

Housing Development

HOME Community Housing Development Organization (CHDO)

Application for Designation HOME Program Year 2019

**Administered by:
The South Carolina State Housing Finance and Development Authority**

Revised: November 2018

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CHDO Designation Application Checklist 2019 Program Year

Please include this checklist with the application along with all required documentation when applying for CHDO designation.

Designation Requirements:

Tab	Required Information	Certification Check-off	
1	Application		
2	(a) IRS Status Letter (b) Status of Good Standing from SC Secretary of State	(a)	(b)
3	(a) Organization's By-Laws which: i. Are executed and dated ii. Contain a Clear Housing Purpose (<i>a clear housing purpose may be evidenced in a charter or articles of incorporation if not contained in the By-Laws</i>) iii. States the organization's Financial Year iv. Describes the Service Area v. Specifies the Board Structure vi. Contains an appropriate "No Benefits" provision vii. Describes in detail the organization's Low-Income Input Process	(a)	i.
		ii.	iii.
		iv.	v.
		vi.	vii.
4	(a) Attachment A - Board of Directors (b) Attachment B - Board of Directors Representation Certification (<i>Attach Verification Documentation to respective Attachment B where applicable</i>) (c) Organization Chart	(a)	(b)
5	(a) Attachment E - Organization's Staff Members (b) Staff Résumés (c) Staff Payroll Documentation (d) Description of similar projects staff has worked on (e) Attachment F - Consultant Disclosure, if applicable	(a)	(b)
		(c)	(d)
		(e)	
6	(a) Financial Statements (b) Tax Returns or IRS Form 990 (<i>must also provide evidence of delivery to the IRS</i>) (c) Attachment C	(a)	(b)
		(c)	

Definitions

Annual Income – as defined at 24 CFR 5.609 is the gross amount of income of all adult household members that is anticipated to be received in the upcoming twelve (12) month period.

Annual Performance Plan - a document that describes the actions that a CHDO will undertake during the year to work towards the long-term goals established in the Housing Strategic Plan. Specifically, the annual performance plan establishes the agency's performance goals for the year and describes strategies the agency will use to meet these goals. It identifies performance criteria to measure or assess the relevant service levels, outcomes, or outputs that are to be achieved and to compare actual program results with the established performance goals.

Applicant - any 501(c)(3) or (4) or Section 905 subordinate organization applying for CHDO designation by the Authority. Organizations that have been debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction developments involving the use of governmental funds, including but not limited to CDBG, RHS, Federal Home Loan Bank, HOME, National HTF, LIHTC, are NOT eligible applicants.

Application - the completed forms, schedules, attachments, and any additional documentation requested in the application for designation purposes.

Application Deadline - the date a CHDO Applicant must submit an application for CHDO designation.

Authority - the South Carolina State Housing Finance and Development Authority.

Board Resolution - an action taken by the board of directors which applies to a single act (as opposed to bylaws which are the rules that govern an organization and regulate its affairs). A resolution is proposed by a motion, made and seconded, that the resolution be adopted. It should be dated and executed by the board chairperson and executive director.

There is no formal rule to govern when a resolution should be made; however, there are some circumstances when a resolution is the most appropriate course of action. These include:

- if the matter is one that the statute, charter, or bylaws require to be covered by a resolution;
- if the matter regulates the management of the corporation and is meant to be permanent until changed;
- if the matter is one of importance;
- if the matter is one that is likely to be referred to from time to time; and
- if the matter consists of amendments to the charter or bylaws.

Capacity - An organization's experience in relationship to affordable housing development tasks it has completed or plans to undertake; credible and ethical management practices.

CHDO Developer - Rental housing is "developed" by the CHDO if the community housing development organization is the owner of multifamily or single family housing in fee simple absolute (or has a long term ground lease) and the developer of new housing that will be constructed or existing substandard housing that will be rehabilitated for rent to low-income families in accordance with §92.252. To be the "developer," the community development housing organization must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME financing, selecting architects, engineers and

general contractors, overseeing the progress of the work and determining the reasonableness of costs. At a minimum, the community housing development organization must own the housing during development and for a period at least equal to the period of affordability in §92.252.

CHDO Operating Expenses – costs which are reasonable and necessary for the operation of a CHDO. Such costs include salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; and equipment, materials and supplies. SC Housing will not be awarding CHDO Operating Expenses in 2019.

CHDO Owner - Rental housing is “owned” by the community housing development organization if the community housing development organization is the owner in fee simple absolute of multifamily or single family housing (or has a long term ground lease) for rental to low-income households in accordance with §92.252. If the housing is to be rehabilitated or constructed, the community housing development organization hires and oversees the developer that rehabilitates or constructs the housing. At minimum, the community housing development organization must hire or contract with an experienced project manager to oversee all aspects of the development, including obtaining zoning, securing non-HOME financing, selecting a developer or general contractor, overseeing the progress of the work and determining the reasonableness of costs. The community housing development organization must own the rental housing during development and for a period at least equal to the period of affordability in §92.252. If the CHDO acquires housing that meets the property standards in §92.251, the CHDO must own the rental housing for a period at least equal to the period of affordability in §92.252.

CHDO Sponsor - Rental housing is “sponsored” by the community development housing organization if it is rental housing that will be “owned” and/or “developed” by the community housing development organization

Community - In urban areas, “community” is not necessarily limited to a single neighborhood, but may include several neighborhoods, the city, county or metropolitan area. In rural areas, “community” may also cover a multicounty area (but not the entire state).

Community Housing Development Organizations (CHDO) – a private nonprofit organization that:

1. Is organized under State or local laws;
2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
3. Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A CHDO may be sponsored or created by a for-profit entity, but:
 - i. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
 - ii. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members;
 - iii. The CHDO must be free to contract for goods and services from vendors of its own choosing; and
 - iv. The officers and employees of the for-profit entity may not be officers or employees of the community housing development organization.

4. Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1 or 1.501(c)(4)-1), is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code of 1986, or if the private nonprofit organization is an wholly owned entity that is disregarded as an entity separate from its owner for tax purposes (e.g., a single member limited liability company that is wholly owned by an organization that qualifies as tax-exempt), the owner organization has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 and meets the definition of “community housing development organization;”
5. Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a CHDO; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one- third of the board members may be public officials or employees of such governmental entity. Board members appointed by a governmental entity may not appoint the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers or employees of a community housing development organization;
6. Has standards of financial accountability that conform to 24 CFR 84.21, “Standards for Financial Management Systems;”
7. Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws;
8. Maintains accountability to low-income community residents by:
 - i. Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, “community” may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and
 - ii. Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
9. Has a demonstrated capacity for carrying out housing projects assisted with HOME funds. A designated organization undertaking development activities as a developer must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds. For its first year of funding as a community housing development organization, an organization may satisfy this requirement through a contract with a consultant who has housing development experience gained by working with governmental funding to train appropriate key staff of the organization. Such consultant must first be approved by the Authority. An organization must also demonstrate capacity to act as owner of a project and meet the requirements of §92.300(a)(2). A nonprofit organization **cannot** meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated by another organization; and
10. Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

Contact Person - a person with decision-making authority for the applicant with whom the Authority will correspond.

Financial Statements – The organization’s most recent financial statements compiled, reviewed, or audited by an independent CPA licensed by the South Carolina Board of Accountancy must be submitted. The financial statements must include a Statement of Financial Position, Statement of Activities (documenting one full year of activity), and notes/footnotes or disclosure statements to the financial statements (*Dated September 30, 2017 or later*).

Liquid Assets - The Authority defines liquid assets as cash, cash equivalents, and investments held in the name of the entity(s) including cash in bank accounts, money market funds, U.S. treasury bills, and equities traded on the New York Stock Exchange or NASDAQ. Certain cash and investments will not be considered liquid assets, including, but not limited to: stock held in the applicant’s own company or any closely held entity, investments in retirement accounts, cash or investments pledged as collateral for any liability, cash in property accounts including reserves.

Low-Income - a family whose annual (gross) income does not exceed 80% of the median family income for the area (adjusted for family size).

Low-Income Input Records – documents that memorialize and provide objective evidence of activities performed, events occurred, results achieved, or statements made. Records are created/received by an organization in routine transaction of its business or in pursuance of its legal obligations. Examples are flyers, pictures, agendas, or minutes of low-income input meetings; or agendas and/or minutes of board meetings documenting low-income input or information gathered at a previous time; or any other reasonable means.

Low-Income Neighborhoods - neighborhoods where 51% or more of the residents are low-income.

Low-Income Neighborhood Organizations - an organization composed primarily of residents of a low-income neighborhood. The primary purpose of the organization must be to serve the interest of the neighborhood residents. Block groups, town watch organizations, civic association, neighborhood church groups and NeighborWorks® organization can be examples of low-income neighborhood organizations.

Organizational Chart or Org Chart - Visual representation of how an organization intends authority, responsibility, and information to flow within its formal structure. It usually depicts different management functions (accounting, finance, human resources, marketing, production, R&D, etc.) and their divisions along which decision making power travels downwards and answerability travels upwards.

Participating Jurisdiction (PJ) - is a term given to any state, local government or consortium that has been designated by HUD to administer the HOME Program. HUD designation as a PJ occurs if a state or local government meets the funding thresholds, notifies HUD that they intend to participate in the program and has a HUD approved Consolidated Plan.

Status of “Good Standing” – it is required that the organization maintain a status of “Good Standing” with the S.C. Secretary of State’s Office. Evidence of such status may be obtained by visiting www.scsos.com and searching for your nonprofit by clicking on “Corporation Search.”

Training Plan – A document containing all of the following areas of training: scope of work; CHDO staff to be trained; costs; timeline with specific objectives to be reached by specific dates, and completion dates.

Very Low-Income – income that does not exceed fifty percent (50%) of the median income for the area, as determined by HUD, with adjustments for family size.

General Requirements

CHDO Application Workshops:

Tuesday, December 11, 2018

Session 1: CHDO Application Workshop - 10:00 AM - 12:00 PM

Session 2: CHDO Application Workshop - 2:00 PM - 4:00 PM

Thursday, December 13, 2018

Session 3: CHDO Application Workshop - 10:00 AM - 12:00 PM

Session 4: CHDO Application Workshop - 2:00 PM - 4:00 PM

Application Submission:

Applications are accepted **annually** for CHDO certification. Designations are valid only for the following HOME application period. Applications for CHDO certification are due as follows:

Submission date begins at 8:30 a.m.: February 4, 2019

Submission date ends at 5:00 p.m.: February 8, 2019

Applications may be delivered by mail, other shipping service, or by hand delivery to the Authority's offices at:

South Carolina State Housing Finance and Development Authority
Attn: **HOUSING DEVELOPMENT**
CHDO Designation Application
300-C Outlet Pointe Blvd. Columbia, SC 29210

- Facsimile or email transmissions will **NOT** be accepted.
- Provide one (1) **original** application, no additional copies are needed.

Applications may be obtained on the Authority's website by clicking on the link below:
<https://www.schousing.com/Home/HOMEInvestmentProgram>

Application Review Process:

- Authority staff will review the CHDO application and the required documents to ensure the application package is complete.
- Not later than **March 29, 2019**, CHDO applicants will receive either a letter of CHDO designation or a deficiency letter. Those receiving a CHDO designation letter will be considered an approved CHDO for the 2019 HOME funding cycle.
- **Applicants with five (5) or more missing and/or incorrect documents will be disqualified from participation as a CHDO** in the upcoming HOME funding cycle, but may still apply as a non-profit.
- Applicants that receive a deficiency letter with four (4) or less missing and/or incorrect documents will be allowed to submit corrected or missing documents. These Applicants will be allowed ten (10) business days to submit any missing or incomplete documents. There will only be one (1) opportunity for these applicants to submit missing and/or incomplete documents for review before being disqualified.
- The Authority will maintain a list of designated CHDOs that will be posted on the Authority's HOME program web page.

HOME CHDO Requirements

The primary purpose of the HOME program is to expand the supply of decent, safe and affordable housing for low-income families. Federal regulations require a minimum of fifteen percent (15%) of HOME funds be set-aside annually for use by specific types of nonprofit housing organizations known as Community Housing Development Organizations (CHDO). CHDO set-aside requirements are set forth at 24 CFR Part 92.2 and 24 CFR Part 92.300. Although many nonprofit organizations share common characteristics with CHDOs, not all nonprofits qualify as CHDOs under the HOME program requirements.

A CHDO's use of set-aside funds is restricted to eligible HOME activities in which the CHDO acts in the capacity of a developer, sponsor, or owner of HOME-assisted housing. These activities are limited to rental. Only nonprofit organizations that have been certified by the Authority as a CHDO can receive HOME funds from the fifteen percent (15%) set-aside.

Eligible CHDO Roles:

Only those projects in which the CHDO acts as the **sponsor and owner, OR developer, sponsor and owner** of the affordable housing will be eligible to receive funds from the CHDO set-aside. Specific definitions for these terms can be found in the definitions section of the application package. CHDOs cannot serve only as a sponsor of a project or only as a developer of a project.

Eligible CHDO Activities:

Rental – New Construction, Rehabilitation, Acquisition with New Construction or Acquisition with Rehabilitation of rental properties.

Non-Eligible CHDO Activities:

- Owner-Occupied rehabilitation
- Operating subsidies
- Nonfederal matching contributions required under any other federal program
- Assistance to a project previously assisted with HOME funds during the period of affordability
- Servicing, origination or other fees related to the cost of administering the HOME program

CHDO Application:

Complete and place the original CHDO Application behind **Tab 1**.

Qualifying Criteria - Legal Status:

1. An organization must have received a tax-exempt ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986 before being designated by the Authority as a CHDO. The 501(c) designations permissible under HOME are:

- 501(c)(3) or 501(c)(4) status; or
- Section 905 status - a subordinate organization of a 501(c) organization.

A copy of the letter from the IRS stating an organization's status should be placed behind **Tab 2**.

2. **Status of Good Standing:** The organization must maintain a "Good Standing" status with the S.C. Secretary of State's Office as long as the organization is a CHDO. To show a nonprofit is in Good Standing, visit the Secretary of State's web page at: www.scsos.com; click on "Corporate Search;" once the nonprofit is found, print a paper copy of the webpage showing the organization is currently in "Good Standing."
3. A copy of the organization's most updated **By-Laws** must be submitted behind **Tab 3**. Each requirement listed below must be **highlighted** or **circled** within the copy of the By-Laws or the item will be considered missing. If these items are not in the By-Laws, they can be submitted as a Board Resolution or other appropriate method.
 - a) By-Laws must be exclusive to the organization and be **signed and dated**. If the By-Laws have been revised, dates and signatures should reflect such.
 - b) **Clear Housing Purpose:** A provision of decent housing that is affordable to low and moderate-income persons must be among the purposes of a potential CHDO and included in the By-Laws.
 - c) The **financial year** on which the organization operates must be in the By-Laws (i.e. calendar year, fiscal year from July 1 - June 30, etc.).
 - d) **Service Area:** CHDOs must have a clearly defined geographic service area. A CHDO's service area is limited to seven (7) counties which includes the county where their central office is located and up to six (6) nearby/surrounding counties. The defined service area must be included in the By-Laws.
 - e) **Board Structure:** A potential CHDO's board structure must reflect that which is defined below under "Organizational Structure." Such structure must be outlined and identified as the CHDO applicant's chosen method for governance. Board terms must be defined for all board members. A life time board term is not acceptable.
 - f) **No Benefits Provision:** No part of a CHDO's net earnings (profits) may benefit any members, founders, contributors or individuals. A "no benefit" provision, stating the following: *"No employee, agent, consultant, Board member or officer of [the organization] may obtain a financial interest or benefit from [the organization]'s participation in any Authority programs or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder during one's tenure, or for one year thereafter. Nor shall an immediate family member or business associate of an employee, agent, consultant, Board member or officer, or any organization which employs or is about to employ such employee, agent, consultant, Board member or officer, obtain a financial interest or benefit from the transaction or contract of [the organization] related to participation in any Authority programs."*
 In the event that a person subject to this provision provides services to the organization in their normal course of business, the organization may apply to the Authority for a waiver to permit such person to provide such services if the fee to be charged for such service or services is reasonable and does not exceed what is regularly and customarily charged for such service or services. The Authority has sole discretion whether to grant such waiver.
 - g) **Low-income Input Process:** A CHDO Applicant must create a formal process for low-income program beneficiaries to advise a CHDO on all of its decisions regarding the

design, location of sites, development and management of affordable housing projects. CHDO Applicants should establish a system for community involvement throughout all parts of their service areas where housing will be developed. Those systems might include special committees of neighbors/neighborhoods of proposed development site; Advisory Councils, Open Town Meetings, or Ad Hoc Committees. The process must be described in writing and an approved CHDO must maintain records showing their formal process has been followed. **Documentation of the implementation of this process must be included with any submitted 2019 application requesting HOME funds.

Organizational Structure:

Structure of the Board of Directors - A CHDO is created to respond to a particular community's needs. The structure of a CHDO's Board of Directors is viewed as the main indicator of community control over the CHDO. A CHDO Applicant must have a minimum of five (5) board members with the majority situated within the defined service area(s) **and must** be composed as follows:

1. **At least one-third (1/3) of the Board must be representatives of the low-income community.** There are three ways to meet this requirement:
 - a) **Residents of low-income neighborhoods in the community** - Residents of low-income neighborhoods do not have to be low-income themselves. Low-income neighborhoods must be verified and identified as such through census tracts, CDBG targets areas, or other appropriate means.
 - b) **Low-income residents of the community** - Low-income residents do not have to live in a low-income neighborhood but the Board member must certify that their annual gross income (adjusted for family size) is at or below 80% of the area's county median income. See the Authority's website for area income limits: <https://www.schousing.com/Home/PartnerIncomeLimits>.
 - c) **Elected representatives of low-income neighborhood organizations** - The governing body of a low-income neighborhood organization may elect a representative to serve on a CHDO Board. Verification of a low-income neighborhood organization's election procedure, term, and minutes of the meeting in which the vote took place are required to be submitted.
2. **No more than one-third (1/3) of the Board may be public officials or employees of a Participating Jurisdiction (PJ).** A member of the governing board of a CHDO Applicant would be considered to be a representative of the public sector if he/she is a(n):
 - a) **Elected Official** - council members, aldermen, commissioners, state legislators, members of the school board, mayors and so forth;
 - b) **Appointed Public Official** - members of a planning or zoning commission or of any other regulatory and/or advisory boards, or commissions;
 - c) **Public Employee** - all employees of public agencies (including schools) or departments of government; or
 - d) **Public Official's Appointee** - any individual who is not necessarily the appointed public official, but who has been appointed by an appointed public official (as described above) to serve on the CHDO board. Members of the board appointed by public officials cannot select other members of the board.
3. **The balance of the Board is unrestricted.** They may include people such as human and social service providers, lenders, individuals with access to philanthropic resources, or

others willing to contribute their professional expertise that do not also meet the “public official” description explained above.

CHDO Board Documentation Needed - Applicants must complete the Board of Directors Status Information form (**Attachment A**). In addition, each Board Member is required to complete a Board of Directors Representation form (**Attachment B**). These attachments will be used to determine if the organization’s Board structure meets HUD regulatory requirements for board structure. All verification documentation is to be placed behind **Tab 4**. An organizational chart is to be placed behind Tab 4.

Experience and Staff Capacity:

Staff Capacity - An organization applying for designation to become a CHDO must demonstrate the capacity of its key staff to carry out HOME-assisted activities. HOME regulations require that a CHDO have paid employees with housing experience appropriate to the role the CHDO expects to play in projects. The purpose of this capacity requirement is to build staff expertise. A CHDO must have its own professional, experienced staff.

- Skills necessary for a professional staff to sustain capacity include:
 - a) Management of the organization on a daily basis - time management; fiscal management; conflict management; team management; communication; and commitment.
 - b) Defining the project - identify market, assemble/manage development team; test feasibility; and negotiate effectively.
 - c) Undertake project - build and maintain relationships; attend to details; manage the development team; adapt and manage a crises; and negotiate effectively.
 - d) Complete or manage a project to completion - deliver on time and within the established budget and produce a quality product, recognize and correct mistakes when made; and evaluate outcomes objectively.
- For its first year of funding as a CHDO, an organization may satisfy the experience and capacity requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. Such consultant **must first be approved by the Authority**.
- Documentation for experience and staff capacity behind **Tab 5** must include:
 - a) **Attachment E**; and
 - b) Resumes of all staff; and
 - c) Staff payroll documentation; and
 - d) Descriptions of similar completed or ongoing projects the key staff have been or are currently working on.
 - e) **Attachment F** - Consultant Disclosure, if applicable

There are significant differences in the type of experience and capacity that is required to carry out CHDO eligible HOME activities. Therefore, experience in having completed similar projects draws a distinction between development/management of rental housing and development/sale of housing for a homeownership program.

A CHDO must be separate from and not under the control of a government entity. A government entity is still permitted to create a CHDO but it is not permitted to control the CHDO by providing its employees to the CHDO as staff or officers.

Financial Requirements:

Financial Capacity - At a minimum, a CHDO Applicant must have financial accountability standards that conform to the requirements of 24 CFR 84.21, "Standards for Financial Management Systems." An applicant must demonstrate that it is financially viable and has a financial management system in place that provides proper controls and reporting of the organization's activities.

Provide the following financial requirements behind Tab 5:

1. **Financial Statements:** The organization's most recent financial statements compiled, reviewed, or audited by an independent CPA licensed by the South Carolina Board of Accountancy must be submitted. The financial statements must include a Statement of Financial Position, Statement of Activities (documenting one full year of activity), and notes/footnotes or disclosure statements to the financial statements (Dated September 30, 2017 or later).
2. The most recent (2016 or 2017) income tax return or IRS Form 990 (must also provide evidence of delivery to the IRS). Board members must be appropriately documented in the IRS Form 990.
3. **Attachment C** completed, executed and notarized.

Debarments/Suspensions

1. **Debarred or Suspended Applicants** - In accordance with Authority requirements, no award of federal/state funds may be made to a CHDO applicant that is debarred or suspended, or proposed to be debarred or suspended from doing business with the Federal/State Government.
2. **CHDO Applicant Reviews** - CHDO Applicants are subject to a review process. This process is intended to reveal matters that may significantly reflect on the applicant's management and financial integrity, including (but not limited to) if any key individuals have been convicted or are presently facing criminal charges. If the review reveals significant adverse findings that reflect on the business integrity or responsibility of the applicant or any key individual, the Authority reserves the right to:
 - a) Deny the CHDO designation, deny funding, or in the case of a continuing award, consider suspension or termination of an award immediately for cause;
 - b) Require the removal of any key individual from association with management or implementation of the award; and
 - c) Make appropriate provisions or revisions with the respect to the method of payment or financial reporting requirements.
3. **False Statements** - A false statement in an application is grounds for denial of the requested CHDO designation and/or termination of an award by the Authority.
4. **Debarment and/or Suspension** - The Authority may debar and/or suspend a CHDO Applicant in accordance with the Authority's Debarment and Program Suspension Policy which can be found on the Authority's website.