

# Self-Helper

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## Raising the Bar While Raising Roofs

This title "Raising the Bar While Raising Roofs" was to be the theme for our 2007 Regional Conference. Due to contract cuts, NCALL will not be hosting a regional conference this year. But that will not stop us!!! "Raising the Bar While Raising Roofs" is our self-help team motto for 2007. In fact, we hope that you will make it your motto too.

So what does "raising the bar" mean? We all work hard to accomplish the goals of successful grants, programs, organizations, and contracts. You may ask, how can we raise the bar when we are managing, performing our job responsibilities and doing business as usual? It has always worked...Well, almost always...Well it really used to work; now it is a struggle to complete the projected number of homes on time and within budget.

Do you remember about 6 or 7 years ago the #1 national bestseller "Who Moved My Cheese?" Well, within the Mutual Self-Help Program the "cheese" is moving and moving quickly. Before we know it the "cheese" will be at some unknown location. Let's face it, those good ole days appear to be long gone.

- Recruiting is a full-time job, with credit history and debt load causing an enormous amount of time in finding, screening and counseling prospective participants.
- The total development cost of affordable self-help homes is increasing and putting a squeeze on underwriting eligibility.
- Subdivision development has become more frequent, adding additional time and cost to accessing affordable lots.

The effects of any one of these challenges, not to mention hundreds of others that come to mind, can make it very easy to fall behind during a self-help project.

So what does "raising the bar" mean? Well, it means a little some-

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## Becoming a CHDO?

Self-Help Housing Grantees often ask if they should become a CHDO. NCALL's answer, "Only if it is beneficial for your organization." So what is a CHDO? CHDO stands for a Community Housing Development Organization and is a designation under the HUD HOME program. Within the HOME program, there is a mandated set aside of funds for CHDOs. HOME funds are a resource that Self-Help Housing Grantees can utilize for homeownership activities such as land acquisition, construction costs, and/or gap financing. Utilizing HOME money evokes a number of requirements that should be closely examined, such the recapture or resale provisions. For instance, a resale provision is included in order to keep the home affordable to future low-income buyers. Many of the requirements mesh fairly well with the Self-Help Housing program such as serving low-income homebuyers, but the nonprofit needs to be aware of all the requirements and ensure that the requirements can all be fulfilled.

First, examine the HOME plan of your local participating jurisdiction (City, County or State for rural areas) to see what has been

designated as eligible activities. As a non-profit organization you can utilize HOME funds without being a CHDO. Being designated as a CHDO simply gives you potential access to the 15% each participating jurisdiction must set aside for community housing development organizations.

### What are the requirements for being a CHDO?

A CHDO is defined as a non-profit organization which:

- Is organized under state or local laws
- Has no part of its earnings benefiting any member, founder, contributor, or individual
- Has a tax exemption ruling from IRS under 501(c) of the Internal Revenue Code of 1986
- Has among its purposes, the provision of decent housing that is affordable to low- and moderate-income people
- Conforms to the financial accountability standards regulated by the federal government
- Has experience in carrying out activities assisted with HOME funds
- Has a minimum of one year

history of serving the community where housing financed by HOME funds will be located

- Has at least one-third of its Board membership who are low-income, or are residents of low-income neighborhoods, or are elected as representatives of low-income neighborhood organizations

### What are the benefits of being a CHDO?

- May have access to CHDO operating funds from the local Participating Jurisdiction (PJ). **PJs have the option of awarding up to 5% of HOME allocation to CHDOs for operating purposes.**
- Access to HOME funds can be very competitive and PJs must award a minimum of 15% of their annual HOME allocation to CHDOs for housing development activities.
- In many areas there are technical assistance providers that provide CHDO TA when involved in a HOME funded housing project.

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## Sarbanes-Oxley for Nonprofits

The focus of the Sarbanes-Oxley Act was on publicly traded companies, but the effects are being felt by the nonprofit world as well. While only a few provisions of the law apply to nonprofit organizations, the nonprofit sector can be proactive to forestall additional regulations

from being adopted by the various state governments.

Sarbanes-Oxley requires that nonprofit organizations only have two policies in place. One is the whistleblower protection policy and the second requirement is that a records retention

policy exists, which prohibits the destruction of documents during an investigation. These policies are the responsibilities of the board to enforce, which places a new level of accountability on board members.

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## Is Successful Recruiting for Your Next Self-Help Group the #1 Issue for You???

NCALL hears constantly that recruitment is an overwhelming concern of most grantees. NCALL interviewed the staff of Community Action Commission of Fayette County, Washington Courthouse, Ohio, to see what works for them. Maybe their strategies could help you.

CAC Fayette County is seeing hundreds of prospective participants each year. They believe that the issue of successful recruiting may never be solved, but here are some “Best Practices” they have put into effect:

**1. Credit** is the #1 biggest issue for them (approximately 8 out of 10 that make it to homeownership had credit issues prior to eligibility). Customers get busy with their lives and get frustrated with credit card bills, cell phones, car payments, or their significant other. **Their staff is credit counseling every day.** The customer isn't familiar with how to start, so here is what they do:

- A **consumer credit report** is printed (free to the customer).
- All poor credit is entered on a **spreadsheet** and given to the customer (since they cannot give out the report), with the name of the creditor, contact information, etc. A Credit Repair Instruction Sheet is given on how to correct these items.
- This **Credit Repair Instruction Sheet** lists the names and contact information of Consumer Credit Counseling Agencies, in case they need a longer time to work on their credit history (Consumer Credit Agencies can negotiate with creditors easier than the customer).
- In some cases, Social Services Agencies may have funds available to help pay certain medical bills.
- Sometimes the debt is not theirs.

In these cases, a sample “**Dispute Inaccurate Information Letter**” is given to the customer.

- All customers are **tracked and follow-up contacts** are made.
- Many customers come back in because someone cared about helping them. They will bring in letters showing accounts paid. CAC Fayette County will help send these to the three credit repositories to clean-up credit faster.

### 2. Marketing

- The entire staff markets **face-to-face** every chance they get (civic organizations, churches, homeless shelters, rental offices, PTA meetings, and school athletic events).
- A staff that communicates effectively, is flexible and displays a positive attitude rubs off on customers---it can brighten their day.
- Their most effective is an ad in the **Classified Section** of the newspaper each day. Once in awhile a color ad is used.
- The 2<sup>nd</sup> most effective marketing tool is past self-help participants. Ask them to help market the program, they are a great source of referrals.
- An ad is placed in the **Shopper** each week.
- **Posters with “post-it” style pull-offs** work better than tear-offs.
- Ask each call/contact “How did you hear about the self-help program?”, and then track the most effective means of marketing.
- Develop a Self-Help Power Point to use at meetings.
- Having the self-help staff in an office near the self-help homes helps marketing.
- Billboards---CAC Fayette has few contacts from their bill-

boards. These are expensive, and might work better if you can find just the right spot (paper doesn't last---if billboards are used, vinyl is recommended).

- Radio ads have not been as effective for CAC Fayette County.

### 3. Supportive Services

- CAC Fayette County offers **free Financial Classes and free Homebuyer Education Classes** (conducted by Ohio State University (OSU) Extension Service). Numerous key community leaders present housing related information.
- Monthly, CAC Fayette County arranges for **other providers** to be in their office---Care Van, Head Start, Day Care, Dental Clinic, etc.
- OSU Extension provides **yearly calendars that are also Budgeting Books** used during post-occupancy counseling.
- CAC Fayette County and Rural Development staff at times will **present credit management/ education in the local schools.**

NCALL would like to thank the staff of Community Action Commission of Fayette County for sharing their wisdom. We hope these ideas will lead to success with your recruiting efforts!

NCALL is very pleased to welcome **Southeast Iowa Regional Planning Commission** to the list of predevelopment grantees!

**Rockbridge Area Habitat for Humanity** will be building 8 homes in Buena Vista and Lexington, Virginia. Congratulations on this refunded grant!!

## Raising the Bar *(Continued from page 1)*

thing different to each one of us. At NCALL, our goal is to find ways in which we can all work together to “raise the bar” -- keeping recruitment and production high so that you have quality, affordable homes, happy homeowners, and grants operating on schedule. “Raising the bar” means an opportunity to improve management of the program even more.

At NCALL we have come up with a number of techniques and ideas that we hope to implement this year. Some of these efforts include:

- quarterly networking conference calls among operating grantees (see page 6, “New Regional Self-Help Conference Calls),
- manual updates noting best practices,
- an updated FAVOR process that focuses on raising the bar,
- working with you and providing quality insight in the development of successful re-funding grants,
- assisting you in finding ways to access funding and program support that is a true fit with the organization and your mission,
- finding creative and alternative ways to operate the program with even more efficiency and effectiveness.

The ideas and the suggestions generated by NCALL’s self-help team abound, but we need your help and cooperation in bringing them to fruition.

The first step in this journey will be a survey – “In Search of

Cheese.” When you receive this survey, please distribute among all self-help staff to obtain their input as well. Input from all positions and all thoughts are valuable. Please return all surveys to NCALL by the end of the year.

“Raising the Bar While Raising Roofs” is our “cheese.” Join us as we go in search of it in 2007.

*If you are interested, we highly recommend the expenditure of \$10.20 plus shipping and handling for the CD “Who Moved My Cheese?” It is a fun parable that we are sure you and your staff will enjoy as you draw many parallels from the story to what you are currently experiencing. Go to [www.whomovedmycheese.com](http://www.whomovedmycheese.com) to order.*

### **Description:**

*Join Sniff, Scurry, Hem and Haw as they journey through the Maze in search of new cheese after discovering that their usual cheese has disappeared! What does this change mean? Will the cheese come back? How will they react to this unexpected turn of events?*

*Using the metaphors of a maze – the place where we look for things to make us happy – and cheese – the things that nourish us and bring meaning to our lives – this story impels the listener to ask, “What do I do when faced with unexpected change?”*

## A Picture Is Worth a Thousand Words

It has been said that a picture is worth a thousand words! That must be why self-help program participants have a hard time trying to come up with words to describe what self help means to them. Why not create a pictorial story of your building process to help them along?

These photos or videos would document homeowners building throughout the entire process. There are organizations who have designed “brag books”, short videos and even commercials. Another great reason to take pictures / video is to document the building progress throughout the various seasons. This will help in the long run to demonstrate the participant’s construction tasks, proper work attire, and the variety of people who work on site – men, women, young, old, etc. There are many other useful purposes for these photos such as: presentations to board members, community meetings, quarterly review meetings, and recruitment seminars.

Each photo tells a story, relays an emotion and will capture the hearts and minds of those who are viewing the Mutual Self-Help Housing Program over the years to come.

**Helpful Hints:** Obtain photo release forms during the preconstruction meeting process to ensure the ability to release these photos in your PR. Also, label the photos on an ongoing basis.

## Section 8 Homeownership Can It Work For Your Mutual Self-Help Housing Program?

Can the recipients of Section 8 vouchers participate in the Self-Help Housing program? Yes, if they are not using 502 loan funds. There are currently two issues that make it difficult for Section 8 recipients to participate in the self-help program if 502 funds are used.

### **What are the Issues that are limiting the use of Section 8 Vouchers in the Mutual Self-Help Program?**

There are two issues with HUD's Section 8 Housing Choice Voucher Program, Final Rule, dated September 12, 2000 that are preventing its use in the mutual self-help housing program:

1. The first issue has to do with Section 982.628(a)(2), which states that "a home is eligible for purchase under the homeownership option if, at the time the Public Housing Authority (PHA) determines that the family is eligible to purchase the home with homeownership assistance, the home is either under construction or already existing."

2. The second issue in the HUD regulations that have an effect on mutual self-help applicants, has to do with Section 982.631, Home Inspections. HUD requires two inspections, the HQS and the independent professional home inspection.

**An exception can be requested from your HUD Regional Office. You could consider the following justifications for a waiver request, in addressing the above two issues:**

*1. Within the self-help guidelines, the applicant places an option on the land, then closes a construction loan using Rural Development funds. As a part of the Mutual Self-Help Housing Program, borrowers are fully supervised in the building of their homes under the supervision of a non-profit organization. They work together in groups from 4 to 15, all homes are inspected and must pass current building codes before occupancy, and environmental reviews are completed on each property prior to any applicant placing an option on the land. After all the homes in the group are completed and a Certificate of Occupancy is issued, the borrower's construction loan is rolled to permanent financing and payments begin in 30 days. During the construction phase, the borrower is not required to make any payments on the USDA loan.*

*2. The HQS would not be a problem, if it is completed during the final inspection phase of the home, like a normal final inspection for new construction homes. We don't believe a professional home inspection would be necessary. However, this would not be a critical issue if HUD prefers the borrower to still obtain one. Rural Development staff are required, at a minimum, to complete the three major construction inspections (1. footings while under construction, 2. after the dwelling is framed in, 3. a final inspection once all work is completed). They also complete the final punch list of items that must be finished before the borrowers can occupy their homes*

*and follow-up to make sure all items are completed.*

*USDA, Rural Development direct loans are made to applicants whose incomes are at 80% of the area median income or below. The agency provides payment assistance, or subsidy, to those applicants because of their lower incomes in order to assist them in homeownership opportunities.*

*We appreciate your consideration of these two critical exceptions in order to further expand homeownership opportunities for Section 8 clients.*

By requesting this exception from HUD, you could open self-help homeownership to this population.

**Background:** HUD Section 8 Housing Choice Voucher Program (HCVP) regulations can be found in 24 CFR Part 982. The HCVP is assigned to PHAs for administration and delivery. The PHA qualifies existing Section 8 Rental Voucher applicants for the HCVP.

**Note: Rural Development uses the Voucher in Loan Underwriting, but not for Eligibility in the 502 loan program.** The Section 8 Voucher is included in Repayment Income calculations, but not Eligibility Income. Rural Development will add the projected voucher amount to the applicant's gross monthly income. This repayment income will be used to calculate the underwriting ratios. The projected voucher amount is not used to determine eligibility for the program (Eligibility Income) or to determine if the applicant is a low or very-low candidate.

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## Sarbanes-Oxley *(Continued from Page 2)*

The most important change is the increased level of accountability and transparency that nonprofit boards must accept. An active board of directors is the key to insuring that tax-exempt organizations serve public purposes. The burden has always been on the board of directors to protect the public interest, but with the Sarbanes-

Oxley Act the expectations are even greater.

By developing the following policies or "best practices," the Board can strengthen the nonprofit organization:

- Board recruitment and retention
- Audit committee
- Financial literacy

- Code of ethics for board members and senior management
- Conflict of interest policy

Again, what the Sarbanes-Oxley created was increasing the Board's accountability to the public it serves.

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## New Regional Self-Help Conference Calls

Due to budget constraints, the regional self-help housing conference and the funds associated with it were removed from our contract. Although this type of training will not take place this year, NCALL's self-help team brainstormed on how to overcome this loss. The team felt the biggest loss of the conferences was the grantees inability to network on their challenges and operations.

Conferences are not the only way that we can encourage networking. We decided that conference calls involving all self-help grantees would be another good way to support networking and teamwork.

NCALL's plan is to host these conference calls quarterly. All grantee staff are invited and encouraged to call in and get involved with them. To start off this new initiative, we have chosen "Recruitment" as the topic of discussion. The next topic will be chosen by the attendees of that call.

This first call will take place during the week of January 23. We are anticipating that it will last one to two hours.

NCALL will send out a notice of the precise schedule and call-in information after the first of the year! We hope to "hear" you there!!!

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