

CENTRAL WASHINGTON HOME BUILDERS ASSOCIATION

1.0 Global Ends Statement:

The Vision of CWHBA is

“A member focused association that serves its members by providing resources and a network to positively influence the building industry.”

Priority Results (listed in order of importance):

1.1 Members Receive Exclusive Benefits

- A. The Membership Benefits from:
 - 1) Promotional opportunities
 - 2) Discount programs
 - 3) Added services
 - 4) Networking opportunities
 - 5) External affiliations
 - a) BIAW
 - b) NAHB

1.2 Regulations and Public Policy are Favorable

- To efficiency and effectiveness in government provided services
- To home ownership
- To a sustainable supply of buildable properties
- To a diversified local employment base

1.3 Members are Knowledgeable

- A. About industry trends
- B. About business practices

1.4 There is a Positive Public Perception of the Building Industry

1.5 There is Enhanced Consumer Demand for Members' Services and Products

Date of Adoption, March 13, 2001

Amended/Revised July 13, 2021

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.0

POLICY TITLE: *GENERAL EXECUTIVE CONSTRAINT*

The EO shall not cause nor allow any practice, activity, decision or organizational circumstance that is either unlawful, imprudent, in violation of commonly accepted business and professional ethics, or in violation of the Bylaws of the National Association of Home Builders and/or the Building Industry Association of Washington.

- 2.1 With respect to interactions with members/customers or sponsors, or those applying to be members, the EO shall not cause or allow conditions, procedures, or decisions which are unfair, unsafe, undignified, unnecessarily intrusive, or which fail to provide appropriate confidentiality or privacy.
- 2.2 With respect to the treatment of paid staff and volunteers, the EO may not cause or allow conditions which are unsafe, unfair or undignified.
- 2.3 Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the board's Ends priorities, risk fiscal jeopardy, or fail to take into consideration a multi-year plan.
- 2.4 With respect to the actual, ongoing financial condition and activities, the EO shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends policies. Accordingly, the EO shall not:
- 2.5 The EO shall not allow the assets of the organization to be unprotected, inadequately maintained or unnecessarily risked.
- 2.6 In order to protect the board from sudden loss of EO services, the EO may have no fewer than one other member(s) of the executive/management team familiar with board and EO issues and processes.
- 2.7 With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the EO shall not cause or allow jeopardy to fiscal integrity or public image.
- 2.8 The EO shall not permit the board to be uninformed or unsupported in its work.
- 2.9 With respect to the programs/events produced and services provided by the organization, the EO shall not fail to ensure that these programs / events / services meet or exceed industry standards for excellence in programming, safety and participant / audience amenities.
- 2.10 With respect to development of revenue through, and strategic alliances with, corporate sponsors, the EO may not fail to plan for, develop and treat corporate sponsors of the Association in a professional manner.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.1

POLICY TITLE: *TREATMENT OF MEMBERS/CUSTOMERS*

With respect to interactions with members/customers or sponsors, or those applying to be members, the EO shall not cause or allow conditions, procedures, or decisions which are unfair, unsafe, untimely, undignified, unnecessarily intrusive, or which fail to provide appropriate confidentiality or privacy.

Accordingly, he/she shall not:

1. Use application forms that elicit information for which there is no clear necessity.
2. Fail to reasonably investigate all applications for membership to ensure compliance with qualifications per the Bylaws.
3. Use methods of collecting, reviewing, transmitting, or storing member/customer/sponsor information that fail to protect against improper access to the material elicited.
4. Fail to provide facilities which ensure an appropriate level of privacy.
5. Fail to clearly communicate to members/customers a clear understanding of what may be expected from the service(s) offered.
 - A. May not fail to maintain regular communications with the membership, including a newsletter published/distributed on at least a bimonthly basis.
6. Fail to inform members, as appropriate, of this policy, or to provide a grievance process to those who believe they have not been accorded a reasonable interpretation of their rights under this policy.
7. Recruit a potential member from outside of the licensed area of CWHBA except under the following guidelines:
 - a. The potential member must be doing business within the licensed area of CWHBA
 - b. When traveling to meet with the potential member outside of the licensed area of CWHBA, no other potential member contact can be made.
 - c. Before contacting a potential member outside the licensed area of CWHBA, the recruiter must contact the CWHBA Service Center so the Executive Officer can contact the other Executive to notify them of the recruitment effort.
 - d. The recruiter will have the potential member sign a document at the time of closing to show proof they were told of the other HBA in the area.
 - e. No initial contact may be made with a potential member by a member or the membership services coordinator outside of the licensed area of CWHBA.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.2

POLICY TITLE: *TREATMENT OF STAFF*

With respect to the treatment of paid staff and volunteers, the EO may not cause or allow conditions which are unsafe, unfair or undignified.

Accordingly, pertaining to paid staff, he/she shall not:

1. Operate without written personnel policies which clarify personnel rules for staff, provide for effective handling of grievances, and protect against wrongful conditions.
2. Discriminate against any staff member for internal expression of an ethical dissent.
3. Prevent staff from grieving to the board (via the President) when (1) internal grievance procedures have been exhausted *and* (2) the employee alleges that either (a) board policy has been violated or (b) board policy does not adequately protect his or her rights.
4. Fail to acquaint staff with their rights under this policy.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.3

POLICY TITLE: *FINANCIAL PLANNING/BUDGETING*

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the board's Ends priorities, risk fiscal jeopardy, or fail to take into consideration a multi-year plan.

Accordingly, the EO shall not allow budgeting which:

1. Contains too little information to enable credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
2. Plans the expenditure in any fiscal year of more funds than are conservatively projected to be received in that period.
3. Does not attempt to provide at least 5% annual contribution from operating budget to reserve funds.
4. Provides less for board prerogatives during the year than is set forth in the Cost of Governance policy (in Governance Process).

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.4

POLICY TITLE: *FINANCIAL CONDITION AND ACTIVITIES*

With respect to actual, ongoing financial condition and activities, the EO shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Ends policies.

Accordingly, the EO shall not:

1. Expend more funds than have been approved by Board of Directors in the fiscal year to date.
2. Indebt the organization or use any long-term, short-term, or board-designated reserves without Board approval.
3. Fail to settle payroll and payables in a timely manner.
4. Allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
5. Execute a check with single signature for more than \$ 4,000.
6. Acquire, encumber or dispose of real property.
7. Fail to aggressively pursue material receivables after a reasonable grace period.
8. Obtain revenues from sources that are not, in fact and appearance, legal and consistent with the mission and values of the organization.
9. Use restricted funds for purposes other than stated.
10. Fail to exercise adequate internal controls over disbursements to avoid unauthorized payments.
11. Allow there to be secret funds.
12. Allow there to be any loans or unauditable transactions.
13. Pledge any of the assets of the corporation as security within any contracts.
14. Allow the expenditure of organizational funds for travel purposes which are not specifically related to or consistent with the organization's purpose and functions.
15. Fail to notify members of dues renewals by mailed invoice 30 days prior to their Membership Anniversary Month. Any member whose appropriately invoiced account is 90 days past due shall be automatically terminated from membership in the Association.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.5

POLICY TITLE: *ASSET PROTECTION*

The EO shall not intentionally allow the assets of the organization to be unprotected, inadequately maintained or unnecessarily risked.

Accordingly, he or she may not:

1. Fail to insure:
 - a. against theft and casualty losses to at least 80% of replacement value, and
 - b. against liability losses to board members, staff and the organization itself in an amount equal to or greater than the average for comparable organizations.
2. Allow unbonded personnel access to material amounts of funds or fail to insure against employee theft and dishonesty.
3. Subject facilities and equipment to improper wear and tear or insufficient maintenance.
4. Unnecessarily expose the organization, its board or staff to claims of liability. This would include both the CWHBA and the governing boards. The level of coverage is to be determined by executive committee to be presented and recommended to the Board of Directors.
5. Make any purchase:
 - a. wherein normally prudent protection has not been given against conflict of interest
 - b. of over \$1,000 without having obtained comparative prices and quality
6. Fail to protect intellectual property, trademarks (Tour of Homes, Chefs on Tour, and CW Home & Garden Show), information and files from loss, abuse or significant damage.
7. Receive, process or disburse funds under controls that are insufficient to meet the board-appointed auditor's standards.
8. Invest or hold operating capital in insecure instruments, or in non interest-bearing accounts except where necessary to facilitate ease in operational transactions.
9. Endanger the organization's public image or credibility.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.6

POLICY TITLE: *EMERGENCY EXECUTIVE SUCCESSION*

In order to protect the board from sudden loss of EO services, the EO may have no fewer than one (1) other member of the executive/management team familiar with board and EO issues and processes.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.7

POLICY TITLE: *COMPENSATION AND BENEFITS*

With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the EO shall not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, he or she may not:

1. Change his or her own compensation and benefits.
2. Promise or imply permanent or guaranteed employment.
3. Establish current compensation and benefits which deviate materially from the geographic or professional market for the skills employed
4. Create obligations over a longer term than revenues can be safely projected, in no event longer than one year.
5. Establish or change retirement benefits so as to cause unpredictable or inequitable situations.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.8

POLICY TITLE: *BOARD AWARENESS & SUPPORT*

The EO shall not permit the board to be uninformed or unsupported in its work.

Accordingly, he or she may not:

1. Fail to report in a timely manner any actual or anticipated noncompliance with any policy of the board.
2. Neglect to submit monitoring data required by the board (see policy on Monitoring EO Performance in *Board/Staff Linkage*) in a timely, accurate and understandable fashion, directly addressing provisions of board policies being monitored.
3. Let the board be unaware of relevant trends, anticipated adverse media coverage, material external and internal changes, particularly changes in the assumptions upon which any board policy has been previously established.
4. Fail to advise the board if, in the EO's opinion, the board is not in compliance with its own policies on Governance Process and Board/Staff Linkage, particularly in the case of board behavior which is detrimental to the work relationship between the board and the EO.
5. Fail to marshal for the board as many staff and external points of view, issues and options as needed for fully informed board choices.
6. Present information in unnecessarily complex or lengthy form or in a form that fails to differentiate among information of three types:
 - a. monitoring
 - b. decision preparation (or "action item"); and
 - c. incidental/FYI.
7. Fail to provide a mechanism for official board, officer or committee communications.
8. Fail to deal with the board as a whole except when:
 - a. fulfilling individual requests for information, or
 - b. responding to officers or committees duly charged by the board.
9. Fail to supply for the consent agenda all items delegated to the EO yet required by law or contracts to be board-approved, along with the monitoring assurance pertaining thereto.

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.9

POLICY TITLE: *PROGRAMS / EVENTS / SERVICES LOGISTICS*

With respect to the programs/events produced and services provided by the organization, the EO shall not fail to ensure that these programs / events / services meet or exceed industry standards for excellence in programming, safety and participant / audience amenities.

Accordingly, he or she may not:

1. Fail to produce and implement an operational plan designed to ensure that the event(s) / services are well organized, are safe for all attendees, and run on schedule.
 - A. Production timelines are to be developed and maintained for all major events.
2. Allow Marketing Presentations at regularly scheduled General Membership meetings, except that a member may be provided a presentation opportunity for up to 30 minutes at a cost of \$500. Educational presentations may be made by Association members, at no cost, as long as the presentation does not include specific product offerings by that firm.
3. Fail to preserve the emphasis on the featured homes in the Tour of Homes event, and to assure that unfair marketing advantages are not given to a non-participating entity.
 - a. No Association member may advertise open house locations or advertise the addresses of homes for sale in the Tour of Homes Tabloid (exception: houses properly enrolled in the Tour of Homes event).
 - b. An Association member who has a recognized development concept and is the sole contractor for the development concept and who wishes to participate in the Tour of Homes, pays the initial home registration fee and may open more than one house during the Tour for viewing. No promotional effort will be given by the Association on additional homes without additional fees for those homes.
 - c. The Tour of Homes tabloid or magazine will be reserved for the advertising and promotion of CWHBA members only. Tour Builders, at their own discretion, may allow the non-member advertising and promotion opportunities at the Tour house to walk through traffic.
4. Fail to establish the following regular hours of operation for the CWHBA Service Center Office:
Monday through Friday, 8 a.m. to 5 p.m., with the following holidays: New Year's Eve and New Years Day, Memorial Day; July 4th, Labor Day, Thanksgiving Day and the day after Thanksgiving; Christmas Eve and Christmas Day.
5. Fail to produce and implement an operational plan designed to ensure that event(s) and services are well organized, are safe for all attendees, and run on schedule.

Revised 7/10/02

POLICY TYPE: EXECUTIVE LIMITATIONS

POLICY 2.10

POLICY TITLE: *CORPORATE SPONSORSHIPS*

With respect to development of revenue through, and strategic alliances with, corporate sponsors, the EO may not fail to plan for, develop and treat corporate sponsors of the Association in a professional manner.

Accordingly, the EO may not:

1. Fail to have in place a corporate sponsorship program for the association which outlines the sponsorship opportunities available, and the plan for sponsorship recognition for respective levels of investment.
2. Fail to insure that members are apprised of sponsorship opportunities prior to their being sold to non-members.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.0

POLICY TITLE: *GOVERNANCE - MANAGEMENT CONNECTION*

The board's sole connection to the operational organization, its achievements and conduct will be through an Executive Officer (EO).

- 3.1 Only decisions of the board, by majority vote, are binding on the EO.
- 3.2 The EO is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the EO.
- 3.3 The board will instruct the EO through written policies that prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the EO to use any reasonable interpretation of these policies.
- 3.4 Systematic and rigorous monitoring of EO job performance will be solely against the only expected EO job outputs: organizational accomplishment of board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.1

POLICY TITLE: *UNITY OF CONTROL*

Only decisions of the board, by majority vote, are binding on the EO.

Accordingly:

1. Decisions or instructions of individual board members, officers, or committees are not binding on the EO except in rare instances when the board has specifically authorized such exercise of authority.
2. In the case of board members or committees requesting information or assistance without board authorization, the EO can refuse such requests that require, in his/her opinion, a material amount of staff time or funds or is disruptive.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.2

POLICY TITLE: *ACCOUNTABILITY OF THE EO*

The EO is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the EO.

Accordingly:

1. The board will never give instructions to persons who report directly or indirectly to the EO.
2. The board will refrain from evaluating, either formally or informally, any staff other than the EO. Any discussion involving staff performance must be done in the presence of the EO.
3. The board will view EO performance as identical to organizational performance, so that organizational accomplishment of board stated Ends and avoidance of board-proscribed means will be viewed as successful EO performance.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.3

POLICY TITLE: *DELEGATION TO THE EO*

The board will instruct the EO through written policies that prescribe the organizational Ends to be achieved, and describe organizational situations and actions to be avoided, allowing the EO to use any reasonable interpretation of these policies.

Accordingly:

1. The board will develop and maintain policies instructing the EO to achieve certain results, for certain recipients at a specified cost. These policies will be developed systematically from the broadest, most general level to more defined levels, and will be called *Ends policies*.
2. The board will develop and maintain policies which limit the latitude the EO may exercise in choosing the organizational means. These policies will be developed systematically from the broadest, most general level to more defined levels, and they will be called *Executive Limitations policies*.
3. As long as the EO uses *any reasonable interpretation* of the board's Ends and Executive Limitations policies, the EO is authorized to establish all further policies, make all decisions, take all actions, establish all practices and develop all activities.
4. The board may change its Ends and Executive Limitations policies, thereby shifting the boundary between board and EO domains. By doing so, the board changes the latitude of choice given to the EO. However, as long as any particular delegation is in place, the board will respect and support the EO's choices.
5. Should the EO deem it necessary to, or inadvertently, violate a board policy, he or she shall promptly inform the board. Informing is simply to guarantee no violation may be intentionally kept from the board, not to request approval. Board response, either approving or disapproving, does not exempt the EO from subsequent board judgment of the action.

POLICY TYPE: BOARD/STAFF LINKAGE

POLICY 3.4

POLICY TITLE: *MONITORING EO PERFORMANCE*

Systematic and rigorous monitoring of EO job performance will be solely against the only expected EO job outputs: organizational accomplishment of board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations.

Accordingly:

1. Monitoring is simply to determine the degree to which board policies are being met. Data that do not do this will not be considered to be monitoring data.
2. The board will acquire monitoring data by one of two methods:
 - a. by internal report, in which the EO discloses compliance information to the board
 - b. by direct board inspection, in which a designated member or members of the board assess compliance with the appropriate policy criteria.
3. In every case, the standard for compliance shall be *any reasonable EO interpretation* of the board policy being monitored.
4. All policies which instruct the EO will be monitored at a frequency and by a method chosen by the board. The board can monitor any policy at any time by any method, but will ordinarily depend on a routine schedule.

GOVERNING POLICY OF THE CWHBA BOARD OF DIRECTORS

Ends Policies Monitoring Schedule

<i>Policy</i>	<i>Method</i>	<i>Frequency</i>	<i>Schedule</i>
2.0 <i>General Executive Constraint</i>	<i>Internal</i>	<i>Annually</i>	<i>September</i>
2.1 <i>Treatment of members/customers</i>	<i>Internal</i>	<i>Annually</i>	<i>May</i>
2.2 <i>Treatment of Staff</i>	<i>Internal</i>	<i>Annually</i>	<i>July</i>
2.3 <i>Financial Planning/Budgeting</i>	<i>Internal</i>	<i>Quarterly</i>	<i>April/July/Oct./January</i>
2.4 <i>Financial Condition & Activities</i>	<i>Internal</i>	<i>Quarterly</i>	<i>April/July/Oct./January</i>
<i>Audit and/or Financial Review</i>	<i>External</i>	<i>Annually</i>	<i>May-June</i>
2.5 <i>Asset Protection</i>	<i>Internal</i>	<i>Annually</i>	<i>June</i>
2.6 <i>Emergency EO Succession</i>	<i>Internal</i>	<i>Annually</i>	<i>April</i>
2.7 <i>Compensation & Benefits</i>	<i>Internal</i>	<i>Annually</i>	<i>November</i>
2.8 <i>Board Awareness & Support</i>	<i>Direct Inspection</i>	<i>Annually</i>	<i>March</i>
2.9 <i>Programs/Events/Services/Logistics</i>	<i>Internal</i>	<i>Annually</i>	<i>August</i>
2.10 <i>Corporate Sponsorships</i>	<i>Internal</i>	<i>Annually</i>	<i>October</i>

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.0

POLICY TITLE: *GOVERNANCE COMMITMENT*

The purpose of the board, on behalf of the Membership, is to see to it that the CWHBA (1) achieves appropriate results for appropriate recipients at an optimal cost, *and* (2) avoids unacceptable actions and situations.

- 4.1 The board will govern with an emphasis on (a) mission and vision; (b) integrity and truthfulness in all methods and practices; (c) outward vision rather than an internal preoccupation, (d) encouragement of diversity in viewpoints, (e) strategic leadership rather than administrative detail, (f) clear distinction of board and EO roles, (g) collective rather than individual decisions, (h) future rather than past or present, and (i) proactivity rather than reactivity.
- 4.2 The Board assumes full responsibility for ongoing and rigorous examination, debate and, revision of its policies. The establishment and maintenance of these policy “products” from value considerations and board member perspectives is the essence of the Board’s role as an outward-looking and future-oriented governing body.
- 4.3 The primary contribution and role of the board is to represent the Membership in determining and demanding appropriate organizational performance. Therefore, recognizing the fact that the board has its own distinct role in and contributions to the organization, this policy outlines the specific job products for which the board assumes responsibility.
- 4.4 To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda that (1) completes a reexploration of Ends policies annually and (2) continually improves board performance through board education, enriched input and deliberation.
- 4.5 The President assures the integrity of the board’s process and, secondarily, represents the board to outside parties.
- 4.6 The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.
- 4.7 The leadership success of the board is a direct result of the individual and collective participation of its members.
- 4.8 Board committees, when used, will be assigned to reinforce the wholeness of the board’s job and never to interfere with delegation from board to EO.
- 4.9 A committee is a board committee only if its existence and charge come from the board, regardless of whether board members sit on the committee. The only board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. The EO or his or her designee will serve as a non-voting member of each committee.

GOVERNING POLICY OF THE CWHBA BOARD OF DIRECTORS

- 4.10 The board aims to maintain a size of 16 members. The Nominating Committee will properly screen and nominate, for board consideration, a slate of individuals to fill vacancies on the board.
- 4.11 Because poor governance can cost the organization far more than good governance, the board will invest in its governance capacity
- 4.12 The CWHBA Board of Directors establishes the following policy regarding “Reserve Funds,”- see policy 4.3 Reserve Funds.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.1

POLICY TITLE: *GOVERNING STYLE & VALUES*

The board will govern with an emphasis on (a) mission and vision; (b) integrity and truthfulness in all methods and practices; (c) outward vision rather than an internal preoccupation, (d) encouragement of diversity in viewpoints, (e) strategic leadership rather than administrative detail, (f) clear distinction of board and EO roles, (g) collective rather than individual decisions, (h) future rather than past or present, and (i) proactivity rather than reactivity.

Accordingly:

1. The board will not allow any activity or circumstance that is unlawful, imprudent, in violation of commonly accepted business and professional ethics, or in violation of the Bylaws of the National Association of Home Builders and/or the Building Industry Association of Washington.
2. The organization's activities, with the exception of personnel or other matters of a sensitive nature, shall be open and accessible to scrutiny by its members.
3. The board will cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be the primary initiator of policy, not merely a reactor to staff initiatives. The board will use the expertise of individual members to enhance the ability of the board as a body, rather than to substitute the individual judgments for the board's values. The board will allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling board commitments.
4. The board will direct, control and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives about ends to be achieved and means to be avoided. The board's major policy focus will be on the intended long-term impacts outside the organization, not on the administrative or programmatic means of attaining those effects.
5. The board will enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuance of governance capability. Continual board development will include orientation of new board members in the board's governance process and periodic board discussion of process improvement.
6. The board will monitor and discuss the board's process and performance at each meeting. Self-monitoring will include comparison of board activity and discipline to policies in the Governance Process and Board/Staff Linkage categories.
7. Each member of the board will support the final determination of the board concerning any particular matter, irrespective of the member's personal position concerning such matter.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.2

POLICY TITLE: *POLICY-MAKING PRINCIPLES*

The Board assumes full responsibility for ongoing and rigorous examination, debate and, revision of its policies. The establishment and maintenance of these policy “products” from value considerations and board member perspectives is the essence of the Board’s role as an outward-looking and future-oriented governing body.

Accordingly:

1. All policies of the board are contained in this document, and they remain in effect, unless amended or deleted by board action.
2. Ends policies are results-based. Thus, their revision as well as the development of new Ends policies will be a continuing priority of the board.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.3

POLICY TITLE: *BOARD JOB DESCRIPTION / PRODUCTS*

The primary contribution and role of the board is to represent the Membership in determining and demanding appropriate organizational performance. Therefore, recognizing the fact that the board has its own distinct role in and contributions to the organization, this policy outlines the specific job products for which the board assumes responsibility.

Accordingly:

1. The board will produce the linkage between the organization and the membership (the population on whose behalf the board serves as trustee).
 - A. Needs Assessment: The board will strive to identify the needs of the ownership as they relate to the organization's activities and scope of influence, and shall translate such knowledge into the articulation of Ends policies.
 - B. Advocacy: The board will act as the representatives of the organization to the membership, and shall take steps to inform the membership of the organization's focus on future results, and present accomplishments.
2. The board will produce written governing policies that, at the broadest levels, address each category of organizational decision:
 - A. ENDS: Organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).
 - B. EXECUTIVE LIMITATIONS: Constraints on executive authority which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - C. GOVERNANCE PROCESS: Specifies how the board conceives, carries out and monitors its own task.
 - D. BOARD/STAFF LINKAGE: How power is delegated and its proper use monitored; the EO role, authority and accountability.
3. The board will assure effective EO performance (against policies in 2A and 2B).
4. The board will identify and seek to affect legislative and regulatory change as it deems necessary and/or appropriate on behalf of the membership.
5. The board will nominate directors to BIAW and NAHB subject to approval by the membership at the Annual Meeting.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.4

POLICY TITLE: *AGENDA PLANNING*

To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda that (1) completes a reexploration of Ends policies annually and (2) continually improves board performance through board education, enriched input and deliberation.

Accordingly:

1. The cycle will conclude each year on the last day of September so that administrative planning and budgeting can be based on accomplishing a one-year segment of the board's most recent statement of long term Ends.
2. The cycle will start with the board's development of its agenda for the next year.
 - A. Methods of gaining the membership's input, governance education, and education related to Ends determination, (e.g. presentations by futurists, advocacy groups, demographers, other providers, staff, etc.) will be arranged in the first quarter of the board's annual planning cycle, (October to December) to be held during the balance of the year.
 - B. The President is encouraged, at the commencement of the board's annual planning cycle, to prepare a tentative agenda for the following year's meetings. The agenda for any particular meeting will be determined by the President, although board members are encouraged to recommend any appropriate matters for board consideration.
 - i. Any board member desiring to recommend any matter for board discussion will advise the President of such matter at least ten (10) days prior to the scheduled board meeting.
 - ii. The meeting agenda and packet are to be distributed to the board at least eight (8) days prior to the scheduled board meeting.
 - iii. By an affirmative vote of a majority of the members of the board, or of those present at a meeting, additional matters may be added to the agenda of any board meeting.
 - iv. State/National Directors are expected to keep the board apprised of matters of importance to the Association on a timely basis regarding state or national issues.
3. Throughout the year, the board will attend to consent agenda items (those items delegated to the EO yet required by law or contract to be board-approved) as expeditiously as possible.
 - A. Removal of an item from the consent agenda requires a motion and approval by a majority of those in attendance at a given board meeting.
4. EO monitoring will be included on the agenda if monitoring reports or other data indicate policy violations, or if policy criteria are to be debated.
5. EO compensation will be decided after a review of monitoring reports received in the last year during the month of September, effective January 1st.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.5

POLICY TITLE: *PRESIDENT'S ROLE*

The President assures the integrity of the board's process and, secondarily, represents the board to outside parties.

Accordingly:

1. The job result of the President is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
 - A. Meeting discussion content will be only those issues which, according to board policy, clearly belong to the board to decide, not the EO.
 - B. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept to the point.
2. The President is authorized to make decisions that fall within topics covered by board policies on Governance Process and Board/Staff Linkage, except where the board specifically delegates portions of this authority to others. The President is authorized to use any reasonable interpretation of the provisions in these policies.
 - A. The President is empowered to chair board meetings with all the commonly accepted power of that position (e.g. ruling, recognizing).
 - B. The President has no authority to make decisions about policies created by the board within Ends and Executive Limitations policy areas. Therefore, the President has no authority to supervise, direct, hire or terminate the EO.
 - C. The President may represent the board to outside parties in announcing board-stated positions and in stating President decisions and interpretations within the area delegated to her or him.
 - D. The President may delegate this authority but remains accountable for its use.
 - E. The President may appoint members and a Chair for each board committee, unless otherwise stipulated by board policies or the organization's bylaws.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.6

POLICY TITLE: *BOARD MEMBERS' CODE OF CONDUCT*

The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

Accordingly:

1. Board members must represent unconflicted loyalty to the interests of the membership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any board member acting as a consumer of the organization's services.
2. Board members must avoid conflict of interest with respect to their fiduciary responsibility.
 - A. There must be no self-dealing or any conduct of private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information.
 - B. When the board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall disclose the conflict and shall absent herself or himself without comment from not only the vote but also from the deliberation.
 - C. Board members must not use their positions to obtain staff employment for themselves, family members or close associates. Should a board member seek staff employment, he or she must first resign. If applying for the EO position, the board member must take a leave of absence from the board.
 - D. Board members will annually disclose their involvements with other organizations, with vendors, or any other associations that might produce a conflict. A "Conflict of Interest" form will be signed annually by individual board members and retained by EO.
3. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies.
 - A. Board members' interaction with the EO or with staff must recognize the lack of authority vested in individuals except when explicitly board authorized.
 - B. Board members' interaction with public, media or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
 - C. Board members will give no consequence or voice to individual judgments of EO or staff performance.
4. Board members will respect the confidentiality appropriate to issues of a sensitive nature.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.7

POLICY TITLE: *DIRECTORS' INDIVIDUAL RESPONSIBILITIES*

The leadership success of the board is a direct result of the individual and collective participation of its members.

Therefore, each board member is expected to participate in the following ways:

1. Attendance - As board contemplation, deliberation and decision-making are processes which require wholeness, collaboration and participation, attendance at board meetings is required of board members.
 - A. Absence from three consecutive or a total of four (4) regular meetings per elective year shall constitute a resignation of that Director from the board. For purposes of this policy, the annual Board retreat shall be considered a regular meeting.
2. Preparation and Participation - Board members will prepare for board and committee meetings and will participate productively in discussions, always within the boundaries of discipline established by the board. Each member will contribute his or her own knowledge, skills and expertise to the board's efforts to fulfill its responsibilities.
3. Members as Individuals - the EO is accountable only to the board as an organization, and not to individual board members. Accordingly, the relationship between the EO and individual members of the board, including the President, is collegial, not hierarchical.
4. Voluntarism - As the functioning and success of the organization depend largely on the involvement and dedication of member volunteers, board members are required to serve as volunteers on at least one operating committee. In view of the EO's responsibility for operational activities and results, members of the board choosing, as individuals, to act as operational volunteers are subject to the direct supervision of the EO or responsible staff person.
5. Members in Good Standing - As board members are trustees representing the organization within its community/industry, members are expected to remain in good standing within the community/industry.
6. Board members are encouraged to attend all events and participate in at least one major* event produced by the Association.
 - Home & Garden Show™
 - Dozer Day®
 - Tour of Homes™
 - CWHBA Golf Classic
 - Installation/Awards Dinner
 - Serve as State or National Director Representative

GENERAL BOARD GUIDELINES

“The Board Governs, the Staff Manages”

Governance:

- Volunteer leaders are responsible for the direction and future of the organization.
- The board acts and thinks strategically, setting goals and strategies for the future with input from members, stakeholders and committees.
- The board continuously conducts an environmental scan.
- The Board avoids micromanagement of the organization, maintaining focus on mission, vision, values and goals in accordance with the CWHBA Policies.

Management: Paid staff is responsible for the administration of the organization. Staff act as partners to the board, advancing the goals and strategies, while taking care of the daily administrative needs unique to non-profit organizations.

The Board - Staff Pledge

The board and staff works together to 1) *add value*, 2) *make a difference* and 3) *protect the organization*.

Board of Directors will...

- Prepare for and attend meetings.
- Govern strategically.
- Make knowledge-based decisions.
- Support the decisions of the board.
- Respect confidentiality.
- Not impede committees or staff.
- Respect diversity and new ideas.
- Avoid conflicts of interest and personal agendas.
- Promote membership, sponsorship and activities.

Management Staff will...

- Follow laws and governing documents.
- Apply excellence in carrying out responsibilities.
- Provide accurate, concise reports.
- Respond in a timely manner.
- Respect and assist volunteer leaders.

Board Legal Duties

- *Duty of Care* requires leaders to use responsible care and good judgment in making their decisions on behalf of the interests of the whole organization.
- *Duty of Loyalty* requires leaders to be faithful to the organization, avoiding conflicts of interest.
- *Duty of Obedience* requires leaders to comply with the governing documents.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.8

POLICY TITLE: *BOARD COMMITTEE PRINCIPLES*

Board committees, when used, will be assigned to reinforce the wholeness of the board's job and never to interfere with delegation from board to EO.

Accordingly:

1. Board committees are to help the board do its job, never to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation, or in undertaking activities not delegated to the EO. In keeping with the board's broader focus, board committees will normally not have direct dealings with current staff operations.
2. Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the EO.
3. Board committees cannot exercise authority over staff. Because the EO works for the full board, he or she will not be expected to obtain approval of a board committee before an executive action.
4. Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore, a board committee which has helped the board create policy on some topic will not be used to monitor organizational performance on that same subject.
5. Committees will be used sparingly and ordinarily in an ad hoc capacity. Each Board committee shall be assigned specific goals to be accomplished, within the limits of its authority.
6. This policy applies to any group which is formed by board action, whether or not it is called a committee and regardless of whether the group includes board members. It does not apply to committees formed under the authority of the EO.

POLICY TYPE: GOVERNANCE PROCESS**POLICY 4.9****POLICY TITLE: *BOARD COMMITTEE STRUCTURE***

A committee is a board committee only if its existence and charge come from the board, regardless of whether board members sit on the committee. The only board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete. The EO, or his/her designee will serve as a non-voting member of each committee. Board Committee Chairs will be appointed November and the Committees members will be established December.

1. Nominating Committee –

- A. Product: Properly screened slate of potential board members.
- B. Composition: President, President Elect and 3 at large members.

2. Finance Committee (Investment & Budget)

- A. Product: (Investment) - recommendations for board consideration regarding the management of investments, and recommendations regarding changes to established investment policy.

Product: (Audit) - specification of scope of audit or financial review and engagement of auditor -- Selected by April 1st of the subsequent year.
- B. **Authority** Investment: Audit cost and staff time to be approved by the Board.
Authority Audit:
- C. Composition: Treasurer (Committee Chair), President Elect and up to 3 at large members appointed by the Treasurer

3. Membership Committee -

- A. Product: On-going creation and review of programs to create a closer link between the board and the membership, and regular reports to the board on information gathered.
- B. Authority: Cost and staff time to be approved by the Board.
- C. Composition: Committee Chair and at least 2 members at large with open participation on the committee from the general membership.

4. Governmental Affairs Committee -

- A. Product: Recommendations brought to the board for consideration regarding positions on political and regulatory issues affecting the industry.
- B. Authority: Cost and staff time to be approved by the Board.
- C. Composition: Committee Chair at least 2 members at large with open participation on the committee from the general membership.

5. Education Committee –

- A. PRODUCT: Identify the type of information/education the membership desires in order for them to achieve a higher level of success.
- B. Authority: Cost and staff time to be approved by the Board.
- C. Composition: Committee Chair and at least 2 members at large with open participation on the committee from the general membership.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.10 POLICY TITLE: *BOARD SIZE, ELECTION OF OFFICERS & TERM LIMITS*

The board aims to maintain a size of 16 members. Every Board member is eligible for consideration by the Board as a candidate for Officer positions, according to CWHBA bylaws Article V, Section 2, unless they withdraw in writing prior to the election of Officers at the June Board meeting. The Nominating Committee will properly screen and nominate, for board consideration, a slate of individuals to fill vacancies on the board.

Accordingly:

1. The Nominating Committee will be chaired by the President-Elect. Other members will include the president and three members to be elected annually by the board. The latter three members may not include any current board members who, at the conclusion of the current fiscal year, are up for renomination.
2. The Nominating Committee shall put forth a slate of prospective directors, as stipulated in the Bylaws.
3. During July and August, the Nominating Committee will solicit suggestions from the board/membership for Director nominations.
4. Unless removed in accordance with the bylaws, each director shall hold office for a three year term and until his successor has been elected and qualified. Non officer-directors may not serve more than two consecutive three-year terms on the board of directors. When a director is elected or appointed by the Board of Directors as an officer, his position as director is deemed vacant and his unexpired term shall be filled at the next annual meeting in accordance with the CWHBA Bylaws; Article IV, Section 2.
5. Members who serve two (2) consecutive three- year terms may be nominated for board membership again after spending a minimum of one year as a non-member of the board.
6. Re-nomination/nomination of board members may be based upon such factors as the Nominating Committee deems appropriate, including a prospective board member's personal knowledge, skills, demonstrated leadership and commitment to the organization, professional relationships, professional associations and, for existing board members, fulfillment of individual directors' responsibilities. In addition, as the organization's needs may change over time, it is expected that the Nominating Committee may find it necessary to replace at least some members whose current terms are expiring with individuals who may better satisfy such needs. Accordingly, no member should expect to be renominated at the end of his or her term.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.11

POLICY TITLE: *COST OF GOVERNANCE*

Because poor governance can cost the organization far more than good governance, the board will invest in its governance capacity.

Accordingly:

1. Board skills, methods, and supports will be sufficient to assure governing with excellence.
 - A. Training and retraining will be used appropriately and as needed to orient new board members and candidates for board membership, as well as to maintain and increase existing member skills and understandings.
 - B. Outside monitoring assistance will be arranged so that the board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.
 - C. Outreach mechanisms will be used as needed to ensure the board's ability to listen to member viewpoints and values.
2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.
 - A. Up to \$10,000 in fiscal year for board training, including publications.
 - B. Up to - \$35,000 in fiscal year for board member travel/reimbursements (attendance at conferences, workshops, etc.)
 - i. *State Director Travel Allowance – With appropriate documentation, State Directors will be reimbursed for the actual cost of gas, hotel accommodations, meeting registration fees and meals.*
 - ii. *National Director Travel Allowance – Budget of up to \$5,000 per position. With appropriate documentation, National Directors will be reimbursed for the actual cost of airfare/car rental/mileage, hotel accommodations, meeting registration fees and meals.*
 - C. Up to - \$5,500 over a rolling 3-year period - for Audit and other third-party monitoring of organizational performance.
3. The board will establish its Cost of Governance budget for the next fiscal year each year during the month of September.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.12

POLICY TITLE: *INVESTMENT POLICY*

This statement is set forth in order to establish the investment Policies, Guidelines and Objectives for the assets of the association and to provide the **Finance Committee (Investment & Budget)** investment manager with a basis for understanding the investment process and ongoing evaluation of the investment performance.

PURPOSE:

1. Assure the assets are invested productively.
2. Define an investment philosophy that allows for sufficient flexibility in the management process to capture investment opportunities as they may occur, while providing reasonable parameters to ensure prudence and care in the execution of the investment program.
3. Develop guidelines for the investment managers, to ensure that assets are being managed in accordance with investment policies and objectives.
4. Create investment objectives as a comparative basis of ongoing Board of Directors monitoring and evaluation of actual results being achieved.

SUMMARY OF INVESTMENT PHILOSOPHY

The purpose of maintaining investment portfolio is to:

1. Preserve the assets of the organization.
2. Generate income for operations to replace unexpected losses of revenues.
3. Provide a foundation for the continued growth of the organization.
4. Provide liquidity for operations.
5. Assure all cash is working for CWHBA.

POLICY

1. The **Finance Committee (Investment & Budget)** is charged with responsibility for the assets and shall discharge their duties, with the care, skill, prudence and diligence under the circumstance thus prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of similar character and goals.
2. The investment policies, guidelines and objectives established by the Board of Directors, shall be based on annually reviewed, strategic, long-term investment program developed from an ongoing analysis of capital market investment opportunities, and the potential risk/return impact on plan assets.
3. Allocation of assets to investments shall be guided by the concept of prudent risk-taking, which recognizes the fundamental need to achieve real (inflation-adjusted) growth of principal value, while preserving capital by avoiding undue risk. Assets shall therefore be allocated to stock, bond and cash investments in a diversified, balanced structure, that will seek maximization of the total return (capital appreciation + income), while controlling risk. as outlined in **Investment Guidelines**.
4. This statement may be changed at any time by the Board of Directors and shall be reviewed at least annually.

INVESTMENT MANAGEMENT

1. The **Finance Committee (Investment & Budget)** is authorized to engage the services of registered investment managers who, after detailed review by the **Finance Committee (Investment & Budget)**, are deemed to possess the necessary qualifications to professionally manage the assets, in accordance with these Policies, Guidelines and Objectives.
2. At any time deemed necessary, the Investment Committee may withdraw from or reallocate the assets between managers, or terminate the use of an investment manager.
3. The investment managers are delegated with authority and responsible for making all investment decisions regarding the assets allotted, subject to any general guidelines and/or specific limitations set forth in the Statement.
4. Investment manager performance results, risk levels and management process will be monitored and evaluated by the Finance Committee to ensure conformity to policies, guidelines and objectives.

INVESTMENT GUIDELINES

1. Investment allocation of the assets shall be sufficiently diversified among classes of investments and management strategies to avoid undue risk of concentration.
2. Allocation of the assets shall be expressed and reviewed by the Finance Committee in terms of classes of investments, with ranges for each class to provide sufficient flexibility to accommodate short-term market fluctuations and investment opportunities.

The following table summarizes allocations for each class as adopted by the **Finance Committee (Investment & Budget)**.

<u>CLASS</u>	<u>TARGET</u>
Equities (U.S)	20 – 60%
Fixed Income	10 – 40%
Cash & Equivalents	00 – 30%
Equities (Non U.S.)	00 – 30%
Guaranteed Fixed-Rate Investments	00 – 30%

3. To balance and maintain the overall asset allocation against target, the **Finance Committee (Investment & Budget)** will allocate investments among asset classes that have fallen outside of percentages due to capital market fluctuations.
4. At least once a year, or whenever deemed necessary, the **Finance Committee (Investment & Budget)** shall formally review the adopted asset allocation to ensure that the asset mix is achieving the long-term investment objectives in relation to the prevailing capital market conditions, and the levels of assumed investment risk.
5. The following items are expressly approved for investment purposes:
 - Common Stock (U.S. and International)
 - Preferred Stock (U.S. and International)
 - Corporate Bonds (BAA or better) (U.S. and International)
 - U.S. Government Securities
 - Commercial Paper
 - Convertible Securities
 - Money Market Funds
 - CD & Money Market accounts at banks
 - Bank Sweep Accounts
6. Securities selected for inclusion in the portfolio must have a readily ascertainable market value and must be readily marketable.

INVESTMENT OBJECTIVES

Achieve over a (rolling forward) 3-year period

1. An absolute (average annual) 7% total rate of return.
2. Risk tolerance should be low to moderate.
3. All return objectives are net of investment management fees and trading costs.

MEASUREMENT OF PERFORMANCE

To ensure conformity to Policies & Guidelines and progress relative to Objectives...

1. Performance will be measured annually, and more often if deemed necessary, on a time weighted rate of return basis for the results, as well as individual investment manager's results.
2. Performance will be related to the objectives and capital market indices returns, with consideration given to risk/return relationships.
3. A complete market cycle (5 years) will be the time horizon considered appropriate as it pertains to performance review for each individual manager.

ADMINISTRATION

1. The **Finance Committee (Investment & Budget)** shall administer the investments at the lowest possible cost, without sacrificing quality of results.
2. The **Finance Committee (Investment & Budget)** may retain the service of investment consultants if deemed of benefit to the Plan.

POLICY TYPE: GOVERNANCE PROCESS

POLICY 4.13

POLICY TITLE: *RESERVE FUNDS*

The CWHBA Board of Directors establishes the following policy regarding “Reserve Funds”.

1. **PURPOSE:** CWHBA realizes that its focus for cash flow needs to be looked at over several time horizons. In turn, we have created different reserve funds to focus on the different needs of each time horizon. Their purpose is as follows:

- A. Preserve the assets of the organization
- B. Generate income for operations to replace unexpected losses of revenues
- C. Provide a foundation for the continued growth of the organization
- D. Provide liquidity for operations
- E. Assure all cash is working for CWHBA

2. **DEFINITIONS:** RESERVES are defined as “all unrestricted net assets of the organization”.

Operating Reserve: Supplements cash flow squeezes brought about by seasonal income and expense fluctuations.

Short-term Reserve: To launch new programs or to provide for on-time capital additions that are not otherwise budgeted as an operational expense.

Long-term Reserve: Ensures the ongoing existence of CWHBA by covering the loss of a core funding source, a major restructuring or some other significant event. These reserves can be both liquid and non-liquid.

3. **INVESTMENT OF FUNDS:** The **Finance Committee (Investment & Budget)** will be responsible to the Board of Directors to make sure that all investments comply with the Investment Policy. The Committee will also be responsible to monitor the growth of each Reserve Fund and to make changes as they determine is in the best interest of CWHBA. Actions of this committee will be reported to the Board of Directors on a regular basis.

The **Finance Committee (Investment & Budget)** shall authorize investments by adhering to specific criteria recommended by this Policy. It shall be the responsibility of the Committee to have sufficient allowable investments maturing to meet CWHBA’s financial obligations in a timely manner.

- A. Short-term Reserve: At least 50% of this fund will be available within 6 months.
- B. Long-term Reserve: All capital long-term reserves must be invested according to the Investment Policy.

4. **GOAL:** To build and maintain the total Reserve Fund to a minimum level of 150% of CWHBA’s annual operating budget. The relationship between the goal and the operating budget will remain constant. As the operating budget grows, the reserve volume will grow at minimum rate of one and a half times.

The following represents an estimate of where reserves would be if they were fully funded at this time:

GOVERNING POLICY OF THE CWHBA BOARD OF DIRECTORS

Operational Reserve:	8.33%
Short-term Reserve:	16.66%
Long-term Reserve:	30.83% (investments)
Long-term Reserve:	44.16% (property)

150% of a \$1,000,000 operating budget (\$1,500,000)

5. SOURCES OF FUNDING:

- A. Amendment of the budget policy: The annual operating budget – shall attempt to provide for a 5% contribution to Reserve fund.
- B. Additional revenues over expenses plus depreciation expense for each fiscal year shall be allocated: 50 % to Operating Reserve and split remaining 50% between Short and Long term Reserves.
- C. Operational Reserve will be funded from the existing Line of Credit (LOC) as needed
The Committee will review this situation prior to the budget presentation

6. USE OF RESERVE FUNDS: The Board of Directors authorizes the EO to utilize only the operating reserve amount that is found in CWHBA’s main checking and sweep account. The Board also has the option to establish a revolving Line of Credit for \$100,000 that may be used to fund extreme short- term cash crunches. The Board must approve expenditures from the Short-term Reserve, the Long-term Reserve, and the Board-Designated Reserve. If any of these reserve funds are used, the **Finance Committee (Investment & Budget)**, with input from the Board, will develop a plan (with a timeline) to build the fund back to the required level.

7. MONITORING AND REVISION: The **Finance Committee (Investment & Budget)** will monitor the growth, investment, and use of the total Reserve Fund as well as CWHBA’s ability to meet its operating budget each year. The Committee will review the Reserve Policy every annually, and recommend changes as appropriate. Changes could include policies for asset allocation to grow the Reserve fund for the long term, additional investment options, increases or decreases in the goal for the percentage of budget needed in the Fund, proposals for other types of Reserve funds, or other changes or financial policies as needed. The Board of Directors is the ultimate authority over the Reserves of CWHBA.