

Hartford Area Habitat for Humanity Board of Directors Meeting

Tuesday, September 3, 2019 5:30-7:30 PM

CT Nonprofit Center 75 Charter Oak Avenue Hartford

Building 1 Conference Room

- I. Meeting Called to Order by Mark Vasington, Board Chair 5:30pm-5:40pm**
 - a. Consent Agenda-Anne Hamilton, Secretary
 - b. Please review Finance Dashboards-no presentation by staff but will answer any questions during the meeting.

- II. Attorney Jeff McChristian, Foreclosure Discussion 5:45pm-6:45pm**
 - a. Overview of our Policy and Practice-Tracy Thomas (5 minutes)
 - b. Managing the Mortgage Portfolio-Karraine Moody (5 minutes)
 - c. Referral of non-responsive accounts to Attorney McChristian (20 minutes)
 - d. Group Discussion (15 minutes)
 - e. What the board can expect in 2020-Karraine Moody

- III. Operations Overview and Milestones (see info sheet and calendar invites to follow)**
 - a. September 28 –Noon to 4:00pm Main Street Dedication/ 30th Anniversary Picnic
 - b. October 30-Corporate Breakfast and Info-session
 - c. November 2-Clive Rainey visiting Hartford Habitat
 - d. December 3-Board Meeting 5:30pm
 - e. December 17-Board and Staff Holiday Social at Pond House-Elizabeth Park

- IV. Follow up on Committee Goals for 2019 and 2020**
 - a. Governance and Nomination Process
 - b. Development
 - c. Finance
 - d. Task force to work on proposed affiliate expansion into Tolland County
 - e. Officers for 2020 (proposed slate Mark Vasington-Chair, Bildade Augustin-Vice Chair, Crystal Floyd-Treasurer, Anne Hamilton-Secretary)

- V. Executive Session** **7:30-8:00pm**

CONSENT AGENDA

Hartford Area Habitat

Board of Directors Meeting

June 18, 2019

Present: Augustine, Brown, Bjorkman, Carabase, Cheeks, Daigle, Dwivedi, Ebersol, Floyd, Hamilton, Hernandez, Rich, Rivera, Sugerman, Symonette, Vasington,

Staff: Moody, Roy

A motion was made by Eric and seconded by Luke to approve the consent agenda. The motion passed unanimously.

Board members discussed the proposed 2020 budget.

Karraine noted that in prior years, we depended heavily on public money, though we have been anticipating a change. We have been subsidizing our builds grants of up to \$600,000 a year, but with funding disappearing, we had to decide this year whether to go ahead and build or cut back. We decided to keep going and build and try to maintain the mission in a financially responsible way.

Another trend is that in Hartford, there is a lack of buildable land – due to zoning requirements and a desire by the city to put up multi-family buildings. The reality is that the opportunity to build single family houses in Hartford is declining, leading us to focus on rehabs, ABWK and repairs in the future.

We have to keep a presence in Hartford, but we are going to transition out of new building given the current economics, unless there is a unique situation(s). However, the lack of public funds and the fact that we are currently losing money on building new houses in Hartford make it necessary to change our strategies to focus more on suburbs, rehabs and recycles. We are the largest affiliate in CT, so any comparisons must be made to out-of-state affiliates, and for affiliates of our size, these are the conversations that are happening around the country. We have been fortunate for 15 years, but circumstances have changed. Mission and finances have always been at odds.

We may need to adjust our Strategic Plan to reflect current reality.

Our current long range goal was to have an 80-20 mix, Hartford to suburban building, but both the lack of land and the fact that we lose money when we build in Hartford has made that goal impossible to sustain.

We have at present no plans to build anything new in Hartford outside of Main Street, but sponsors have been introduced to the idea of underwriting rehabs. We haven't built a house in 15 years without government funding, so Main Street is a first. The loss corresponds almost exactly to the lack of public grants, and the narrative is compelling.

We have no realistic expectations of receiving any public money except some minor grants of \$12,000, which will have few restrictions. We get no money from surrounding towns, but they are much easier to deal with.

A motion to approve the 2020 budget was made by Anne and seconded by Billie and approved unanimously.

The house on Roosevelt Street was dedicated May 31. It is our first zero energy home and we got a lot of media coverage. The cost of the house was \$215,000; the approximately \$20,000 in additional costs was donated or was an in-kind contribution, and we are working with vendors to see if we can duplicate this in the future.

Minutes for Finance Committee August 20, 2019 8:00am at 75 Charter Oak Ave.

Attendees: Mark Vasington, Crystal Floyd, Karraine Moody, Mike DeRoy.

Call in participants: Luke Ebersold, Anne Hamilton, Ryan Jason, Bildade Augustin

The updated Cash available for June 30, 2019 was \$874,830, and though it declined to \$634,686 for July 31, 2019, two mortgages were sold this week and the total proceeds were \$248,000.

A review of the Key Indicator report noted the well-documented and anticipated variance in Grant Income. Most other line items were favorable compared to budget. Restore was over budget in expenses which is expected when sales goals were exceeded. Mortgage sales in number and proceeds were just off due to the delayed sales to CHFA that occurred this week, rather than in June.

A couple items were noted on the June 30, 2019 Budget vs Actuals: Technology was \$14,824 over budget associated to the transition and purchase of a new fundraising software solution and decommissioning of the server. Also, prior to the audit, we wrote down uncollectible small mortgage balances.

The audit has started this week. Since there are known (and budgeted) book losses on the sale of the six Main Street homes in FYE 6/30/2020, it is likely some of those known losses will be recorded in FYE 6/30/2019, so our financial results and assets are not overstated. This is based on Generally Accepted Accounting Principles.

Lastly, the plan to seek a Line of Credit to bridge the gap between the costs of home construction and mortgage closings and mortgage sales is underway. And Karraine discussed the \$37,500 resolution of a claim with Greater Bristol Realty Corporation for repayment of funds that were loaned in 2014 for land purchased and homes built in Bristol.

FINANCE DASHBOARDS

Account Purpose	Operating Accounts	07/31/19
Current revenue, expenses and payroll	Checking - Windsor Federal & Sweep Acct.	119,606
Collection of Mortgage payments	Checking - United Bank	642,686
Mobile Credit Card Processing for Events	Checking - Key Bank	0
Shop Loan- Immediate EFT to WFS upon receipt	Windsor Federal HUD/SHOP-0429	300
Miscellaneous	Checking - Webster	0
Current revenue, expenses and payroll and repayment to General Fund	ReStore Operating Cash	121,770
		<hr/>
		884,362 Liquid Cash
		<hr/>
		(249,738) Temporarily Restricted Net Assets
		<hr/>
		Cash Available for non-building Operations
		634,624 (\$125,000 to \$150,000 is approx. one month of operations)
		<hr/>
		Sold mortgages to CHFA current cash is at 882K
		<hr/>
		265,673
		<hr/>
		1,150,035
		<hr/>
Required Collateral for ReStore Loan (LOAN BALANCE = \$312,000)	CD - Windsor Federal ReStore Collateral	
	Total Cash & Cash Equivalents	

Cash Available for non-building Operations:

July 31, 2018	383,308
August 31, 2018	751,077
September 30, 2018	619,887
October 31, 2018	847,965
November 30, 2018	735,463
December 31, 2018	1,049,098
January 31, 2019	904,853
February 28, 2019	636,190
March 31, 2019	527,454
April 30, 2019	933,990
May 31, 2019	874,648
June 30, 2019	874,830

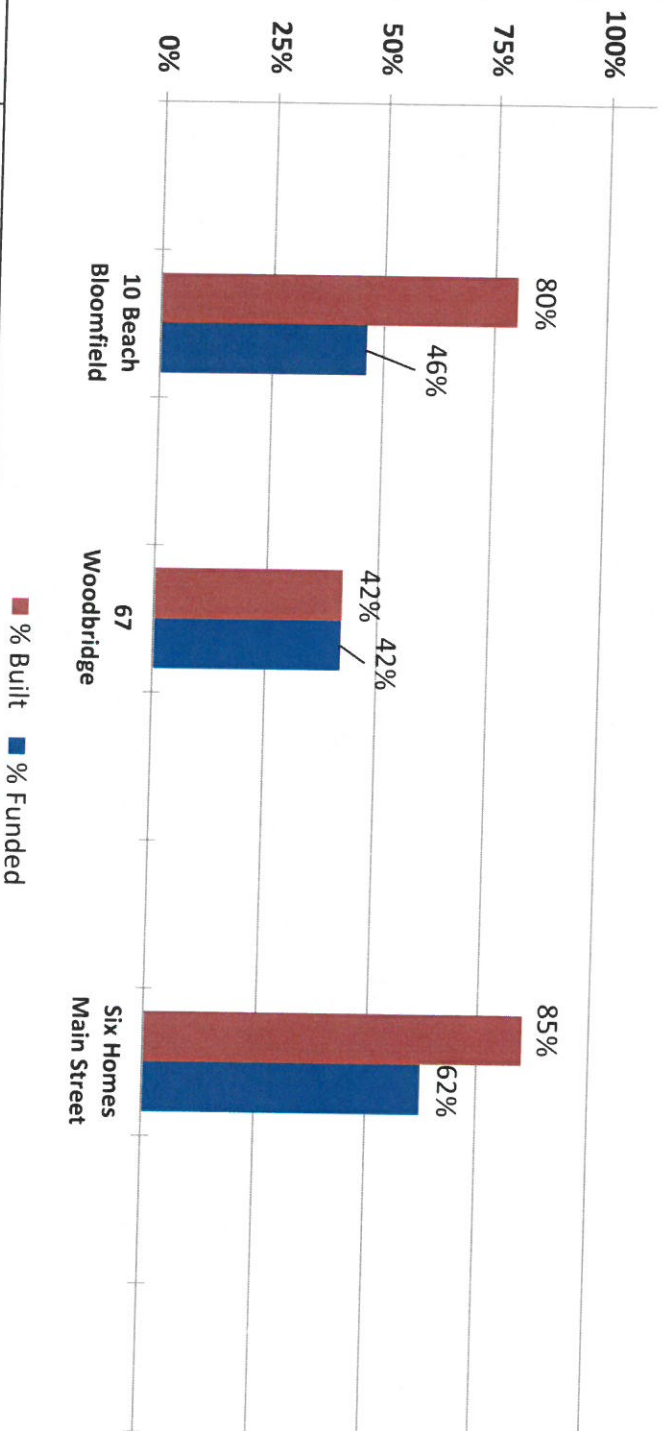
Date: .

Finance Committee Report
Accrual Basis
Key Indicators for the fiscal Period 7/1/18 to 6/30/19

	YTD Actual	YTD Budget	YTD Variance	Total Budget
Development Income	\$1,719,097	\$1,520,000	\$199,097	\$1,520,000
Grant Income	\$80,250	\$658,500	(\$578,250)	\$658,500
ReStore Income	\$1,013,016	\$910,368	\$102,648	\$910,368
CIP Expenditures	\$1,340,828	\$1,463,605	\$122,777	\$1,463,605
Operating Expenses	\$1,660,588	\$1,754,389	\$93,801	\$1,754,389
ReStore Operating Expenses	\$857,846	\$797,918	(\$59,928)	\$797,918
Mortgage Sales \$	\$285,531	\$322,000	(\$36,469)	\$322,000
New Homes Closed	2	5	-3	5
ReHab Homes Closed	2	3	-1	3
Recycle Homes Closed	2	3	-1	3
Mortgage Sales #	3	4	-1	4
Foreclosed/Taken Back	1	4	-3	4
Rehabs Purchased	1	3	-2	3
Lots Purchased/ Acquired	4	3	1	3

HARTFORD HABITAT FOR HUMANITY - BOARD OF DIRECTORS DASHBOARD

HABITAT HOMES: WORK-IN-PROGRESS BUILT AND FUNDED STATUS



	Rehab 10 Beach	67Woodbridge East Hartford	Main Street two S.F. two Duplex
Sponsors	Planned Gifts, SHOP and Corporate Days	Thrivent Building on Faith	30th, Travelers BAT, W.B., Bank of A,
Amount Funded	\$60,000	\$75,000	\$597,307

Assumptions : \$140,000 Construction Costs + \$40,000 Construction and Family Services Program Overhead= \$180,000 Development Goal (\$300K per duplex)
This dashboard is a measurement of Construction Progress and Development Goals. It is not a financial statement or a budget document.

FORECLOSURE

Jeffrey A. McChristian



Attorney Jeffrey A. McChristian has been in the private practice of law in the Hartford, Connecticut area since he was admitted to the Connecticut Bar in 1978. He represents individuals, institutions and small business clients across multiple practice areas, including real estate, litigation, small business representation, bankruptcy, foreclosures, landlord-tenant law and estate planning. His extensive experience in diverse legal arenas allows him to effectively address the variety of legal needs that can arise for clients over time.

Since 1994, Attorney McChristian has served as an arbitrator, attorney trial referee and fact-finder in the Hartford and New Britain Judicial Districts, and formerly as a small claims hearing officer in the Hartford Housing Session. He has served as a lecturer on Housing Court Practice and Procedure for the Connecticut Bar Association's legal education series for young lawyers, as well as a presenter on Residential and Commercial Evictions for a variety of continuing legal education seminars. Attorney McChristian has extensive experience in reverse mortgage transactions and has made numerous presentations on the topic to area lenders, realtors and senior centers.

Attorney McChristian is a member of the Connecticut Bar Association, the Hartford County Bar Association, and the Valley Chapter of Business Networking International. He is a mentor for the Hartford County Bar Association's Lawyer Mentoring Program and a former President of the Wesleyan Alumni Association of Greater Hartford. For many years, Attorney McChristian was a volunteer coach for local youth soccer, basketball and baseball leagues, as well as a volunteer Cub Scout and Boy Scout leader.

Bar Admissions

- Connecticut
- United States District Court of Connecticut
- United States Court of Appeals, Second Circuit
- United States Supreme Court

Education

- University of Connecticut School of Law, Juris Doctor
- Wesleyan University, Bachelor of Arts, *cum laude*

Hartford Area Habitat for Humanity Delinquency Policy Revised in 2018

Accounts are serviced by United Bank. The mortgages are due on the 1st of month and are considered late if received after the 16th of the month. If payment is not received timely, then United Bank sends a letter to the owner stating that the payment was not received and it also generates the new bill for the next month. Prior to January 2011, the affiliate did not receive a delinquency report till the end of the month. We currently get a preliminary report on the 17th of each month. If the account is currently being monitored by Family Services then the homeowner is called to establish communication. Please note that the affiliate completes a Move In Workshop for all new homeowners which is focused around the mortgage payment, escrow, default policy and communication is emphasized and expected in case of financial hardship.

If payment is not received by the 30th of the month, United Bank generates a detailed report on all delinquent Habitat mortgages. Habitat sends the first formal letter to the homeowner requesting communication regarding the family's financial circumstances. This letter requires for the homeowner to make an appointment with Family Services within 15 calendar days from the date of said letter. At this meeting, the family is required to bring paystubs and all monthly bills. Based on the family's explanation, Family Services will determine which program or referral best fits the dilemma. The options are:

- Mandatory attendance at the Financial Freedom Center-workshops that focus on debt/budget and savings
- Budget counseling from a third-party group (CRT, United Way-Budget Coach)
- Principal Deferred for 6 months (only eligible with employment loss and medical/health problems)
- PRONTO
- Automated payments through savings accounts
- Lump sum options (income tax, 401K withdrawal)

If the family fails to comply with any of the above options then foreclosure will be recommended by the Family Services Director to the Executive Director within six months of default status. The following is a checklist of what is required when referring an account to foreclosure.

- All correspondence from Habitat to homeowner (e.g., default letters)
- Current payoff from United Bank outlining number of months in default and any outstanding taxes, insurance or additional expenses.
- Determine if Habitat will have to pay outstanding insurance to protect the investment
- Payment history
- Original notes and mortgages, if available

How are mortgage payments applied? Late fees accrue on the account, so they can be paid immediately or addressed at the end of the mortgage. We do not have a means to enforce immediate payment of late fees.

- Escrow (Insurance and Taxes)
- Principal
- Late Fees

What happens when an account becomes delinquent in relation to escrow?

If the account is more than 3 months delinquent, United Bank is unable to payout escrow bills such as taxes and property insurance. We currently get a 2 month look ahead of what insurance bills are due by homeowner. If a person is delinquent then Family Services contacts them to explain that immediate payments must be made to protect the property and their insurance policy. If the requests go unanswered then Habitat must force place insurance to protect our investment. In the past, this has only occurred for properties in foreclosure and it was clear that the property will be returned to our affiliate.

If an account becomes current or a court mandated agreement is reached then the force place insurance cost will be recouped; however, if the property returns to Habitat then the affiliate will not be reimbursed.

In terms of property taxes, we monitor delinquent accounts to ensure that taxes are paid on time. If an account is delinquent then taxes are not paid until the municipality threatens foreclosure. As soon as the account becomes current or a lump sum payment is made then all outstanding escrow obligations are paid.

Hartford Area Habitat for Humanity

P.O. Box 1933; Hartford, CT 06144

Phone: [860] 541-2208; Fax: [860] 541-2211

PRONTO Agreement

Payment Rendered On-Time Opportunity

This is an Agreement between Hartford Area Habitat for Humanity and *, a participant in Habitat's partnership housing program.

1. * acknowledges that s/he has defaulted on his/her mortgage.
2. Habitat offers, and * accepts, this PRONTO Agreement as a final opportunity to cure this default.
3. As of X-Date, *'s debt to Habitat is \$w
4. * commits to the following responsibilities:
 - ♦ paying Habitat \$Y every week/other week/month for the 12-month period beginning _____ and ending with the _____ payment
 - ♦ Ensuring that Habitat receives this payment, in its office, no later than _ o'clock on _ day/date.
 - ♦ These payments must be in the form of check or money order made out to United Bank.
 - ♦ Payments may be either hand-delivered or mailed although Habitat accepts no responsibility for the adequacy of the postal service.
5. Habitat agrees to the following responsibilities:
 - ♦ In exchange for *'s regular payments for the next 12 months during which this Agreement will be in force, Habitat will not seek additional payments.
 - ♦ During this 12-month period, no late payment penalties will be imposed.
 - ♦ If * is successful in making all the agreed-upon payments for the next 12 months in full and on time, Habitat will modify *'s mortgage by extending its length x-months.
6. Partial payments or payments not received by the day and time promised will result in the immediate termination of this Agreement without the need for any further written notice, and immediate termination from the Habitat partnership housing program. In addition, this Agreement constitutes notice of default under your mortgage, provides you with the specific action required to cure the default, and gives you a date, not less than 30 days from today's date, by which you must cure this default. Your failure to cure the default in the manner specified in this Agreement will result in acceleration of the sums due under your mortgage and the initiation of foreclosure proceedings. In such event, you may have the right to reinstate after acceleration and assert in court the non-existence of any default or any other defenses to acceleration or foreclosure or sale.

Executive Director

Date

Homeowner
Date