

# **Habitat for Humanity Buffalo Board of Directors Meeting Minutes**

## **Special Meeting**

August 30, 2017

### **CALL to ORDER**

Board President John Sexton called to order a SPECIAL BOARD meeting of the HFHB Board of Directors at 6:00 pm on August 30, 2017. The meeting was held at the HFHB South Restore located at 1675 South Park Ave.

### **ROLL CALL**

Board members present in person: Marcia Brown, Jim Eaton, James Gillan, Mike Schaffstall, John Sexton, Ron Talboys, Paul Wiech

Board members present by Telephone: Susan Hassinger, Jennifer Beltre, Heath Syzmczak, Gerry Murak

Also present: Executive Director Teresa Bianchi

Absent: Toni Canazzi, Sue Jacobs, Brett Koeppel, Jerry Sheldon, Marge Plumb, Nina Wright

### **Agenda**

1. An Appraisal Challenge Policy - Given the important part this plays in Pricing and the somewhat subjective nature of the appraisal process, it was felt it was appropriate to define the ability to challenge an appraisal
2. A Pricing methodology exception for the Dut family based on prior history with the affiliate

### **REPORTS DISTRIBUTED by email and handouts**

1. DRAFT Policy on Appraisal Challenges
2. Background on the pricing method exception request
3. Spreadsheet for the 7 homes identified as requiring a follow-up discussion

### **Appraisal Challenge Policy Discussion**

John Sexton reviewed the DRAFT Policy and asked for comments. Comments from J. Beltre, S. Hassinger, G. Murak, R. Talboys, P. Wiech, J. Eaton led to modifications to the Policy that will be drafted and sent for review and an electronic vote.

Among the changes are:

1. Split of processing rules for 2<sup>nd</sup> appraisals that have more than a 10% variance from the 1<sup>st</sup> appraisal
2. Allowance of a 3<sup>rd</sup> appraisal under certain circumstances
3. Processing rules for the 3<sup>rd</sup> appraisal

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### Next Steps:

1. J. Sexton to update the DRAFT Appraisal Challenge Policy with agreed to adjustments and send it out to the full board for review and an electronic vote
2. The next version should be distributed and voted on by September 4<sup>th</sup>
3. T. Bianchi will be meeting with the applicant on September 5<sup>th</sup> to review the new policy and determine if the applicant wants to proceed

### A Pricing Methodology Exception Request Discussion

John Sexton reviewed the background materials covering the impacts of the new pricing method approved in the June Board meeting, the actions taken by T. Bianchi as a result of the June Board meeting, and the discovery of unique circumstances impacting the DUT family (as documented in the background materials).

Discussion then ensued getting clarification of the pricing components (Fully Loaded House construction costs, Fair Market Value – i.e. the Appraisal, and Family Affordability – 20% of Income) and how those items worked together to arrive at a House Price.

P. Wiech presented the background that the Dut's were operating under the assumption that making house construction choices to lower construction cost may lead to a lower Sales Price. Thus they had voluntarily selected finished that may be lower value than other homes.

The June approved house price was \$85,000 based on the FMV being less than the Family Affordability (\$101,844). R. Talboys pointed out that the noted fully loaded construction costs (as defined in the June Board materials) was the lowest of the three factors (approx. \$63,000) and that we had incorrectly identified the Sales Price. T. Bianchi also noted that the all in construction cost of \$63,000 calculated under Habitat's old method probably does not include all true costs that we now more accurately track.

Given this error, it was noted that T. Bianchi should approach the Dut's with the corrected Sales Price and determine if that change would address their concerns.

With the identification of the corrected sales price that follows the pricing method, no Board action for a Pricing exception was needed.

### Next Steps:

1. T. Bianchi should approach the Dut's with the corrected Sales Price and determine if that change would address their concerns.