

# Habitat for Missions Project Manual



## Building Missionary Support

## TABLE OF CONTENTS

1.0	INTRODUCTION.....	2
1.1	Who We Are .....	2
1.2	How We Got Started.....	2
1.3	The Benefits of Partnership with HFM.....	2
1.4	What HFM Provides.....	3
2.0	GETTING STARTED.....	3
2.1	Missionary Candidates.....	3
2.2	Begin With the End in Mind.....	3
2.3	Begin Looking for a Prospective Buyer Immediately .....	3
2.4	Build Your Leadership Team.....	4
2.5	Build Your Volunteer Work Force.....	7
3.0	SELECTING A PROPERTY .....	8
3.1	The Eight Questions to Answer.....	8
3.2	When Should We Begin Looking for a House? .....	8
3.3	How Can We Find the Right Realtor? .....	9
3.4	Is There a “Right” Time to Buy? .....	11
3.5	How Do We Go About Selecting a Property?.....	11
3.6	What Should We Look for in a House and What Should We Avoid? .....	13
3.7	How Much Will It Cost, in Time and Money, to Renovate the House? .....	14
3.8	Is the Project Financially Feasible?.....	15
3.9	How Do We Make an Offer and Finalize the Purchase?.....	16
4.0	PREPARING FOR & DOING THE WORK.....	16
4.1	Begin the Building Permit Process .....	16
4.2	Create Your Volunteer Worker List .....	16
4.3	Appoint Team Leaders.....	16
4.4	Establish Supplier Relationships.....	17
4.5	Procure Materials.....	18
4.6	Establish the Project Timetable.....	18
4.7	Oversee the Project .....	18
4.8	Sticking to the Plan .....	20
4.9	Responding to the Unexpected.....	21
4.10	Monitoring Expenses and the Budget.....	21
4.11	Celebrating the Finished Job .....	21
5.0	FINDING A BUYER & MAKING THE SALE.....	22
5.1	When and How to Start the Selling Process.....	22
5.2	Setting the Price .....	22
5.3	Selling Before the House Is Done (Pre-Completion Sale) .....	22
5.4	Writing the Purchase Contract .....	23
5.5	Selling After the House Is Done (Post-Completion Sale).....	24
5.6	Negotiating the Sale.....	25
5.7	Receiving an Offer .....	25
5.8	The Counter Offer .....	25
5.9	Closing the Sale.....	26
6.0	Section 6 – AFTER THE SALE.....	26
6.1	Finalizing the Project.....	26
6.2	How Profits are Distributed .....	26
6.3	The Celebration .....	<b>Error! Bookmark not defined.</b>

## 1.0 INTRODUCTION

### 1.1 Who We Are

1.1.1 Habitat for Missions is a 501(c) 3 not-for-profit organization committed to providing building skill training and financial support for evangelical Christian missionaries via rehabilitating and building houses across North America.

#### 1.1.2 Vision Statement

Habitat for Missions exists to provide financial support for future world changers.

#### 1.1.3 Purpose Statement

1. Improve a neighborhood by rehabbing a distressed property.
2. Provide affordable housing for a prospective buyer.
3. Promote volunteerism.
4. Create another revenue stream for missionary support.

### 1.2 How We Got Started

1.2.1 Founding Director, Bill Foster, describes the genesis of Habitat for Missions:

“After serving as missionaries in Australia for 31 years, my wife Daphne and I returned to the US in 2005 to become the Missionaries in Residence at Indiana Wesleyan University. Our primary role was to recruit and mentor missionary candidates for Global Partners, as well as develop any student interested in international ministry.

“I soon discovered that there were more than 200 young adults on campus who felt called by God to missionary service. At the same time, it also occurred to me that if all of these students followed through on their plans, it would cost millions of dollars to support them. Increasingly, I became convicted that my role as the Missionary in Residence should include helping them raise their support funds. But I was nagged by the question, how could this be accomplished?

“At that time, the community of Marion, Indiana had hundreds of vacant houses in various states of disrepair. It occurred to me that I could purchase a property and put the students to work rehabilitating it. Tradesmen could be recruited to oversee their work and provide on-the-job training in building construction skills. Once a project was completed, the property would be sold, and 100 percent of the profits would be set aside for the future support of these missionary candidates.

“The idea immediately caught on with students and local church groups. Soon, congregations from other states began sending short-term mission teams to Marion to work on our houses. Other churches offered to rehab projects on their own if we would purchase properties in their communities.

“What began as a dream to renovate a single house each year, raising \$10,000 for missions, has now become a goal of rehabbing 35 properties each year, raising \$500,000 annually for missionary support.”

### 1.3 The Benefits of Partnership with HFM

1.3.1 There are three main benefits of partnership with Habitat for Missions:

1. HFM is a way for churches, organizations and individuals to generate additional funds for career missionary support through their sweat equity.

2. HFM projects are financially risk-free for the church, organization or individual.
3. HFM provides a means for the systematic disbursement of house sale profits to career missionaries for the term of their service.

## **1.4 What HFM Provides**

### **1.4.1 Vision and Motivation**

One of our representatives will give an HFM presentation to your church or organization, and mobilize them on a local project.

### **1.4.2 Expertise**

This “how-to” manual guides your team through the process of a house renovation.

### **1.4.3 Ongoing Support**

We provide a system of ongoing support via email and phone contact, personal visits and technical input (i.e. when the project requires architectural drawings).

### **1.4.4 Finances**

HFM investors provide 12-month interest-free loans to purchase a property and the needed renovation materials and products.

## **2.0 GETTING STARTED**

### **2.1 Missionary Candidates**

- 2.1.1 At any given time, hundreds of missionary candidates are ready and willing to serve in international ministry but unable to do so for lack of funding. Renovating an HFM house enables congregations to provide additional financial support to the missionary of their choosing.

### **2.2 Begin With the End in Mind**

- 2.2.1 In his classic book on leadership, “Seven Habits of Highly Effective People,” Steven Covey suggests that one of the keys to success is to “begin with the end in mind.” As you begin this exciting adventure in partnership with HFM, we urge you to put this literally into effect: “Begin with the end in mind.”
- 2.2.2 So what is the end that we want to have in mind, what are we trying to accomplish? We want to raise support for a missionary by selling a rehabilitated house. The goal is not to rehab a property, but to sell a rehabbed property. So, you begin with that end in mind.

The first step is important:

### **2.3 Begin Looking for a Prospective Buyer Immediately**

- 2.3.1 Canvas your congregation to see if there is a family who is hoping to purchase a home within 12 months. Identify members who are presently renting. Many are not aware that the cost of a mortgage payment, taxes and insurance can be less than they are paying for rent. Government grants are available for first-time homebuyers and for down payment assistance. If the prospective buyers have a credit score over 620, they usually qualify for these programs.
- 2.3.2 If no buyer is available, contact one or more real estate agents in your community to determine what types of properties are selling (for example, two, three or four bedroom houses), and in what price range. For instance, you may

discover that three bedrooms, two bathroom houses under \$100,000 are selling fast, but that properties over \$150,000 are not moving, regardless of size. In this case, you would want to find an investment property that could be purchased, renovated and sold for under \$100,000, with adequate profit remaining for missionary support.

## 2.4 **Build Your Leadership Team**

2.4.1 Each congregation that partners with HFM on a project is responsible for providing capable leadership and an adequate workforce to see the project to completion. Minimum leadership should include:

### 2.4.2 **Prayer Director**

1. HFM really believes that each project is a spiritual act of worship. Prayer is a part of that armor that helps us to survive the days of evil.
2. In renovating a house as a way of raising money for missions, you will experience some difficult days. Some will originate with the city building inspector's office; some will originate from Hell itself. Prayer is the key to handling any adversity you encounter.
3. Appoint a Prayer Director and have them recruit a minimum of three prayer partners who will meet weekly to intercede for this project, its leaders and the volunteer work force. Pray for safety. Pray for wisdom. Pray for peaceful relationships. Pray that we stay on budget. Pray for a buyer! Pray for the missionary family who is going to be funded through this wonderful, sacrificial
4. The Prayer Director should seek to engage people in prayer for the project. Communicate prayer requests concerning the house project in church communication pieces such as the bulletin, newsletter, Facebook page, Small group, worship service, etc.

### 2.4.3 **Project Manager**

1. The Project Manager is a key person in your project team. Your Project Manager must:
  - a. **Be a person of integrity** whose character is beyond reproach in both the church and the broader community. The Biblical principle is that character, not talent, should determine leadership (I Timothy 3, Titus 1). Godly character minimizes the potential for fraud.
  - b. **Be committed to excellence.** HFM is committed to excellence in the way our houses are renovated. We want the work done right. We don't want to hide problems for the sake of profit. The Project Manager should embrace this core value. They should be committed to excellence in execution as well as results, and a person who follows through on commitments.
  - c. **Be a person of ability**, capable of overseeing a construction project and managing a volunteer work force. They should be able to evaluate prospective investment properties and assist the HFM team in developing a renovation plan.
  - d. **Have experience in construction**, ideally, a licensed contractor who can obtain building permits. If not licensed, they need to network with local licensed tradesmen who will pull permits and check work to make certain it is ready for inspection. It would be most helpful if they have experience in house renovation, not just new construction.

- e. **Be able to organize work and coordinate work teams.** The Project Manager is not expected to do all the work, but will ensure that all the work is done, and done properly. Also, the Project Manager is responsible for determining the order in which work will be done and ordering materials so that they are available for work teams on time. A proven approach is to divide the project into specific areas of work and assign a Team Leader to each.
- f. **Be willing to follow an agreed-upon renovation plan.** Before work begins, the church and HFM must agree on a renovation plan, including a timetable and budget. As the project progresses, permission for major changes must be received in writing from HFM before the changes can be made. This is an essential requirement that helps the Project Manager fulfill their responsibility to keep the project on budget.
- g. **Be a person under authority.** Jesus taught that “the greatest among you is the servant of all.” Christian leaders should not lord their authority over others, but lead with a servant’s heart. Practically speaking, this means that they can receive as well as give direction, and that they deal with people in a fair and uplifting manner.

2.4.4 In summary, a Project Manager is an honest, reliable and organized person with experience in construction and in managing people. They can recognize what needs to be done, visualize the order in which things need to be done and anticipate when materials need to be on the job. They can lead a team of volunteers in the profitable renovation of a house, raising money for missions and bringing glory to God

#### 2.4.5 **Responsibilities of the Project Manager**

1. Assist HFM in evaluating potential project properties and developing a renovation strategy.
2. Obtain building permits or delegate this to licensed tradesmen.
3. Develop a project plan (list the work to be done with any dependencies between work items, and any checkpoints such as inspections).
4. Choose Team Leaders.
5. Develop a timeline showing the order in which the work will be done.
6. Order building materials.
7. Track the progress of the work.
8. Arrange for required building inspections upon the completion of work.

#### 2.4.6 **Financial Director**

1. Your Financial Director must be:
  - a. A person of integrity whose character is beyond reproach in both the church and the broader community. The Biblical principle is that character, not talent, should determine leadership (I Timothy 3, Titus 1). Godly character minimizes the potential for deception and fraud.
  - b. A person of ability, capable of maintaining accurate financial records with good organizational skills and basic computer skills.
  - c. A person willing to be under HFM authority, reporting to the Chief Financial Officer of HFM. He/She shall provide requested documents and information to the CFO and pay bills on a timely basis

#### 2.4.7

##### **Responsibilities of the Financial Director**

1. Provide the HFM CFO with a list of those authorized to make purchases for the project.
2. Provide the CFO all information requested to allow the Financial Officer to be an authorized Signatory on a HFM checking account.
3. Safeguard checks for the HFM checking account, require additional checks as needed and return unused checks at the end of the project.
4. Maintain a check register for the HFM checking account and confirm with the CFO, at least monthly, the balance in the account.
5. Pay local accounts on time such as utilities, association fees, etc. Whenever possible, use HFM credit cards for purchase of materials and services. There should be minimal use of the checking account.
6. Ensure that all purchases (made via checking account, store cards, or credit cards) are backed up with invoicing or receipts.
7. On at least a weekly basis, send via e-mail or US Postal Service copies of invoicing and receipts to back up expenditures made through the checking account. Invoices and receipts for charge cards shall be collected and sent to HFM when requested or at the completion of the project.
8. Obtain the completed IRS required W-9 form from all individuals who receive payments totaling \$600 or more in a calendar year and promptly remit the forms to the CFO. HFM will issue these individuals IRS 1099 forms in January for payments made during the prior calendar year.
9. Ensure that all purchases of materials are made with strict adherence to the tax-exempt policy.
10. Communicate at least monthly with the project manager regarding the budget and project expenditures.
11. Maintain an organized file of invoices and receipts for materials purchased for the project to facilitate the return of unused materials for credit.
12. If the HFM project credit card is lost or stolen contact the CFO of HFM immediately.

#### 2.4.8 **Public Relations Director**

1. Your Public Relations Director is the public face of your project.
  - a. Select this individual wisely. They should be well spoken, and have a high level of people skills. They also need to be reasonably good at photography.

#### 2.4.9 **Responsibilities of Public Relations Director**

1. Inform local news media about the project through news releases, personal contacts, etc.
2. Maintain a photographic record of the renovation project from beginning to end utilizing the photos of volunteers and your own pictures.
3. Assist the Project Manager in reporting periodically to the congregation (visually and verbally) on the progress of the project.
4. Solicit donations (cash or in-kind) from local businesses to support the project.
5. Post on Facebook and other forms of social media about the progress of the project featuring photos and video.
6. If so approved, keep an update on the house project on the church/organizations website.

#### 2.4.10 **Hospitality Director**

The church's/organization's Hospitality Director is the person who helps bring

encouragement to the volunteers who are working on the house renovation project. This encouragement may take many different forms.

1. Provide a system for snacks and beverages at the house for the volunteers. Find out from the project manager when workers will be actively volunteering their time at the house. Provide snacks, bottled water, etc. by engaging people in the congregation through sign-up sheets, bulletin announcements, social media, newsletter blurbs, posters on the bulletin board, mass e-mails, mass texts, etc.
2. Reach out to groups in the church: Youth group, children's ministry, discipleship groups, women's groups, men's groups, singles, young adults, senior citizen groups, Sunday School, Celebrate Recovery, Grief Care, etc. Challenge these groups to provide snacks, beverages, and even a light meal on the most attended volunteer days (like a Saturday).
3. Coordinate with the prayer director to provide encouraging notes, e-mails, and texts for the leaders of the project and the volunteers. These messages may be sent by using the previously mentioned groups, individuals whom the prayer director has recruited to pray, or from yourself, the pastoral staff and others on the house project leadership team.
4. Solicit from area businesses donated beverages and snacks. Reach out to restaurants for a free or reduced price luncheon for a Saturday with a large attendance of volunteers.

## **2.5 Build Your Volunteer Work Force**

2.5.1 A good way to start this is to conduct a survey of your congregation using the Skill Search Survey form (Available from HFM). This survey identifies candidates for your volunteer workforce and their construction experience and level of expertise. Then, using the survey responses, develop a matrix of names, skills, experience and other data, and then recruit your volunteers from it. There's more about this in Section 4.

### **2.5.2 There are other sources of volunteers:**

1. Don't overlook the retirees in your church. Many of the most dedicated workers on HFM projects have been retirees. They may not want to be a leader, but they spend more time working on the house than many of the Team Leaders.
2. HFM encourages the missionaries you are supporting to join a work team on-site at some stage during the renovation if they will be in the United States while work is underway. Contact them at the beginning of the process to determine their availability. It will do wonders for your volunteers' interest and enthusiasm.
3. Ask your congregation to spread the word about your project. Consider contacting other churches and organizations that might have an interest in such a project. Also, when the local newspaper or other media are informed of this project, they will often send a reporter to interview the Project Manager or a representative of the church. Make certain the article or TV interview includes an invitation to the community to join you in this socially valuable work.

2.5.3 In any church, you will have people who hesitate to get involved because they don't want to be busy for the duration of the whole project. But, if they are part of a specific team, they can be committed to that team, and only called to be at the

work site when their team is in operation. Remind them that they don't have to be at the house every time there is project work underway.

### **3.0 SELECTING A PROPERTY**

#### **3.1 The Eight Questions to Answer**

3.1.1 This section leads you through the process of picking the right property for your project, the house that will produce the largest possible profit for missions and let everyone involved in the project enjoy the satisfaction of contributing to a successful outcome. The section answers the eight questions that define each step in the process of finding, selecting and buying the house your team will renovate:

1. When should we begin looking for a house?
2. How can we find the right realtor?
3. Is there a "right" time to buy?
4. How do we go about selecting a property?
5. What should we look for in a house and what should we avoid?
6. How much will it cost, in time and money, to renovate the house?
7. Is the project financially feasible?
8. How do we make an offer and finalize the purchase?

#### **3.2 When Should We Begin Looking for a House?**

3.2.1 When your church decides to renovate a house in partnership with HFM, the first question you face is when to start looking for the right property. The answer depends in large measure on how you intend to purchase the house. Here are six possible purchase scenarios.

1. What about buying a house on the open market?
  - a. Start looking whenever you choose. Finding the right property and completing the sale process can take several weeks or months, so it's a good idea to start looking well in advance of when you expect to start the renovation work.
2. What about a tax sale?
  - a. A tax sale or similar process can be a great way to obtain a house at a very attractive price, which can significantly increase the potential profit from your project, but it has some major drawbacks. The properties are put up for sale at a specified time, usually in September or October, and at that time, you must submit a bid for the property you want. If your bid is accepted, it can take as long as 18 months for the legal issues to be resolved, and before you can take title. For most churches, this is not a practical choice.
3. What about private sales?
  - a. Our advice is to be cautious about accepting offers from people within the church who want to sell you a house that they have not been able to sell themselves. Even if someone offers you an amazing deal, it's not always the right house to purchase for rehab. You may have a tough time selling for a variety of reasons that may not be apparent at the time of purchase. See "What should we look for in a house, and what should we avoid?" below for basic criteria.



- c. If that proves unsuccessful, check with other churches or visit realtors in your town. Cast your vision for the project, and see if anyone is interested in partnering with you.
- d. Also, check with HFM. We have contacts with some amazing realtors who have helped with other projects.

To sell the real estate agent on your concept and get them on your side is a huge thing. You need someone you can trust who is not just trying to get in on the deal. Choose someone energetic, positive and sold on the HFM concept.

2. How can a realtor help you with market research?

You must be confident that the house you choose to buy, once renovated, will sell... and at a reasonable profit. Your realtor can provide you with the following essential services to help you identify such a property.

- a. A good realtor should be able to identify the type and price range of houses that are selling in your target area. If the final sale price of your house falls within this range, your prospects for a quick sale are improved significantly. Ask the realtor what type of house in what price range has sold consistently in the last three months. Ask for comparables. This “sweet spot” varies from one market to the next. For example, in one geographic area, the realtor advised us that \$125,000 was the magic number at which houses sold rapidly. But in Marion, Indiana, we have found it easy to sell starter houses under \$50,000, because the monthly payment is comparable to what the buyer would pay to rent a similar house.
- b. The realtor has access to property listings, which contain lots of useful information about demographics of the community and realty market information, as well as lists of foreclosure properties and value comparisons (“comparables”). They should know how to interpret and use this information to help you make a wise purchase decision.
- c. From the very start of your project, your realtor can advise you on the projected selling price of the house.

3. What will it cost us to use a realtor?

There are two aspects to this question: what does it cost when you buy the house, and what does it cost when you sell it:

- a. If you use a realtor only to help you find and buy a property, you pay nothing – the realtor is compensated by the seller.
- b. If you list the property for sale through a realtor, the cost you pay will depend on the arrangement you are able to negotiate in advance. Typical real estate commission costs are six to seven percent of the selling price of the property. However, you may be able find a realtor who will donate their services free of charge, as their contribution to the project. Or they may charge only a modest fee, to cover their out-of-pocket costs. If the agent works for an agency owned by someone else, they may be able to donate only their share of the commission that they earn from selling your property.

3.3.2 Most churches that partner with HFM have a real estate agent in the congregation who donates or forgoes their commission as their contribution to the project. HOWEVER, don't take this for granted. And in all cases, put your agreements from your negotiations in writing so that there are no surprises or awkwardness at the end of the project.

### 3.4 Is There a "Right" Time to Buy?

3.4.1 The ideal situation is to take ownership of the house as close to the beginning of renovation work as possible. That isn't always feasible, of course. The "right" property might come on the market in October, when you know that your volunteer workers won't be available until spring. In such cases, HFM will work with you to make the best choice from the available options. For example, it might be possible to delay the closing until closer to when work can begin. Or you may be able to rent the property during the intervening months, to recover taxes and utility costs.

Here are some additional guidelines:

1. Try to time the purchase and the renovation work so that you do not own the house over the winter, due to the cost of utilities. In northern climates, heating an empty house during winter can easily cost \$300 a month or more. Proper winterizing and controlling heat levels can help reduce these costs.
2. Timing also is affected by the value of the house you intend to buy. A simple rule of thumb is the more valuable the property, the more important it is to complete the project and sell the house as fast as possible.

3.4.2 In general, avoid owning the house for any longer than necessary. Property tax and utilities can erode the profit that your project produces for missionary support.

### 3.5 How Do We Go About Selecting a Property?

3.5.1 Here are six keys to selecting a property:

1. Location, location, location.
2. "Fall in love with the deal, not the house." Just because you like the place doesn't mean it will end up being a profitable venture. Sometimes it's better to buy a house that's not as nice and needs more work than a really attractive place that doesn't need much work because the profit potential isn't there.
3. Don't buy in a rush. You make money when you purchase the house, not when you sell it. Purchase the right house, in the right neighborhood, in the right school district, for the right price...and you will make money.
4. Buy a house that will eventually sell for a price similar to houses that are presently selling in your area. (See "How can we find the right realtor?" above.)
5. As a general rule of thumb, stay away from two bedroom houses because they are harder to sell.
6. Occasionally, someone will offer to purchase the completed project house if it meets their specifications. In this case, the prospective buyer should have input as to the location and design of the house. Prior to HFM's buying a house under this arrangement, the purchaser must have confirmation of financing and be willing to sign a purchase agreement with HFM.

3.5.2 Beyond all this, there are four basic criteria that you need to look for in buying a house. Although not every house we have bought has offered all four of these

characteristics, they represent a good rule of thumb to guide your search for a suitable property to renovate.

1. **Look for a good neighborhood:** As the realtors say, it's "Location, location, location!" Look around and ask yourself, "Would I live here?" Is the area neat and clean? Is it part of a neighborhood rehabilitation area? Unless there are huge incentives and some guarantee that the community is changing (because of urban renewal, for example), you want to stay out of those parts of town where people don't really want to live. Even if the house is being offered at a fantastic price, it's not a good deal if you can't sell it.
2. **Look for a good foundation.** This is an essential criterion! Look for dry basements and solid foundations. Bad foundations and basements are a costly and highly specialized area for repair that usually translate into serious problems throughout the house, such as uneven floors due to settling, sagging walls, uneven ceilings and out-of-plumb doorways.
3. **Look for a good roof.** Replacing a roof can be an expensive repair, but it is less costly to fix a roof than a foundation. If the house is a two-story with a steep roof pitch, HFM insists that any roof repairs be made by a professional roofing contractor to avoid the risk of injury to volunteer workers. This will cut into the potential profit from the project.

Like all rules of thumb, the "good foundation and good roof" criteria are subject to exception. If the cost of the house is exceptionally low (as can be the case with a tax sale or a donated house), the project budget may be able to withstand the cost of hiring professionals to make necessary repairs and still yield an acceptable profit. In general, however, we urge our church partners to avoid houses that cannot be renovated without hiring subcontractors.

4. **Look for configurability.** The house needs to flow, particularly in the public areas (foyer, front hall, living room, dining room, even the kitchen). Look at the interior space arrangement, keeping load-bearing walls in mind. Can doors or walls be moved or removed to redeem presently unusable or poorly configured space? Sometimes reconfiguring interior space can be done economically and add thousands of dollars of value to the house and the project's profit! You need people who are both creative and practical to think this through. HFM's in-house architect and design expert is available to make suggestions and/or provide drawings.

Another way to assess the interior configuration is to imagine how your furniture would fit into each room, and the travel paths your family would take through the house to get from one place or activity to another.

Throughout all of this, the question you are seeking to answer is "Will it work?"

In considering possible reconfigurations, HFM does not advocate closing off exterior windows or making them smaller. Natural light inside is important, so keep that in mind, especially if you are NOT re-siding the house. If you ARE re-siding, the location of exterior windows and doors becomes totally negotiable.

Also, remember that there will be an agreed configuration plan between HFM and the church, and that any deviation from the agreed plan must be approved in writing by HFM.

### 3.5.3

Finally, these three principles will enhance your ability to sell the house easily:

1. Generally, a three-bedroom house needs a second full bath for an easier sell. If it doesn't have a second bath, can you fit one in?

2. If the house has three bedrooms, it will be easier to sell if one of them has a master suite (master bedroom with adjoining bathroom). Does it have that feature, or can you reconfigure the interior space to provide a master suite?
3. If the house has a main floor laundry, it will stand out above others, because a lot of laundries are in the basement. If the laundry is in the basement, can you move it upstairs?

### 3.6 What Should We Look for in a House and What Should We Avoid?

- 3.6.1 Look for a house that needs repair or updating, but in a great neighborhood. You don't just buy a house. You buy the neighborhood.

Here are six things to do and consider.

1. **Inspect the house.** Always have an inspection done by a team that includes the Project Manager and a creative thinker prior to making the decision to buy. During the inspection, the Project Manager can make a list of things that will need to be fixed in order to make the house saleable. Also, the inspection can provide a really good idea of the renovation costs and the potential for reconfiguring rooms, both of which are important in making it a profitable house.
2. **Check the house for leveling problems and solid floors.** There are two techniques for detecting floors that are not level. One is to use a 6-10 feet long section of garden hose (or better yet, transparent tubing) laid on the floor, with 4-6 inches of the ends held up vertically. Fill the hose or tube with water until it is almost full, then check the distance from the floor to the top of the water at each end of the tube. If the distances are not equal, the floor is not level. A simpler method is to pour a little water on the floor, and see what happens. Always be considerate and clean up any water after your leveling "experiments."

Floors should be solid. If the floors feel spongy when you walk through the house, this indicates that the flooring and/or floor joists have deteriorated and will need to be replaced. Other hints of leveling problems are cracks in the walls and crooked doorways (out of plumb, out of true at the corners). If you find or suspect leveling problems, check the basement or crawl space to determine the extent of the problem. Houses can be brought into plumb with leveling jacks in the basement or crawl space.

3. **Review your available teams and time constraints.** Once you have a list of things that need to be fixed during renovation, your Project Manager can estimate the time and manpower needed to complete the renovation. Compare this against the number of people on your team(s) and their skills and experience, and against your anticipated timetable. Ideally, you want to be confident that 90 percent of the work can be done with your available talent. HFM occasionally can recruit tradesmen to help the church, but that's the exception, not the rule.

Remember that the profit on your house is produced largely through the value of donated labor. The more labor, the more profit – up to a point. If too much work is needed, finishing the project can take so long that profits are eaten up in taxes, utilities or other overhead costs. It's also discouraging for volunteers when a project drags on seemingly without end.

4. **Consider what you cannot change** that will affect the sale of the property, e.g. neighborhood, type and size of property and the views from inside and outside the house (front and back yards, neighboring houses, scenery, etc.).

5. **Consider what you can change**, such as reconfiguring the house to make it a viable family home. If it has character and you can move a wall or change the layout a bit, the house becomes more functional, interesting and desirable.

This is important. One house HFM was considering sounded like a good deal. But, when we considered where furniture would fit, it became apparent that the whole downstairs was basically wide hallways. No matter how we reconfigured it, the space didn't work. HFM walked away from that house because we wouldn't have been able to sell it.

6. **What do you do if you are undecided between two houses that are family homes?** Check out the taxes. Check out the school systems. Talk with parents in the neighborhood regarding safety and school issues. All of these things impact buyers. Local knowledge can be very helpful in making your final decision.

### 3.7 **How Much Will It Cost, in Time and Money, to Renovate the House?**

- 3.7.1 Every HFM project has a contract between HFM and the sponsoring church that includes the Project Plan and Budget. These define how the house will be configured, how it will be presented (e.g. color scheme) and the quality of fixtures to be included, variables that are determined by the segment of the property market being targeted, the wishes of the potential buyer (if there is one) and the planned final sale price.

#### 3.7.2 Project Plan

The Project Plan should include three major components:

1. A list of all required tasks to totally renovate the house and property.
  - a. This task list reorganized by the different types of work to be done (i.e. by work team).
  - b. A comprehensive materials list with estimated costs. HFM always adds 17 percent to cover the cost of unanticipated problems.
  - c. A timeline for all the work that takes into account the order in which tasks must be done (including pre-requisite and co-requisite work activities) and competition for team resources.
  - d. It is helpful to start the Project Plan by defining the finished layout for each floor of the house. From those floor plans, make a list of the things that need to be changed. Then, add the list of things that need to be fixed from the inspection (see Step 5, above). Throughout, remember our motto: "If it needs fixing, fix it! Do it once, and do it right."

2. The plan should have a section for each major area to be worked on.

Examples include: exterior, landscaping, basement, interior reconfiguration, kitchen, dining / living rooms, each bathroom, each bedroom, etc.

- a. Within each section, list the tasks that need to be done. Always begin with demolition, foundation work, leveling and roofing, and addressing any water problems. The next group of tasks involves rebuilding: studding up new walls, replacing windows and doors, installing new plumbing, new wiring, new drywall and trim, refinishing floors and painting. This approach assures that all the work is identified. These sections become the "work lists" for your volunteer teams, since they typically are organized around skills such as plumbing, dry walling, painting, etc. As an added bonus, these lists can be used as checklists as each area is completed to ensure all the work is done.

- b. From these lists, identify the skills needed, and estimate the time, materials and cost to do the work for each section. As previously stated, when you estimate the cost of materials, estimate high.
3. Next, develop a timeline for the total project.

The timeline should reflect the order in which the tasks can be done: some tasks can be performed in parallel, and some are interdependent. For example, it's essential to wire a room before you put up the drywall.

  - a. Examine the timeline to ensure that your teams have the resources and skills to complete all of the tasks in the schedule, and make adjustments as needed.
4. The Project Plan and timetable will be reviewed again (see Section 4) when you are about to start work on the project. They should be reviewed periodically during the project and adjusted if necessary. When the Project Plan is complete, it must be submitted to HFM for approval.

### 3.7.3 **Budget**

Remember, every project has a contract with HFM, and the budget is an essential element of the contract.

The Budget will include the cost of:

1. All purchased materials and products.
2. All permits and inspections.
3. Any out-sourced items, such as dumpsters, trash hauling, rented tools and equipment.
4. Any contractors needed to do work you can't do (for example, we usually pay to have the gutters installed so the buyer has the warranty).
5. All utilities for the time you own the house.
6. Any real estate costs incurred when you sell the house.

- 3.7.4 Since the Project Plan lists the tasks to be done and costs associated with each task, it is helpful to organize the budget to track with the Project Plan.

Add 17 percent to the total Budget as a hedge against unexpected costs. Be sure, there will be surprises!

## 3.8 **Is the Project Financially Feasible?**

- 3.8.1 There are several things you can do to answer this question.

1. Review the Budget. Does it seem reasonable?
2. Ask your realtor for "comparables" of similarly restored properties SOLD within the past three months. This will help determine a realistic selling price. Compare this with your Budget: will the renovation costs produce a sellable property with the desired profit? Once again, be conservative in your estimates.
3. Work backwards. From the projected selling price (estimate low!), subtract:
  - a. All costs associated with the renovation.
  - b. Expected profit for missions, usually between \$15,000 and \$30,000, depending on amount of work to be done.
  - c. Expected closing costs.
  - d. Realtor fees, usually between six and seven percent, unless these have been donated by the realtor.

4. Is the initial purchase price feasible? Can it be negotiated with the seller, taking into consideration any issues that the inspection may have revealed?
5. **Our basic approach is to over-estimate the Budget, and under-estimate selling price.** Better to make more money than you expected than to have your team disappointed because of an unrealistic target.
6. Most projects produce a return on investment between 25-30 percent.

### **3.9 How Do We Make an Offer and Finalize the Purchase?**

3.9.1 Once you have done all this work and decided that the house is viable and the project is GO, make an offer on the property and finalize the purchase.

1. Consult with the realtor and HFM regarding the offer price.
2. HFM will guide you through the process.
3. All offers are cash.
4. Properties are owned by HFM.

## **4.0 PREPARING FOR & DOING THE WORK**

There are several key steps to take when you initiate your project in partnership with HFM.

### **4.1 Begin the Building Permit Process**

4.1.1 In most projects, you will be required to have a licensed contractor obtain and fill out all the permits needed. Ideally, your Project Manager will be qualified for this task. Do this - ASAP!

1. Identify the permits you need to obtain.
2. Identify qualified contractors on your team and apply for permits.
3. If your team is lacking necessary licensed contractors, make a request to your entire church to find qualified persons.

### **4.2 Create Your Volunteer Worker List**

4.2.1 Your worker list is all-important! Enlist an office worker to create the following documents from your Skill Search Survey:

1. A phone/email list of your volunteer workers in alphabetical order.
2. A second list of volunteers by skill set, e.g. plumbers, painters, cleaners, etc. identifying levels of experience.

4.2.2 The Project Manager, all project Team Leaders and your office staff will need copies of these lists.

### **4.3 Appoint Team Leaders**

4.3.1 You're going to need several Team Leaders. Your project would be overwhelming if one person had to manage everything. You will need to find people willing to lead specific areas of the project.

4.3.2 In a typical project, you should be able to break the work into seven to ten specific categories (e.g. electrical, dry wall, general carpentry, plumbing, siding, roofing, flooring, tiling, painting and landscaping). Find one capable person to be in charge of each category, and get their commitment to be its Team Leader. In selecting Team Leaders, see "Qualifications of a Team Leader," below.

1. Qualifications of the Team Leader

- a. A Team Leader should be a “people person,” able to keep volunteers motivated. If unsatisfactory work must be redone, the Team Leader must be able to tactfully communicate what has to be corrected and why, while encouraging volunteers to continue with their service.
  - b. A Team Leader should have expertise in their work category.
  - c. A Team Leader should be organized, making certain that the right materials and tools are available on site when their team is coming to do the work.
  - d. A Team Leader must be able to deal with adversity. Things will not always go according to plan. Team Leaders must not let little glitches trip them up and shut them down. They have to roll with the punches.
2. Responsibilities of the Team Leader
- a. The Team Leader is responsible for the overall operation of the team assigned to his or her work category. Specific responsibilities are of two types: project administration and team management.
3. Project administration responsibilities:
- a. Work with the Project Manager and other Team Leaders to assemble their team, using the volunteer list developed from the Skills Search Survey and their personal connections. For example, other Team Leaders may know different volunteers and candidates for volunteering and may have knowledge of their level of competency and reliability.
  - b. Provide the Project Manager with a list of necessary materials and products to be purchased for their work category and when they need to be on site.
  - c. Provide oversight of purchased materials and authorize the return of unneeded materials to prevent them from being stolen, damaged or soiled.
  - d. Beware of fraud, particularly the personal use of HFM building materials, to ensure absolute integrity of their team.
  - e. Meet with the Project Manager well in advance of the scheduled work time, discussing all aspects of the project, including:
    - Skills and experience needed.
    - Supplies and equipment needed to do the work.
    - Tools that the workers need to bring.
    - Timing of the work;
    - Provision of meals for volunteer workers.
    - Refer to Appendix C for sample Team Leader forms.
4. Team management responsibilities:
- a. Identify any areas that are unmanned or undermanned in your team’s sections of the project plan. With the assistance of the Project Manager and other Team Leaders, recruit volunteers or qualified workers (e.g. contactors) to fill these gaps.

#### **4.4 Establish Supplier Relationships**

4.4.1 Suppliers are important to our projects since they are the source of all the materials and products we need to rehab project houses. If you can line up your suppliers early in the game, you will be well ahead and positioned for success. The Project Manager should:

1. Check with HFM regarding possible national discounts with suppliers.

2. Visit all the prospective suppliers and file your tax-exempt certificate.
3. Ask about project discounts, donations, promotional offers and credit accounts. Where possible, negotiate these and get agreements in writing.
4. Check for possible connections with your Team Leaders, volunteers, contractors and wider church community. For example, our local Sherwin-Williams paint store is owned and operated by a Christian who gives us a very good price on all of our purchases.

#### **4.5 Procure Materials**

4.5.1 With suppliers lined up, the Project Manager and Team Leaders work together to establish the specific types, brands and quantities of needed materials.

1. Determine when you will need materials delivered on-site.
2. Work with your suppliers to establish details for future deliveries and costs. Some suppliers have policies regarding free delivery if your invoice, product quantity or cost or is over a certain amount. Organize your deliveries to take advantage of this.
3. Plan ahead and make sure that, if you are paying a delivery charge, you are getting everything you need for the foreseeable future from that supplier in one delivery. It may seem like a minor point, but we have found that a lot of money can be spent on small, frequent deliveries.

#### **4.6 Establish the Project Timetable**

4.6.1 Keeping your project on schedule and on budget are both very important! It is essential to establish the Project Plan and timetable before you launch into the work on the project. This allows you to take into account the things you have learned as you lined up your suppliers and readied your teams to start.

As you organize the timetable, here are some things to consider:

1. Outline each major event of the project and the time it will take to complete.
2. Identify which repairs can occur at the same time, and which repairs have to be performed in a specific order.
3. Remember that some teams (e.g. electrical) need to come in at a precise time in the schedule so they can complete their work to a point others can continue. Then, they may need to be available to come back to finalize the job.

4.6.2 The Project Manager and the Team Leaders should hold periodic reviews of the Project Plan and timetable to stay on schedule. Review whenever you complete a major part of the project and before you start the next major part.

#### **4.7 Oversee the Project**

4.7.1 The Continuing Role of the Project Manager

1. Communicate with the church
  - a. The Project Manager needs to inform the congregation about the progress of the project at least twice a month.
  - b. If the Project Manager is not available for one of these periodic updates, someone familiar with the project should give the update.
  - c. The update should detail what has been accomplished and what's coming up next.
  - d. Use this opportunity to let the congregation know what meals, tools and additional workers are needed for the next phase of the project.

2. Manage the work
  - a. Update the Project Plan as work is accomplished and note what will be done next.
  - b. Keep a list on a clipboard at the house of what can be done immediately, in case people turn up unexpectedly or finish jobs early. As the jobs get done, they should be crossed off the list.
  - c. The work teams can also note on the clipboard list anything they want the Project Manager to know: needed materials, tasks that could not be done, when they will be working next, etc.
  - d. Keep the “immediate tasks” list up to date. See the sample “Work To Be Done” lists in Appendix C.
  - e. Ensure that all materials needed for the current tasks are on hand. You do not want someone to arrive ready to work but not have enough materials to continue!
  - f. Ensure you will have the skills available for the next work task(s). If you cannot find a person with the skills you need in your congregation, then try the following:
    - Contact other churches in your area for help (your pastor probably has contacts).
    - Ask contractors in your congregation whom they would recommend.
    - Contact local businesses (and your suppliers) to see if someone with the skills you need will volunteer.
    - Contact HFM to see if we can find a volunteer from another project or nearby area before you hire a professional to do the work.
  - g. Note that the property can be cleaned up, but final landscaping shouldn't be done until the outside work is completed.
3. Manage the people
  - a. Above all, remember, this is a Christian project.
  - b. Keep your prayer team apprised of your timetable and progress, as well as any specific needs presented by the house.
  - c. Don't forget that you have an all-volunteer labor force!
  - d. Help everyone on each work team find something to do to help the project along.
  - e. Do not talk down, do not condescend. Make everyone welcome. Be a strong leader without being overbearing. This should be fun and satisfying for everyone. Yelling at people or making them feel uncomfortable does not encourage participation.
  - f. Keep an upbeat attitude throughout. Attitude is about the only thing we can control, and a good attitude is contagious!
  - g. You have an awesome privilege to provide a Christian example to the people working on the house. One project had 20 people who were not members of the church that sponsored the project. Find a variety of ways to reach out.
  - h. Pray with everyone at the beginning of every work day. Again, you are providing an example to some people that have never done anything like this before!

- i. Don't be too busy to talk to people. Spend a little time on work days talking with the neighbors and people coming by. This is an awesome outreach opportunity! Share the vision of the project in a way that non-Christians can understand, and avoid using "Christianese" terms to explain what you are doing. BUT, beware that these "visiting" opportunities don't become gab-fests.
  - j. Always be prepared to make the final call on last-minute problems or surprises.
4. Tips on doing the work
- a. Demolition can be accomplished with an unskilled group. HOWEVER, there must be a skilled leader in charge to ensure the work is done in an organized and safe manner.
  - b. Open demolition gives you a chance to see people at work and determine the skill sets and responsibility levels of the team you have formed.
  - c. Mark anything you DON'T want demolished with one color of tape.
  - d. Mark anything you want saved to give away or sell with another color of tape, and identify WHERE it is to be stored.
  - e. Keep windows and doors in perspective to the size of the walls and general size and shape of the house!!!
  - f. Take into account interior views and furniture placement when moving interior doors and walls.
  - g. Take into account exterior views when moving exterior doors and windows. Do not close off windows just to save costs.
  - h. All finish work needs to be exceptionally well done (caulking, painting, cleaning, etc.). The final sale price will reflect the quality of your finished product.

#### **4.8 Sticking to the Plan**

- 4.8.1 Your church and HFM will have a contracted plan for the renovation of the house, including configuration to gain maximum space, flow, and "salability." As the renovation progresses, any desired changes to this original contract must be approved by HFM in writing.
1. The Law of Diminishing Returns:
- a. Project length and the interest and enthusiasm of volunteers are inversely proportional.
  - b. Buyer-requested repairs or additions that lengthen the project without increasing its profit potential can negatively affect team morale.
  - c. Thus, ensure that any changes add significant value to the house and translate into a better bottom line for missionary support, which will maximize job satisfaction for all volunteers.
- 4.8.2 Try to work within the allotted time frame of the Project Plan. Your success at maintaining the timetable will depend on the scope of the project and the surprises you find. It also depends on your team's abilities: whether they are novices but willing learners, "handymen" with some experience or skilled tradesmen.
1. Here are a few more important things to keep in mind:
- a. Our motto: "If it needs fixing, fix it! Do it once. Do it right!"
  - b. The ideal is to complete the project within the chosen timeline, so schedule for surprises.

- c. Hit it hard and get it done, or else you may wear your people out – they will lose interest and/or stamina.
- d. Being part of a team does not mean that you have to be at the work site every time someone is there.
- e. The project should not be an “all hands on deck, everybody working” scene. Rather, it should be a few specific teams doing their work at a particular time, and according to the Project Plan and timetable.

#### **4.9 Responding to the Unexpected**

4.9.1 THERE WILL BE SURPRISES!! The Project Manager and Team Leaders must have the ability to make decisions when things get tough, as well as when things are going well. In dealing with surprises, remember:

1. Maintain the HFM motto: “If it needs fixing, fix it! Do it once. Do it right!”
2. Consult with the Project Manager to determine how the issue will be resolved.
3. Consider consulting with HFM, since we have been through many surprises and may have quick, appropriate answers for you.
4. Keep your prayer team apprised of your timetable and progress, as well as any specific issues or concerns presented by the house.

#### **4.10 Monitoring Expenses and the Budget**

4.10.1 Monitoring of the Budget by the project’s Financial Officer is accomplished through the periodic reviews of the Project Plan and Budget. On a day-to-day, week-to-week basis, there are two things the Financial Officer can do to help keep the budget on target:

1. Be careful to keep EVERY RECEIPT and balance expenditures against the project’s bank statements each month. There will be times of high activity levels during the project, and you don’t want to let expense monitoring get away from you.
2. Track expenses in each section of the Project Plan to avoid unnecessary purchases. Endeavor to keep a running estimate of the material and other costs for planned work. Looking ahead like this can help you avoid unpleasant budget surprises by giving you time to react to future needs.

#### **4.11 Celebrating the Finished Job**

4.11.1 When you finish the project, celebrate!!! Most people like a party, and everyone likes a party with a good cause. So don’t disappoint them.

1. Here are a few ideas for celebrating:
2. Hold an Open House.
3. Have fliers and other outreach materials (e.g. photos of the house at the beginning and during renovation) available. Another option is a power point presentation of before-and-after shots on a laptop.
4. Include the hospitality team to provide refreshments and act as greeters.
5. Invite your project leadership, volunteer workers, financial backers, suppliers, the missionaries the project supports, neighbors and HFM to attend.
6. Also invite your local newspaper(s) and other media contacts to come, and have project officers be ready to talk with them and show them through the house and property.

7. Ensure your PR Officer is on hand to record the event on film – consider both video and still photography.

## **5.0 FINDING A BUYER & MAKING THE SALE**

### **5.1 When and How to Start the Selling Process**

- 5.1.1 You can start the selling process anytime you like. In fact, the earlier, the better. Start now! Talk to people in your church. Talk to anyone renting and /or anyone who would like to buy a house. Here are some tips and suggestions to help.
1. Help potential buyers determine if the monthly ownership cost (mortgage + taxes + insurance) will be less than they are spending in rent.
  2. Steer potential buyers to the numerous government programs to aid low and medium income buyers with down payment assistance and first-home-buyer grants. Real estate agents should have this information. Not-for-profit organizations such as Affordable Housing and Neighborhoods Inc. can provide further assistance in qualifying for these programs.
  3. There's more information about finding a buyer in Section 2 – Getting Started.

### **5.2 Setting the Price**

- 5.2.1 Your real estate agent can assist you in setting a realistic price for your house.
1. They can provide “comparables” for similar houses in similar neighborhoods that have sold in the past three months.
  2. Be the best house for the best price.
  3. Trust your realtor. Listen to their advice regarding pricing, because it's their job to know their market.
  4. Note that HFM must approve the final selling price of all houses.

### **5.3 Selling Before the House Is Done (Pre-Completion Sale)**

- 5.3.1 The ideal situation is to have a buyer lined up and involved from the beginning. In this case, the prospective buyer should have input on the design of the house. And they must have confirmation of financing and be willing to sign a purchase agreement with HFM.
- 5.3.2 Benefits to the Project:
1. You may be able to help someone within the church or the church network to purchase much-needed home (a single mom or dad, a struggling young couple with a small family, etc.). This creates a win-win situation that produces money for missions and also benefits your church and community. We are committed to ministry both at home and overseas.
  2. If you have a potential buyer from the outset, the volunteers will have additional motivation to be involved. A pre-completion sale also eliminates much of the financial risk of the project. Finally, your profit margin will be increased if you avoid real estate fees by selling the property yourselves.
- 5.3.3 Benefits to the Buyer:
1. The benefits realized by the buyer depend on the stage of the project when they commit. The earlier in the project, the more they can influence the renovations. The view we take is most requests can be satisfied upon negotiation.
  2. Two notes of caution:

- a. If the buyer backs out and already has put money into the property in areas not included in the original plan, they lose that investment. This must be written into the contract to protect the interests of your project. It also demonstrates the commitment level of the buyer.
- b. If the buyer offers himself or others to help with the project, this DOES NOT lower the sale price of the house. All other laborers are volunteering their time. It may help to shorten the renovation time for the buyer. But as with other volunteers, their work adds to the missionary dollar.

## 5.4 Writing the Purchase Contract

### 5.4.1

There must be a contract between HFM and the buyer that lists every renovation item and the standard to which the work is being completed. Identify each change or repair specified by the buyer and the resulting impact on the budget and timetable; and determine specific materials and fixtures including model numbers. The contract must be reviewed in detail by the buyer and the Project Manager and signed by both parties.

1. Negotiating Buyer-Requested Changes
  - a. If the buyer requests additional work or more expensive paint, flooring or fittings, these “extras” must be built into the Additions to Purchase Contract. It is to everyone’s benefit to get the additional costs for these extras agreed to up front, even if it increases the buyer’s loan amount. BEWARE! Any potential buyer can agree to upgrades if the cost is being added to the purchase price. HOWEVER, if they don’t follow through with the purchase, you are out that money. The changes may not necessarily work for other buyers, leaving you with a harder-to-sell house and a higher selling price.
  - b. Every buyer-requested change to the original plan must be documented in writing, including the additional cost to be added to the purchase price OR paid BEFORE the change is made, depending on the commitment level of the buyer and/or pre-approval loan status.
  - c. ALL changes to the Project Plan must go through the Project Manager. NO ONE other than the Project Manager is authorized to make promises to the buyer!
  - d. The buyer can choose finishes and fixtures within the constraints of the Project Budget. To spend more than what is budgeted, they must agree IN WRITING to pay for the upgrade.
  - e. Color selection of paint, flooring materials, etc., should remain fairly neutral (no wild or very trendy colors or textures) UNLESS the potential buyer makes a deposit to cover the costs of re-doing those parts of the house renovation. For example, a potential buyer wants to paint a bedroom black. He must deposit in advance the cost of undercoat/paint/labor to repaint the room, should the sale fall through. If the sale closes, the deposit will be returned to the buyer.
  - f. Include volunteer labor costs for all buyer-requested changes that involve extra labor. Remember, it is the labor component of the renovation that generates money for missionary support. Don’t just include the cost of the materials. Where you have a committed buyer, this can generate conflict. It is GREAT to have the buyer in place, but beware. We don’t have to squeeze every dollar of profit out of a house, but the other extreme is valid as well... the buyer doesn’t squeeze every ounce of effort out of the volunteer team for no return either.
2. Here are two examples of how to and how not to handle buyer-requested “extras”:

- a. In “Renovation A,” the buyers wanted a security fence around the yard. **Our original plan** was to fence two sides of the yard due to an existing low fence on one side and garage on the other. Once the two new sides were up, the buyer decided it looked weird having two kinds of fence and requested replacement of the low fence. We quoted for the additional materials and labor. They agreed, and it was added to the “additions to purchase” line in our Budget, which made the project come out on target financially.
- b. In “Renovation B,” the buyer requested changes and additions to the original plan after the sale price was quoted. The Project Manager only added the materials cost to the sale price. The result was that this buyer got thousands of dollars of additional value in their house for just the cost of the materials and a month of free labor by the team. After all the extra time and work, the project’s profit levels were discouraging.

## 5.5 Selling After the House Is Done (Post-Completion Sale)

1. Working with the Realtor
  - a. Ideally, the realtor should already be in place and looking for a buyer when work on the house is done. If you have not secured a realtor, there are helpful tips and information in Section 3 – “How can we find the right realtor?” Choose an energetic, positive realtor who is sold on the ministry of HFM.
2. Preparing the house, REMEMBER PRESENTATION IS EVERYTHING!!!
  - a. Make the yard inviting! Clean up trash and any unused construction materials, then mow, trim and plant flowers and shrubs according to your Project Plan and Budget. Remove junk mail from the mailbox regularly. Keep the property in tip-top condition – curb appeal cannot be emphasized enough!
  - b. Clean the house! This includes windows, floors, baseboards, fixtures, everything.
  - c. Stage the house! Find someone in your congregation who loves to decorate, and turn them loose. You don’t need mega furniture – just enough to give the potential buyer an idea of the purpose of each room. Try to incorporate as much GOOD loaned furniture from your congregation as possible. Couches and chairs with worn fabric can be covered with plain, crisp bed sheets or proper covers borrowed from your congregation. If no beds are available, they can be made with air mattresses sitting on packing boxes and covered with nice looking bedding. Avoid renting furniture at all costs.
  - d. Hang curtains tastefully, allowing for as much natural light into the house as possible.
  - e. Accessorize the interior by setting the table and/or kitchen bar area, placing magazines, a few knick-knacks and towels in appropriate areas, hanging a few pieces of clothing in closets. Do anything else that will give the house a tasteful “warm lived-in feeling” without clutter.
  - f. DON’T put holes in the walls to hang artwork... use “3M Command” hangers.
  - g. After staging the house, have people from your church walk through for impressions and suggestions.
3. Showing the house
  - a. Normally, your realtor will show the house to prospective buyers. Sometimes, this is done as an open house event. Here are some tips to help with the sale:

- b. Ensure the buyer knows what has been done. Don't leave it up to an uninformed agent. Provide a notebook with pictures and a written list indicating all work completed (e.g. new roof, thermal windows, siding, flooring throughout, fully renovated bathrooms, high efficiency furnace, etc.). Help potential buyers understand that they are viewing a quality house with equity because it is worth more than you are asking.
- c. Keep all warranties for the potential buyer in a separate notebook that is available and visible.
- d. For open house events, have coffee brewing and cookies in the oven. Make them and other "homey" light refreshments available during the open house.

## **5.6 Negotiating the Sale**

- 5.6.1 Your house is now fully renovated, staged and prepared for sale. You've celebrated and are ready to receive offers.

## **5.7 Receiving an Offer**

- 5.7.1 The following steps will prepare you to determine your final selling price.

1. Decide what your property is worth by comparing it to the recent selling price of similar houses in the area (comparables).
2. Have an accurate accounting of what you have spent on the renovation project, including original purchase price, utilities and taxes.
3. Have an accurate accounting of what you will have to spend to sell the house (realtor commission, closing costs, taxes, etc.), which usually is around 9-10 percent of the house selling price.
4. Have a specific profit goal you want to generate for missionary support.

- 5.7.2 In a down real estate market, don't be surprised if you get a low-ball offer from someone trying to see if you will drop your price substantially. Conversely, in a hot real estate market, buyers may get into a bidding war for your house. In any market, the key to getting your best possible price is to know the value of your house. In a down market, don't panic and drop your price dramatically just because you've received an offer significantly lower than your asking price. You can reject offers and wait for others.

- a. If you have a quality, ethical real estate agent who has been representing you in the sale, they will assist you in any negotiations, helping you to get the best price for the house.
- b. But also be aware that the buyer's agent is trying to get the best deal for their client, too.
- c. For you, accepting or rejecting an offer will be a balancing act between not wanting to lose a potential sale and wanting to raise significant money for missions.
- d. Ultimately, the law of supply and demand will determine your final decision. If there are lots of houses on the market in your area and price range and only a few buyers, than you have to be prepared to lower your expectations. Conversely, if there are lots of buyers who want to purchase in your area and only a few available houses, you can demand your full asking price, sometimes even getting a higher amount than you were asking.

## **5.8 The Counter Offer**

5.8.1 Accepting or rejecting an initial offer is not your only option. You can counter offer, providing a compromise between your listed selling price and the amount they are offering.

1. Know what your property is worth and only accept a fair price.
2. Know your negotiating power.

5.8.2 Occasionally HFM has listed houses without including the appliances in the sale because it gave us an added negotiation point. In the negotiating process, we offered to leave the appliances if the buyer paid full asking price.

5.8.3 You can offer to cover their legal cost (normally only a few hundred dollars) or provide home warranty insurance (usually around \$400) that covers the cost of any major breakdowns in the home during their first year of ownership.

5.8.4 So much depends on the present state of the property market. In a hot market, let eager buyers compete for your sale. Ask for their best bid by a specific date, even if they have surpassed your original asking price. Remember, the additional profit is going for missionary support.

## 5.9 Closing the Sale

1. Ensure that the final reading of utilities is scheduled.
2. Select the Abstract Title Company that will handle the legal transfer of the property. Your Financial Officer will be authorized to sign on behalf of HFM.
3. At closing, ensure that all checks from the buyer are written to "Habitat for Missions Incorporated" and deposited into the local HFM account.
4. Ensure that all keys to the property are handed over to the new owner.

## 6.0 Section 6 – AFTER THE SALE

### 6.1 Finalizing the Project

6.1.1 To properly close out the project, the Financial Officer needs to:

1. Ensure that all bills are paid.
2. Reconcile the final bank statement.
3. Close the bank account and have a cashier's check written to HFM for all unused funds.
4. Forward the check, receipts and final bank statement to HFM.

### 6.2 How Profits are Distributed

1. The local church is encouraged to nominate the missionary they are working to support. HFM can give guidance if it is requested.
2. HFM-generated funds support career missionaries, but are not intended to fulfill a church's lagging missionary budget. We are endeavoring to generate a new giving stream.
3. No financial support is disbursed until the chosen missionary leaves for the field.
4. Missionaries drop out of service from time to time. Therefore, HFM reserves the right to disburse support annually, much as a church would.
5. In the event that your chosen missionary is not continuing with their appointed service, you will be contacted regarding another missionary for whom to transfer the funds.

6. Missionary support: 90 percent of the profit is designated for the missionaries of choice. The profit is divided by the years of service remaining in the missionary's term and disbursed yearly on the anniversary of the missionary's departure to the field.

- 6.2.1 Example: \$10,000 is generated for Missionary Jones, who is scheduled to depart for a three-year term on August 1st.
  - a. \$9,000 is designated for the support of Missionary Jones, to be paid in three equal installments beginning with his departure date and annually on that date for two years thereafter.

### 6.3 The celebration event

The project house has been purchased, renovated and sold. Volunteers have given hours of labor, your core six leaders have organized and led the project and now it is time to celebrate! The celebration event should be a time to show appreciation to all of those who participated in the project and to acknowledge the individuals and ministries who are benefitting from the project.

#### **Things to decide:**

- What kind of event should you hold?
- Where will you hold the event?
- Who gives leadership to the event?
- Who should be invited to the event?
- What does the program for the event include?
- How will you pay for the event?
- What should be the intended results of this event?

#### *What kind of event should you hold?*

You need to decide: Should this be a breakfast, lunch, dinner, snack or no food event?  
Is this a:

- Potluck where people sign up to bring entrees, sides and deserts;
- A fully catered meal;
- A meal prepared by a group within your church/organization;
- A snack reception with snacks provided by members of your church/organization or purchased ones;
- An event where food is not a part of the agenda;

#### *Where will you hold the event?*

The answer to this question might be determined by at least two things:  
The type of event you planned above;  
The number of people who are invited to the event.

#### *Who gives Leadership to this event?*

It would be wise to have your six core leaders involved in the planning of the program. The food and beverage section of the event should be assigned to someone with good competency in this area.

#### *Who should be invited to the event?*

Do you want as many of the members as possible of your church/organization to attend and celebrate this fruitful ministry? If so, you offer a wide invitation, remembering to send a special invite to your partners from outside the church/organization, if any (realtor, the

people who purchased the house, those who donated supplies, money or provided services, members of the community, other churches or organizations who volunteered). You may want a specific group of people invited (volunteers who worked, leadership, missions committee, etc.).

*What does the program for the event include?*

Recognition of volunteers;  
Recognition of the leadership team of the project (Six Core Leaders);  
Recognition of the beneficiaries of the project;  
Recognition of special outside donations, volunteers, etc.;  
Testimonies or stories from the project;  
Final financial report for the project;  
A congratulatory moment from an HFM official, if available.

*How do you pay for the event?*

In order to maximize the resources raised for a missionary/kingdom ministry, it is recommended that the cost of the celebration event be provided outside of the house project budget. Recommendations would be that the cost be borne by: the church's/organization's general budget, the missions budget, donations from individuals, etc.

*What should be the intended results of the event?*

It is crucial that your volunteers, project leadership, and those who contributed to the project receive recognition and feel appreciated.  
It is also crucial that the mission of those who benefitted from the project is explained and celebrated. This is a wonderful time to establish even closer ties with the missionary or project that your church/organization has supported through the proceeds of the project.  
This event is the first step in starting momentum for your next HFM project down the road.

**Contact Information:**

**Habitat for Missions**  
**c/o Rev. Bill Foster, Executive Director**  
**6051 Piedmont Drive**  
**Spring Hill, FL 34606**  
**Phone: 765-506-6733**  
**E-mail: habitatformissions@gmail.com**

**Habitat for Missions**  
**c/o Rev. Wayne Richards, Director of Operations**  
**Phone: 219-401-2322**  
**E-mail: richardsw8899@gmail.com**

**Habitat for Missions**  
**c/o Gary and Kathy Crandall, Co-Chief Financial Officers**  
**220 N Douglas Street**  
**Bronson, MI 49028**  
**Phone: 571-369-9532**  
**E-mail: gkcrandall@frontier.com**