

FY2021 U.S. Affiliated Organization Covenant and Quality Assurance Checklist

Origination date: January 2007

Revision date: July 2020

Welcome to the annual electronic submission process for the U.S. Affiliated Organization Covenant and the Quality Assurance Checklist.

The U.S. Affiliated Organization Covenant (Covenant) is the foundational document between Habitat for Humanity International and U.S. affiliates. The Covenant continues to be our guiding spiritual and philosophical document. The yearly signing of the online Covenant ensures that, while affiliate leadership may change over time, the mission, mission principles and core tenets of Habitat for Humanity remain intact.

The Quality Assurance Checklist (QAC) contains standards and practices that are expected of each affiliate. As required by the U.S. Affiliation Agreement, affiliates must exercise their best efforts to comply with each of the standards. Failure to meet these standards can potentially affect good standing and result in other disciplinary action.

The QAC is divided into two sections.

Section 1: Core Requirements demonstrate sound, professional business practices and are also essential to one or more of the following: (a) protection and stewardship of the Habitat for Humanity brand and national reputation, (b) preservation of Habitat for Humanity's reputation and credibility with national, state and local government funders, (c) demonstration of practices that are considered critical by insurers and (d) demonstration of compliance with core Habitat for Humanity policies or other legal requirements binding on affiliates. While all of the QAC requirements are critical, non-compliance with a Core Requirement poses a potentially greater risk to the Habitat for Humanity network as a whole.

Section 2: Other Essential Practices demonstrate sound, professional business practices and also demonstrate compliance with core Habitat for Humanity policies or other legal requirements binding on affiliates.

Please go through each question and provide the most accurate response for your affiliate. Note that you can **choose to Save and Continue (blue button at the bottom center of each page) to move onto the next page of questions, or you can choose Save and Return Later (black bar across the top of your screen) to come back to the QAC survey later.** An email will be sent to you with a unique link to return to your QAC survey where you left off.

The deadline to electronically submit the FY2021 Covenant and Quality Assurance Checklist is Oct. 30, 2020.

Affiliate Info

Affiliate Name: Lexington Habitat for Humanity

Affiliate ID:

State:

GSA:

Submitter Name:

Submitter Title:

Submitter Email:

Submitter Phone:

NOTE: *The above section will be auto-populated. If any of the information is not correct or missing, please contact the Affiliate Support Center at USSupportCenter@habitat.org to update your records.*

Section 1: Core Requirements

1. Affiliate is an organization based on Christian principles and as such:
 - A) Adopts the official vision and mission statements of Habitat for Humanity.
 - B) Affiliate board of directors reads and signs the Covenant annually.
 - C) Supports the work of HFHI through an annual tithe.
 - D) Adopts and follows the Habitat for Humanity non-proselytizing policy.

Choose all that apply. Please provide the most accurate response for each unchecked selection.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

2. Affiliate serves:
 - A) At least one family per year through one of the following housing interventions: new housing construction, rehabilitated home, repaired home, weatherized home.
 - B) A minimum of one family over a three-year period through a rehabilitated or new home construction.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

3. Affiliate makes all reasonable efforts to serve families who demonstrate a housing need. Need is evaluated by considering affiliate's service area median income, cost of living index, etc. Household incomes should not exceed 60% AMI and in no case exceed 80% AMI.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

4. Affiliate activities are governed by written, duly-adopted policies that comply with all local, state and federal laws (Fair Housing Act, Equal Credit Opportunity Act, and other Fair Lending laws, Fair Credit Reporting Act, Privacy, Flood, Bank Secrecy Act - Anti-Money Laundering, Office of Foreign Assets Control, Real Estate Settlement Procedures and Truth in Lending, OSHA etc.) including but not limited to:

- A) Anti-discrimination
- B) Child labor prohibitions
- C) Conflict of interest
- D) Construction safety
- E) Employment, including grievance
- F) Fiscal safeguards
- G) Mortgage origination, including homeowner selection and house pricing and transfer (written policies are required of all affiliates, including affiliates that use third-party originators)
- H) Mortgage servicing, including escrow fund management (written policies are required of all affiliates, including affiliates that use third-party servicers)
- I) Records retention
- J) Sex offender registration check
- K) Whistleblower

Choose all that apply. Please provide the most accurate response for each unchecked selection.

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

N/A – Not applicable for the following standard:

- Employment **N/A should only be selected by affiliates with no employees*

5. Affiliate complies with Internal Revenue Service Section 501 (c)(3) and with all state and local tax laws. Additionally:
- Affiliate annually files the appropriate IRS tax filings in a timely manner (e.g., Form 990-N, Form 990EZ, Form 990, or Form 990-T) in full accordance with IRS regulations and requirements.
 - After filing with the IRS, the affiliate also uploads a copy of their completed tax filings to the Affiliate Document Center.
 - Affiliate donors receive a timely written receipt documenting their contributions, as required by IRS guidelines.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

6. Affiliate has the required minimum insurance coverage for all aspects of its operations including General Liability, Builder's Risk, Volunteer Accidental Medical, Directors and Officers Liability, and, if applicable, workers' compensation and auto coverage.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

7. Affiliate loan originator activities are conducted by at least one loan originator qualified by:
- Making a determination of demonstrated financial responsibility, character and general fitness based on:
 - A criminal background check.
 - A credit check.
 - Information about any other proceedings.
 - Ensuring each such staff member or volunteer has completed all required training on federal and state laws that apply to the activities.

All loan originator activities, as defined by federal law, are performed only by a qualified loan originator. (QLOs are required of all affiliates, including affiliates that use third-party originators and/or servicers.)

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

8. Affiliate uses the HUD Equal Housing logo or equal housing opportunity statement on all applicant-facing materials and web pages, and posted anywhere applications are submitted and/or provided to applicants.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

9. Affiliate has at minimum one person who has been trained by HFHI as a Competent Person.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

10. Affiliate has liability waivers signed annually by all volunteers and retains those waivers for at least one year beyond expiration of the statute of limitations.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

11. Deselection of approved applicants only occurs in the following cases: failure to complete requirements set forth in the letter of acceptance/Homeownership Agreement, negative change in financial condition which would significantly impact the ability to pay, fraud on the application, or violation of a sexual offender policy.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

12. Affiliates with revenues of more than \$250,000 per year or assets greater than \$500,000 have had financial statements audited by an external auditor within the past 12 months. Affiliate is exempt from audit only if both of the following are true:

- Annual revenue is below \$250,000
- Assets are below \$500,000

Please choose from the following options:

Yes

No – Policy/procedure in this area is in progress or pending board resolution.

No – we understand that we are not adhering to the standard and there are no plans to change.

Exempt (*displays + auto-selects only if both exemption conditions are selected*)

13. Affiliate has officially adopted the registered Habitat for Humanity logo and, if applicable, Habitat ReStore identifier. (Affiliates with registered HFH logo but no Habitat ReStore should still select 'yes.')

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

14. Affiliate has and abides by Habitat ReStore and/or retail operation safety standards, including, but not limited to:
- A) Safety Manual.
 - B) Emergency Action Plan (EAP)/retail location.
 - C) Fire Protection Plan (FPP)/retail location.
 - D) Hazardous Communications Plan/retail location.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

N/A - Not applicable *N/A should be selected only by affiliates without Habitat ReStores or other retail operations

Section 2: Other Essential Practices

15. Affiliate has:

- A) A dedicated publicly accessible office.
- B) A dedicated mailing address 700 E Loudon Avenue, Lexington, KY 40505.
- C) A telephone number dedicated exclusively to affiliate with voice mail capacity, which shall remain the property of affiliate in the event of the individual account holder's departure
859-252-2224.
- D) An email address exclusive to affiliate which shall remain the property of affiliate in the event of the individual account holder's departure @lexhabitat.org.
- E) Ownership of at least one computer with internet access and software for word processing and spreadsheets.
- F) A website (or other social media platform) displaying the Habitat for Humanity vision and mission statements and a reference to Habitat for Humanity's non-proselytizing policy.
- G) Corporate by-laws limiting the terms for its board of directors which are enforced by affiliate.

Choose all that apply. Please provide the most accurate response for each unchecked selection.

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

Portions of the above section will be auto-populated. If any of the information is not correct or missing, please email the Affiliate Support Center at USSupportCenter@habitat.org to update your records

16. Affiliate abides by requirements for operating a Habitat ReStore or any other retail/resale operation.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

N/A - Not applicable *N/A should be selected only by affiliates without Habitat ReStores or other retail operations

17. Affiliate tracks volunteer hours.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

18. Affiliate board annually approves a written budget, which includes projected sources and amounts of income and anticipated expenses. Affiliate and its board review the actual income and expense statements at least quarterly and compares them to the budget.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

19. Affiliate has and abides by a board-approved Anti-Money Laundering (AML) program, ensuring that the following provisions are met:

A) Policies and procedures, which include internal controls, are developed and applied consistently.

B) An AML compliance officer is appointed and aware of his or her responsibilities.

C) Ongoing training is conducted with all applicable staff and volunteers.

D) An independent audit tests the compliance and effectiveness of the AML program.

E) Suspicious Activity Reporting is done properly.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

20. Affiliate and its board review the performance of affiliate's mortgage loan portfolio using the delinquency definitions in the Affiliate Statistical Report, comparing the number of delinquencies and amount of arrearages with prior periods, at least quarterly.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

21. Affiliate has designed, implemented, and currently maintains safeguards to keep consumer information confidential and protect it from threats and hazards such as unauthorized access or use of such records.

Yes

No - Policy/procedure in this area is in progress or pending board resolution

No - We understand we are not adhering to the standard and there are no plans to change

22. If the Fair Market Value (FMV must be established by an independent, third-party appraisal for each housing unit) of the affiliate’s housing units are more than the sum of (i) the first mortgage, plus (ii) any cash down payment paid by the homebuyer, plus (iii) any third-party subordinate mortgages, then the affiliate must utilize deferred subordinate mortgages (commonly called a “soft” mortgage) to protect equity.

<input checked="" type="checkbox"/> Yes No - Policy/procedure in this area is in progress or pending board resolution No - We understand we are not adhering to the standard and there are no plans to change

23. Affiliate sells the housing units it builds and/or rehabs by providing buyers with affiliate-originated mortgage financing at zero percent interest or via a third-party-originated affordable mortgage that is recognized as an authorized financing option or other HFHI-approved financing model.

<input checked="" type="checkbox"/> Yes No - Policy/procedure in this area is in progress or pending board resolution No - We understand we are not adhering to the standard and there are no plans to change

24. Affiliate provides homeowner pre- and post-support services to all selected families through appointed volunteers, staff, HUD Certified Counselor or other professionals.

<input checked="" type="checkbox"/> Yes No - Policy/procedure in this area is in progress or pending board resolution No - We understand we are not adhering to the standard and there are no plans to change

25. Affiliate complies with all applicable state and local building codes. Where there are no state/local codes, affiliate builds in compliance with the 2006 version of the International Residential Code (IRC).

<input checked="" type="checkbox"/> Yes No - Policy/procedure in this area is in progress or pending board resolution No - We understand we are not adhering to the standard and there are no plans to change

26. Affiliate builds houses generally in accordance with the Habitat House Design Criteria.

<input checked="" type="checkbox"/> Yes No - Policy/procedure in this area is in progress or pending board resolution No - We understand we are not adhering to the standard and there are no plans to change Exempt – Local ordinances prevent affiliate from adhering to the Habitat House Design Criteria

27. Affiliate is not overly dependent on any single source of revenue, including Habitat ReStore, government funding, or single private donors. (As a guideline, affiliate generally has no single source of revenue on a continuing basis that exceeds 40 percent of the annual affiliate operating budget.)

<input checked="" type="radio"/> Yes No - Policy/procedure in this area is in progress or pending board resolution No - We understand we are not adhering to the standard and there are no plans to change
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28. Affiliate adheres to U.S. Collaborative Development Handbook.

<input checked="" type="radio"/> Yes No - Policy/procedure in this area is in progress or pending board resolution No - We understand we are not adhering to the standard and there are no plans to change
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29. Affiliate uses all contributions for the purpose expressed by the donor.

<input checked="" type="radio"/> Yes No - Policy/procedure in this area is in progress or pending board resolution No - We understand we are not adhering to the standard and there are no plans to change
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30. Affiliate fundraising personnel, including employees, volunteers, and independent consultants, are not compensated on a percentage of the amount raised or any other commission formula.

<input checked="" type="radio"/> Yes No - Policy/procedure in this area is in progress or pending board resolution No - We understand we are not adhering to the standard and there are no plans to change
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U.S. Affiliated Organization Covenant
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Preface

Habitat for Humanity U.S. affiliated organizations work to create decent, affordable housing in partnership with those in need and to make shelter a matter of conscience with people everywhere. This Covenant outlines the relationship between Habitat for Humanity International and its affiliated organizations in the United States.

Mission Vision

A world where everyone has a decent place to live.

Mission Statement

- To support the work of Habitat for Humanity affiliated organizations through program development, communication, learning opportunities, advocacy, and protecting and promoting the good name of Habitat for Humanity;
- To comply with the minimum operational standards contained in an annual certification process;
- To conduct its operations within its defined service area;
- To tithe for Habitat for Humanity’s housing work outside the United States;
- To reject any support that is conditioned on deviating from the Mission Principles outlined earlier or other approved policies and practices;
- To conduct its operations in a manner that protects and promotes the good name of Habitat for Humanity and contributes to the growth of the Habitat for Humanity movement and is in the best interests of other affiliates and of Habitat for Humanity International including, but not limited to, actions that are specified in this covenant and in Habitat for Humanity policies.

This Covenant is valid upon approval by the affiliate board of directors and a designated representative of Habitat for Humanity International.

Covenant Signatures

Habitat for Humanity International:

By: Sue Henderson, Vice President, U.S. Operations

Date:

By: ___ (*Auto-populate affiliate name*) ___:

Date:

Covenant Approval by Board of Directors

I certify that the covenant between Habitat for Humanity International and (*Auto-populate affiliate name*) was approved by the board of directors at a meeting held on:

Date: September 29, 2020

Secretary of Board of Directors: Chad Tussey

Secretary Phone:

Secretary Email:

Board President Information

Board President Name: Marlene Helm

Board President Phone:

Board President Email:

Board Vice-President Information

Board Vice-President Name: Parashar Joshi

Board Vice-President Phone:

Board Vice-President Email:

Board Treasurer Information

Board Treasurer Name: Cliff Ellerbrook

Board Treasurer Phone:

Board Treasurer Email:

Affiliate Contact Information

Affiliate Contact Name: Rachel Childress

Affiliate Contact Title: CEO

Affiliate Contact Phone: 859-252-2224 x. 114

Affiliate Contact Email: rachelc@lexhabitat.org

Affiliate Website: www.lexhabitat.org

Board Approval and Certification

The affiliate board of directors has reviewed the answers provided on this U.S. Affiliated Organization Covenant and Quality Assurance Checklist, certified them as correct, and approved this submission as an accurate declaration of the affiliate. We understand that failure to submit a timely and accurate Covenant and QAC may result in loss of good standing or other disciplinary action. Yes No