate supervision and what is not appropriate. It has been said that board members need to "learn how to keep their hands ON the organization, but not IN it."

The board hires, monitors, and evaluates the executive director, delegating all other hiring and administration of personnel to that position. The board must see to it that the agency has a complete up-to-date personnel plan. A personnel committee of the board can handle many of these responsibilities with final approval belonging to the full board in most cases.

The board should closely examine the position of the executive director. The director is the main communicator between the staff, the board, and funding sources. The director is the board's main source of information. Trust and good communication must exist. Good communication begins with both the executive director and the board members knowing and understanding the full responsibilities of the job that the director has been hired to do.

Job Description

Appropriate supervision begins with a good job description in place at the time of employment. The job description should be updated annually by the personnel committee, prior to the annual evaluation. If your organization does not have a job description in place, it should be a high priority to develop one. A good job description should be results oriented and avoid going into detail about how the job is accomplished. It will include the responsibilities and required skills, training, and experience needed for the job.

Typical responsibilities, skills, experience, training, and education for the director of a self-help organization include:

<u>Responsibilities</u> -- The director has many, to both the board and to the agency. These tasks may be performed directly or delegated to other staff, but are still the ultimate responsibility of the director:

- Hiring and supervising staff;
- Preparing and submitting grant applications;
- Ensuring that the agency has and uses proper fiscal controls;

- Promoting the agency and its programs within the community;
- Establishing and maintaining good communications between the agency, funding sources, and the board
- Properly submitting reports to funding agencies and the board.

The personnel committee should determine what the job responsibilities are for the director as they apply to each particular organization, and submit them to the full board for approval.

Skills and experience -- A list of the skills and experience needed are an important part of the job description. The chances of finding someone with all of the desired prerequisites are improbable; however, listing them and fulfilling them in the order of importance to the program is a good way to both choose and then evaluate the position:

- Nonprofit management (personnel and fiscal);
- Successful grant proposal writing;
- Contracting and/or construction experience;
- Land development;
- Experience with housing programs.

Training and education --

- Nonprofit management or business degree;
- Adult education training or degree.

Job descriptions should be up-to-date. All advertising, interviewing, hiring, and evaluations will be based on this document.

Hiring

Hiring program directors can be the responsibility of the executive director or board, depending on the structure of the agency. Advertising for these positions can be done through the newspapers, newsletters, direct mail, word of mouth, and local employment agencies.

- Newspapers (local and regional). The ad should be short with interested parties contacting the organization for an application package.
- Newsletters. Rural development networks have many newsletters that go to other nonprofit organizations.
- Direct mail. Get mailing lists from other nonprofit or government agencies. Mail job announcements directly to individuals or agencies for posting.

Monitoring

Appropriate supervision of the executive director may be one of the most important tasks of the board of directors, and is something that the executive director should want and expect from the board. The only way any board can have confidence in its executive director is through appropriate supervision. No board of directors' time is so valuable that they should neglect this function. The board must not "think" it knows that the executive director is doing a good job; their confidence in the director must be based on "demonstrated" fact. Executive directors should encourage their boards to supervise appropriately. A sudden loss in confidence could cause the board to question the director's competence, particularly in the face of a crisis, and may lead to termination of the executive director's services.

The following is a list of some monitoring devices that should be used:

- A job description clarifying responsibilities and actions
- An annual budget review and approval
- The monthly review of financial reports
- Monthly oral or written program reports by the Executive Director
- Annual evaluation of the Executive Director

Evaluation

The annual evaluation is the final ingredient of properly supervising the executive director. This evaluation by the board is potentially the most useful and beneficial supervisory tool available to a Board of Directors and, unfortunately, the least often used. A properly conducted annual evaluation, based upon job description and upon agency objectives, can provide great benefits both for the Executive Director and the board and, therefore, for the agency. A successful evaluation is a logical process where all of the players are fully aware of all the steps. The following eleven steps are good to follow to ensure an accurate and thorough review takes place.

1. There is a current job description in existence and it has been in existence over the period being evaluated.
2. Objectives exist for the organization.
3. An evaluation team is appointed by the president, usually consisting of the officers and committee chairs, all of whom should have had reasonably frequent contact with the executive director over the period to be evaluated.

4. The Personnel Committee develops an evaluation checklist based upon the job description and organization objectives. The evaluation team will be asked to rate the executive director's performance against each line item on the checklist as follows:

   - Outstanding
   - Good. If better than what is expected.
   - Adequate. No less/no more than what is expected.
   - Poor. Less than what is expected.
   - Unsatisfactory.

   Space should be allowed on the checklist at each line item for comments.

5. This evaluation checklist is mailed to each member of the evaluation team with a self-addressed and stamped return envelope and a request to return the checklist to the Chairperson of the Personnel Committee within ten days. Respondents may or may not sign their individual checklists at their own option.

6. At the same time, a copy of the evaluation checklist is mailed to the executive director with a request for the executive director to complete it as a self-evaluation and to hold it pending the evaluation conference with the president (step #9 below).

7. Once all of the checklists have been returned, the chairperson of the Personnel Committee makes up a composite checklist, which by line item, indicates the number of responses for each numerical rating and randomly lists all comments made by members of the evaluation team without identification of the source of each comment.

For example:

TASK	RATINGS/RESPONSES	COMMENTS
Provides support to fund raising activities	5 - 2	a) "Highly creative."
	4 - 10	b) "Needs to improve relationship with United Way."
	3 - 0	c) "Good public speaker."
	2 - 0	
	1 - 0	

The Personnel Committee Chairperson should then hold the individual evaluation checklists until the process is complete (step #11).

8. Once the composite evaluation checklist is complete, there should be a closed meeting of the officers and the chairperson of the Personnel Committee to discuss the composite evaluation. If shortcomings are pointed out, and generally agreed upon, then a work improvement plan should be developed which might require specific interim evaluations in the future. Performance

consistently good to outstanding will suggest positive changes in compensation and appropriate recommendations to the board should be developed at this same meeting.

9. The president, alone, should then meet with the executive director to discuss the evaluation, to compare the board's evaluation with the executive director's self-evaluation, to discuss any work improvement plan which the evaluation process has suggested, and finally, to discuss any appropriate changes in the executive director's compensation.
10. The executive director then has the right to respond to the evaluation team or the full board should a disagreement exist. Such a response should lead to a dialogue in which the problem area can be resolved in a candid and professional manner.
11. Once full consensus has been reached, the final evaluation should be signed by both the executive director and the president, and then kept on file.

The staff should play no part in the executive director's evaluation process. The evaluation, when approached as a logical process, benefits the organization in the following ways:

- Requires that the board regularly review the job description of the executive director.
- Requires that the board be aware, or become more pointedly aware, of the full spectrum of the executive director's responsibilities.
- Requires that the board and the executive director be reminded of all of the objectives that have been set for the organization and how well or how poorly progress is being made towards those objectives.
- Provides the executive director with the opportunity for a forum situation with the board on problems being faced in achieving the stated purposes of the organization.
- Provides a logical basis for decision-making as to the executive director's future compensation.
- Provides protection for the executive director against adverse effects when board members have a number of diverse views towards the nature and the goals of the executive director's job.
- Contributes to the professional development of the executive director.
- Provides another opportunity to keep members of the board of directors more involved with the operation of the organization.
- Assures that the organization is serving its community to the best of its ability and available resources.

In order for the board to determine that the director is properly supervising the staff and that relations between the staff and director are good, the board should keep their eyes and ears open:

- Do you observe that organizational objectives are being achieved and are they achieved on schedule?
- What degree of staff turnover is the organization experiencing?
- What is the quality of support that staff persons are providing to board committees?
- How is the telephone being answered?
- What is the general atmosphere in the organization's offices?
- Do staff members appear to be cheerful and working well together?
- What are you hearing when the executive director reports to the board each month?

Through careful observation, the board can determine a great deal about how things stand between the executive director and staff. Furthermore, it is unwise -- in fact, detrimental -- for the board or individual board members to speak directly with staff members about the performance of the executive director. Staff persons who approach board members regarding problems they may be experiencing with the director should be encouraged to work the problem out directly with the director or be referred to the grievance process.

The Agency Personnel Policy

The personnel policies are the guide for the administration of all agency employees. The board must make certain that both agency and employee interests are protected by the personnel policies. They need to be thorough, specific and legal; as well as acceptable to Rural Development.

The board's personnel committee can be given the responsibility for review of the agency's policies. It is a good idea to do this annually. Responsibility for revisions can be given to the committee or the program staff. (Review by an attorney versed in labor laws for your state is an excellent idea. Such services may be available pro-bono to nonprofits.) Approval of the personnel policies rests with the entire board.

The personnel policies should consist of several sections. The following is a sample table of contents with topics that should be covered.

I. INTRODUCTION

A. Mission
B. Description of Organization
C. Purpose of Personnel Policies
D. Organizational Authority

II. AGENCY POLICIES

A. General Policies
B. Equal Opportunity Statement
C. Americans with Disability Act
D. Drug Free Workplace
E. Sexual Harassment
F. Code of Ethics
G. Federal Fair Housing Law

X. **PAID/UNPAID LEAVE**
- A. Holidays
- B. Annual Leave
- C. Sick Leave
- D. Other Paid Leave
  - 1. Maternity/Paternity
  - 2. Compassionate Leave
  - 3. Jury Duty
  - 4. Military Leave
- E. Unpaid Leave
- F. Leave of Absence

The following sample personnel forms can be found in the Appendix:

Time and Attendance (Attachment 5)

Request for Leave (Attachment 6)

Travel Authorization (Attachment 7)

Trip Report (Attachment 8)

Travel Expense Voucher (Attachment 9)

Mileage Log (Attachment 10)

Long Distance Telephone Log (Attachment 11)

Salary Schedule

The salary schedule sets ranges for pay in each position within the agency. The agency should conduct a salary comparability study by identifying and contacting other similar employers in the local area. Either the board or the executive director can establish the process of the wage comparability study. (Some areas have an association of nonprofit organizations that undertakes a wage / benefit study on behalf of nonprofits in the area or state.) The personnel committee should review the results and recommend any needed changes for approval by the full board. Once a salary schedule has been established, yearly revisions for Cost of Living Adjustments (COLA) should be made to every position and every step level. Updating the salary schedule each year with the COLA increase will eliminate time-consuming wage comparability studies for each new project.

Warning Signs for the Board

There are several warning signs that could signal that there is trouble ahead for an organization or a board of directors. They are as follows:

1. Serious audit findings
2. Law suits
3. Micromanagement
4. Continued unresolved issues
5. Major financing sources unwilling to fund the organization
6. Project reserves under funded
7. Board doesn't speak with one voice – dissention
8. Lack of quorums
9. Large number of vacancies
10. Negative reputation with stakeholders

Characteristics of the Board of Directors

A good board is assembled over a period of time. The board must bring a cross section of skills, experience, and perspectives to the agency. Boards must strive to represent a cross section of the community. A consistent and intentional turnover of board members can lead to a healthy climate by bringing in fresh ideas and rejuvenating enthusiasm. Board terms may be limited for this reason. An aggressive board member recruitment plan is, of course, necessary to accomplish this.

The board should spend time figuring out its "ideal" composition. A mixture of community leaders, representatives from the agency's target constituency, and professionals whose skills the board and agency can call upon is preferable. The board should prepare "job descriptions" for seated and potential members. Make it clear that members must be willing to work and really contribute. Being an active board member takes a lot of time. Those who do not participate create even more work for those who do, often accelerating burnout among members.

Even the board that has an ideal composition cannot afford to be complacent about looking for new members. Turnover, burnout, and limits on terms create a continual need for new members. A board development committee could be established whose purpose is to provide and maintain a list of interested, potential members.

Nonprofit Organizations

Definition and Purpose of a Nonprofit

Nonprofit organizations are generally organized for educational or charitable purposes, to serve the "public good." They are legally precluded from distributing any financial gains or earnings to their members and/or Boards of Directors. Also, the board of directors cannot receive any compensation for their services, although some reimbursements may be allowed.

The product of a nonprofit corporation is typically a service needed by society or a response to a community need. For example, nonprofit housing development corporations are usually organized to improve housing conditions for low-income households.

Like a profit making corporation, a nonprofit corporation has a board of directors that is responsible for the prudent management of the organization's assets and liabilities. Often, a nonprofit corporation will also have a membership to ensure its longevity and fulfillment of its objectives.

Furthermore, there are no stockholders in a nonprofit corporation. Board and corporate members give of their time voluntarily and expect the services of the corporation to have the desired impact. The board of directors sets policy and is in essence "the owner" of the corporation. No stock or dividend transactions are made in a nonprofit setting.

Forming a Nonprofit Corporation

In order to form a nonprofit there are several things that need to be done before ever considering filing with the state. Each state has different requirements, so review your own state's regulations. Some common regulations are to have at least three directors elected to the board, a formation meeting should have occurred and the organization should be ready administratively. This administrative readiness includes having formed the Articles of Incorporation and Bylaws, along with any other corporate documents. These necessary documents are described in more detail in the following sections. (There may be further board requirements dictated by the particular programs with which an organization is involved. For example, the self-help housing program requires that the board have at least five members and in order to become a CHDO at least one-third of the board membership must be low-income, residents of low-income neighborhoods, or are elected as representatives of low-income neighborhood organizations. Please check the requirements of the programs operated by your organizations.)

When the organization is ready to file you will need to investigate where this should be done, because it is state specific. Generally it will either be with the Attorney General, Secretary of State, or the Corporation Commission. Typically you will need a state application, your Articles of Incorporation, and the filing fee. A statutory agent or a consulted attorney should be the representative responsible for filing. Then, the organization should also file with the IRS as described in the "Tax Exempt Status" section.

Articles of Incorporation and Bylaws

A nonprofit operates under a special set of rules and circumstances. In order to protect the organization from activities that might be illegal, the board needs to learn the applicable state and federal laws and requirements. The board must also be aware of when it is necessary to seek legal counsel in considering certain actions. A local attorney may be helpful in drafting these to meet state laws.

Also, in establishing a nonprofit corporation, all potential funding sources should be examined for their requirements of eligibility. Federal funds, such as Rural Development's Self-Help Housing Technical Assistance Grants, add responsibility and restrictions to a nonprofit's structure and operation.

The nonprofit corporation becomes a legal entity once it files its Articles of Incorporation. The Articles of Incorporation contain a great deal of legal language relating to the corporation's structure and its nonprofit status. Most importantly, it states the corporation's purpose. This purpose statement is the single most important collection of words for an organization. It is essential that the organization has a clearly defined statement of purpose that will keep the board focused on the organization's fundamental mission, and help guide the board in making decisions that are consistent with the organization's goals. One of Rural Development's requirements of a self-help organization is that one of its purposes listed in the Articles of Incorporation must be "the production of affordable housing."

The organization's bylaws should also be well developed. The statement of purpose and organizational structure should be reflected in the bylaws and they should set the standards of performance for the board and the corporation.

The following is a brief checklist of considerations that should be thought about when an organization writes or reviews their bylaws:

1. Statement of purpose.

2. Power/responsibility structure - where does the authority lie?
3. The board - adequate and appropriate size, terms of office, term limits, rotation, election, regular and special meetings, meeting notices, attendance requirement, removal for cause, and filling interim vacancies that develop.
4. Executive committee - need for, composition, role and limitations. Be sure to protect against its becoming a de facto board.
5. Officers - how many are necessary, role and responsibilities, who elects, terms of office and term limitations, how to circumvent the rotation requirement for board members when necessary if officers come from an already elected board, removal for cause, filling interim vacancies that develop.
6. Advisory Board - role, how elected, size, terms of office, term limits, rotation, attendance requirements, filling interim vacancies, meetings, and notices.
7. Committees - what standing committees are required, committee charges (keep them short and to the point), committee size and composition. Can non-board members serve on board committees (typically they ought to be able to)?
8. Quorums - 30% for large boards is a good average, 51% for smaller boards.
9. Nominating committee - composition, how appointed, process, election process, and alternative slate mechanism.
10. Amendments - neither too easy nor too stringent. Permit board to amend.
11. See your legal counsel for all legal concerns and final review.

Bylaws should be reviewed annually to see if the purpose of the organization should be revised and if improvements are warranted. Any amendments to the bylaws should be scrutinized, keeping in mind any possible impact of the proposed amendment upon the other sections of the bylaws. In Exhibit D of Rural Development Instruction 1944-E, Rural Development provides sample bylaws for nonprofit housing development corporations.

Mission Statement

A mission statement describes the organization's reason for existence. A mission statement should describe the organization in four areas: who the organization serves, what services the organization provides and the needs it meets, how the organization carries out these services, and where the organization engages in business.

The statement should use broad terms and be clear, concise, and forward thinking. It should help to serve as a guide to action and should provide inspiration. Upon being read, the mission of the organization should be clear and understood to someone outside the organization.

Tax Exempt Status

Nonprofit corporations are not automatically tax exempt once organized. A new corporation must file for federal tax-exempt status with the Internal Revenue Service (IRS). The IRS will review the corporation's charter, purposes, and Application for Recognition of Exemption, Form 1023, before yielding its determination. (It may be beneficial to use an attorney to complete the application and send it in on their letterhead.) Most nonprofit corporations are determined tax exempt by the IRS because their purposes are educational or charitable, their charters indicate that no profit will be earned, and that no earnings will be distributed to members.

Once the IRS declares the corporation to be tax exempt according to the applicable code, usually 501(c)(3), it is exempt from paying federal taxes. Please note that the IRS usually issues a preliminary determination of exemption. It is then necessary for the nonprofit to apply for a final determination at the end of the preliminary determination period. If the preliminary date expires without a final application being submitted to the IRS, the reinstatement process can be lengthy, confusing, and costly.

In conveying a tax-exempt status, the IRS imposes other restrictions upon the corporation's activities, such as political lobbying. Under the 501(c)(3) code, "no substantial part" of the organizations expenditures can be for lobbying (see next section for more information). The advantages of being tax exempt, however, usually outweigh the disadvantages. All tax-exempt organizations with gross receipts of more than $25,000 must file an IRS Form 990 annually. Organizations with gross receipts under $25,000 may receive a Form 990 from the IRS. If one is received, the organization must check the appropriate box stating that they did not receive more that $25,000 and send it back to the IRS without financial data. Either way, this form must be filed within five months of the end of the corporation's fiscal year. The IRS code requires nonprofit corporations to be as, or more accountable than their for-profit counterparts.

Some states with a sales tax offer provisions for exemption from payment of sales tax. This can be beneficial for the nonprofit in terms of purchasing administrative, consumable, and building supplies. Nonprofit corporations should apply for such an exemption when it is available.

Lobbying

A mistaken public perception has existed regarding nonprofit organizations and lobbying. The belief that non-profit organizations are not allowed to lobby probably has its roots in the prohibitions against nonprofits participating in political activities. This is an unfortunate misunderstanding, as lobbying can and should be an option for organizations whose missions would be furthered by acting to change the social environment. Although an organization cannot use federal funds for this purpose, lobbying can be done without violating IRS regulations when non-restricted funds are used.

In 1990 non-profit organizations were given a choice about lobbying in the Internal Revenue Code (IRC). Previously there was a provision in section 501(c)(3) that required that "no substantial part of the activities of [the organization] is carrying on propaganda, or otherwise attempting, to influence legislation, [except as otherwise provided in subsection (h)]." This section contained no definition of what was considered to be "influencing legislation" or a "substantial part". If an organization was audited it would be up to the auditor to determine if the organization was in compliance with those laws. Dependent upon the interpretation of "substantial" an organization could lose their tax-exempt status.

Those days of uncertainty are over for organizations that decide to take the election under the little known 501(h). This regulation clarifies what is considered to be lobbying and how much of an organization's budget can be spent on this activity. When this election is taken, the time and money spent on lobbying activities must be tracked and recorded, but it could prove to be beneficial in the long run.

The formulas for calculating lobbying limits are found in Part VI-A of Form 990. Those limits are based on the amount in an organization's budget that is considered "exempt purpose expenditures". An expenditure is considered an "exempt purpose expenditure" if it is paid or incurred by an electing organization to accomplish the organization's exempt purpose. An example of an organization with a budget of $900 of which all is considered "exempt purpose expenditures", has a maximum lobbying limit of $160 of which $40 can be used for grassroots lobbying.

If an organization decides to make a 501(h) election, it is done by filling out a simple form (Form #5768) which takes effect in the organization's fiscal year in which it is filed. Once filed, the organization continues to file the IRS form 990 annually. If an organization has elected to claim under 501(h), Part VI-A of Form 990 must be completed, showing how much money was spent on lobbying.

If lobbying expenditures exceed the limits, a tax on 25% of the excess will be imposed. An organization's tax-exempt status will not be lost unless, over a four-year averaging period, they exceed the limits by 150%. Reasonable records must be kept to document these expenditures.

If the organization has chosen not to elect under 501(h), Part III of the 990 asks the filer to report any attempts "to influence national, state, or local legislation, including any attempts to influence public opinion on a legislative measure or referendum." In this case the organization must list "the total expenses paid or incurred in connection with legislative activities" and "attach a statement giving a detailed description the legislative activities and a classified schedule of the expenses paid or incurred". For a non-electing organization that is found to have a substantial part of its activities to be influencing legislation, a 5% tax on all lobbying activity is imposed and may be imposed retroactively for all years in which lobbying took place. In addition, the organization's tax-exempt status may be revoked retroactively.

Making the 501(h) election should not increase IRS scrutiny of an organization's activities and the decision to make the election can be reversible if an organization decides they would rather not continue to do so. Overall it might be a good idea for non-profit organizations to investigate this possibility. The board may want guidance from an attorney or CPA to help make this decision.

Types of Board Governance

Boards of nonprofit organizations, while all volunteers, have differing levels of power, control, and responsibility. Both the type of organization and its incorporation documents determine these levels. As a board member, it is important to know which type of board, and what roles and responsibilities are involved with your board membership. The different levels of governance are:

1. <u>Governing</u> – This board is one that sets policy for the agency and sees that it is carried out. The board sets agency goals and objectives. They hire and supervise the executive director and approve plans and budgets, but leave the day-to-day operation of the agency, including hiring and supervising other staff, to the director.

2. <u>Advisory</u> -- As the name implies, the advisory board is a source of advice and counsel for the agency. There are no supervisory duties involved; the program is run entirely by its staff. Advisory boards may be involved in fund raising, publicity, or planning events.

3. Administrative -- Administrative boards are in control of the agency at all levels, from policy making and planning to daily activity and supervision. This complete control also means complete responsibility and liability for the actions of the agency. Typically this is the board of an unstaffed organization.

The typical self-help housing board is a governing board. This is especially true of the organizations that are exclusively Rural Development self-help and have no other programs or funding sources.

As the principal policy-making unit, such a board is responsible for establishing goals and objectives, and is vested with virtually all the power of the corporation, except powers specifically reserved in the bylaws for corporate members. Policies are broad principles designed to influence and control future decisions, directions, and actions. They should be precisely written and kept in a policy manual for easy access.

While it is not always possible to categorize policies into types, they generally fall into one of three categories:

a. Governing. These policies are the universal ones which relate to overall agency planning and direction. They include the bylaws and decisions regarding agency activity.

b. Executive/Administrative. These policies center on the hiring and supervising process of the executive or program director. In the case of self-help, they include interaction with Rural Development.

c. Operating. Operating policies delineate the board's input into the day-to-day activity of the agency. This especially involves the budget (both approval and monitoring of expenditures). The policy-making board must be careful not to overstep its bounds when supervising operations. While it must guide agency activity, it does so through the executive director.

Just as there are policy types, there are also areas of policy. These are the specific areas of policy with which most boards deal:

a. Human Resources

- Board membership -- including recruiting, orienting, developing, and special recognition of members for their contributions
- Executive director -- including recruiting, hiring, and supervising
- Personnel policy and plan -- including developing and revising as needed
- Volunteers -- including recruitment, usage, and recognition

b. <u>Finance</u>

- Fiscal management
- Budget development and approvals
- Grant writing and fund raising
- Corporate investments
- Protection of assets
- Insurances

c. <u>Community Relations</u>

- Clientele
- Community outreach and promotion
- Cooperation with other organizations

d. <u>Planning</u>

- Establish and review the organization's mission, philosophy, and goals
- Evaluation of program success and the continued applicability of program goals
- Approval of the organization's activities

e. <u>Agency Operations</u>

- Ensure that the structure and systems of the board and agency are sufficient to do the job and are legal
- Ascertain that board and staffing requirements are met
- Have sufficient funds to reasonably operate the agency and attain its goals

Construction Critical Path Schedule

k #	Task Title	Time Frame	Proposed Start Date	Actual Start Date	Proposed End Date	Actual End Date
1	Select paint, roof, shutters and plumbing colors	1-2 days				
2	Obtain permits, order framing materials and trusses	1-2 days				
3	Clear, fill & grade	2-4 days				
4	Lot Stakeout	2-4 days				
5	Order Outside Toilet & Temporary Electric	2-4 days				
6	Well dug or Tap-in completed	5-7 days				
7	Dig footings & tie steel	7-14 days				
8	Pour footings	7–14 days				
9	Termite Treatment & Rough Plumbing	5-10 days				
10	Footing inspection	2-4 days				
11	Order plumbing fixture, roofing, siding, windows & doors	2-4 days				
12	Subflooring	5-10 days				
13	Framing exterior and interior walls, place trusses & roofing	30-45 days				
14	HVAC prep & rough-in	7-10 days				
15	Plumbing rough-in	7-10 days				
16	Electric rough-in	7-10 days				
17	Rough-In inspection	1-2 days				
18	Order insulation, drywall, interior trim, paint, cabinets, counter tops, fixture & hardware	1-2 days				
19	Wall insulation	5-10 days				
20	Drywall & Finish	15-30 days				
21	Install windows & exterior doors	7-10 days				
22	Ceiling insulation	10-15 days				
23	Install tubs & enclosures	3-7 days				
24	Exterior siding	20-40 days				
25	Interior trim & doors	10-15 days				
26	Interior Prime & Paint	7-14 days				
27	Install cabinets & counters	5-7 days				
28	Finish plumbing	5-7 days				
29	Finish electric	5-7 days				
30	Finish HVAC	5-7 days				
31	Finish hardware	5-7 days				
32	Rough clean	1-2 days				
33	Floor coverings	5-10 days				
34	Install appliances	1-2 days				
35	Finish clean & touch-up	2-4 days				
36	Grading, paving, landscaping	5-8 days				
37	Final Inspection	2-4 days				

Family Task - Sub-contractor - Rural Development -

Sample Grant Implementation Schedule

Required Ongoing Activities Preceding and During Grant																									
	Month	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
	Year																								
	Month #	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24

Identify suitable Building sites
Site Acquisition and development of subdivision and / or
Families Option scattered site lots ------

--Continuous thru Grant Period

Group #1 - Seven (7) Families

1st Group Eligible & Pre-Construction Complete
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Group #2 - Seven (7) Families

***###########

Group #3 - Six (6) Families

*****************************##############

---------------- = Site Acquisition ********************* = Recruitment** **################## = Pre-construction** **= Construction**