



NeighborWorks in Action: Transforming Lives and Strengthening Communities

Can't Get Enough of That Homeownership Education!

NeighborWorks® Organization: Troy Rehabilitation & Improvement Program Inc., Troy, NY **Contact:** Bobbi Carter, bobbi@triponline.org, Cindy Candelario, cindy@triponline.org or 518/272-8289

Cindy Candelario, a single Hispanic woman, had never thought about purchasing a home until she saw a brochure for the Troy Rehabilitation & Improvement Program's homeownership center — a charter member of the NeighborWorks® network. Before long, she would access nearly every training program TRIP offers, and purchase and rehabilitate a multi-unit Victorian brownstone with plenty of space for the foster children in her care. Program director Bobbi Carter was so impressed with Cindy's diligence, knowledge, and outgoing personality that she eventually asked her to join the TRIP staff. Today Cindy is helping the program to meet the needs of Troy's growing Hispanic population.

Cindy's parents and brother moved to Troy, New York, from their home in New York City; and after completing college, she joined them. Cindy lived with her brother in his TRIP rental unit until he moved back to New York City, and she assumed the rental. "I was dropping off the rent at TRIP's offices when I noticed the homeownership center brochure," Cindy recalls. "I signed up right away." She obtained budget counseling to begin saving from her \$18,000 annual salary and training to rectify issues with her credit, which today is excellent.

When a multi-unit, Victorian home became available, TRIP acquired it for Cindy to purchase, and obtained HOME grants to help her with the down-payment and closing costs. Then, using Community Housing Development Organization funds, TRIP worked with Cindy on a complete rehabilitation of the house that retained its distinctive period woodwork and other architectural features. For less than \$70,000, Cindy bought a home that in New York City would sell for well over \$1 million. At the same time, Cindy completed TRIP's home maintenance and landlord training programs so that she could better manage her new property.

Over the next two years, Cindy continued to refer family and friends to TRIP, until Bobbi Carter called to see if she would be interested in filling an opening on the program staff. Cindy offered fluent Spanish and experience in working with developmentally disabled people, as well as thorough familiarity with TRIP. "Before hiring Cindy, my department struggled with meeting the needs of the growing Hispanic population in our city, primarily because of the language barrier," Bobbi says. "Cindy has filled that gap in our programming with innovation and dedication that is unsurpassed. We are truly blessed to have her with our organization."

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NeighborWorks in Action: Transforming Lives and Strengthening Communities

Service to Country Ends With Homeownership

NeighborWorks® Organization: Fairmont Community Partnership, Fairmont, West Virginia

Contact: David Schoolcraft, dschoolcraft@fcdp.com, 304/366-7600

Spencer Powell, Spencer Powell, a 51-year-old African-American man, served in the U.S. Army for 29 years before he decided to finally settle down. On the plane returning from a tour in Iraq in 2004, he thought of the dreams his father and grandmother had for him and said, "I'm going to make them proud." With the help of the Fairmont Community Development Partnership — a charter member of the NeighborWorks® network — and the local businesses in this rural community, Spencer established credit and purchased a house within 10 months, fulfilling his father's wishes and creating a stable home for his family.

A friend referred Spencer to FCDP, where a project coordinator counseled him on credit issues and began establishing a nontraditional credit track. A service station in town had sold Spencer tires and batteries on credit, and he'd bought a car with financing direct from a local dealership, but his monthly payments were not reported to the credit bureaus. The FCDP coordinator drafted a letter attesting to Spencer's credit and personally took the letter around to those local businessmen for signature, using face-to-face contact to lend greater credibility.

Spencer closed on the house in September 2004 with a 30-year mortgage at a fixed 6

percent interest rate. He used to pay rent of \$550 per month, but now he and his wife pay just over \$400 a month on their mortgage. Their utility costs are down too, since the new house is energy efficient. Spencer's three sons, all under the age of five, are thrilled with their new home. Now that he's retired from the military, Spencer works in town and drops by the FCDP office with a box of donuts from time to time, just to say thanks.

FCDP helped Spencer bring his finances to the point where they knew a local bank would consider prequalifying him for a mortgage. Then the project coordinator provided eight hours of homeownership education, based on NeighborWorks® training, which stressed money management and cautioned against hazards such as predatory lending. Just as Spencer completed the training, FCDP finished the construction of a new house in the neighborhood it had adopted for rehabilitation. The house was not built with Spencer in mind, but its completion was timed perfectly for Spencer to purchase it.

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NeighborWorks in Action: Transforming Lives and Strengthening Communities

NeighborWorks® Helps Mother Unsnarl Credit History to Realize Homeownership

NeighborWorks® Organization: Housing Partnership of Jacksonville, Jacksonville, Florida

Contact: Barbara Britton, bbritton@jaxhousing.com, 904/398-4424, x229

Jane came to the Housing Partnership of Jacksonville's HomeOwnership Center, a charter member of the NeighborWorks® network, for help with purchasing a home, in part because she had difficulty finding rental apartments with halls wide enough to accommodate her sons' wheelchairs. A Hispanic mother of two adult sons who are disabled by multiple sclerosis, Jane moved from Puerto Rico to the United States in 1997 to obtain special medical assistance and post-high school education for her sons. She earned a low income as a cashier and received some child support and assistance from the Florida Department of Children and Families.

While clearing up credit reports always can be a challenge, it was even more complicated for Jane, who is separated from her husband who remained in Puerto Rico. Jane's husband's finances stood between her and homeownership until the Housing Partnership of Jacksonville untangled the couple's income and credit. Through HPJ, a charter member of the NeighborWorks® network, Jane obtained state down-payment assistance and a 30-year mortgage so that she could buy her own home.

Because Florida law does not recognize legal separation, the only way for Jane to distinguish her credit from her husband's

was to prove she and her husband had lived in separate households for at least 12 months. "We helped Jane to obtain proof that she and her husband lived apart through sworn statements and documents such as drivers' licenses and utility bills," HPJ Senior Counselor Barbara Britton explains. "By subtracting her husband's income, Jane met the income limits for a family of three to qualify for a low-interest SHIP loan for the down payment on a house." The Center also helped Jane document that her husband was solely responsible for payments on their house in Puerto Rico and other debts.

With her credit cleared up, Jane underwent HPJ's extensive budget and credit counseling to ensure that she was mortgage ready, and then completed the eight-hour homebuyer education class. Jane obtained a 30-year, market-rate mortgage from one of the Center's 11 participating lenders, which offers first mortgages to all certified graduates of the homebuyer education class. The company that built Jane's house helped smooth the way, too. "When the builder — a former HPJ partner — heard about Jane's situation, he included wider, wheelchair-accessible hallways at no extra cost," Ms. Britton recalls. "Jane remained positive throughout the process, even in the face of major legal and financial obstacles,"

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Ms. Britton says. Jane was so pleased with the program, she referred several new clients to HPJ and provided the transportation herself for a friend to meet the staff and attend orientation.

Jane's last name has been omitted to protect her confidentiality.





NeighborWorks in Action: Transforming Lives and Strengthening Communities

NeighborWorks® Helps Mother Attain Safe Home for Her Family

NeighborWorks® Organization: Housing Partnership of West Palm Beach, Riviera Beach, FL
Contact: Odessa Brown, obrown@gocpg.org, 561/841-3500

Sylvia Howard, an African-American mother of four, lived in public housing in an area where violence was growing worse. When she became concerned for her children's safety, she went to the Housing Partnership of West Palm Beach, a charter member of the NeighborWorks® network, to help her find a home in a better neighborhood. Through HP's financial counseling, homeownership education, and a grant for a down payment, Sylvia was able to purchase a home in an environment where her children can thrive.

As a former welfare recipient new to the workforce, Sylvia had no credit history and an income below 55 percent of Palm Beach County's median for a family of five. HP helped her tackle both issues through its homebuyer education and Family Self-Sufficiency (FSS) programs. The homebuyer education program helped her build alternative credit, using her monthly payments for items such as utilities and car insurance to show a solid credit history. At the same time, FSS counseled Sylvia on budgeting and scheduled regular meetings to monitor her progress.

After one year, HP helped Sylvia obtain a \$20,700-HOME grant from Palm Beach County for a down payment on a newly

constructed house. HP also helped her secure a 30-year mortgage at an interest rate of 5.5 percent. Neighborhood Housing Services of America (NHTSA) served as the secondary market for the loan, which enabled HP to set the interest rate and terms based on the borrower's ability to repay.

Sylvia's new home has put her on solid financial footing, with its value appreciating by \$30,000 in less than a year. But she's even happier about the effect that the new neighborhood has had on her children, whose grades and behavior have steadily improved. At HP's recent homebuyers' appreciation dinner, Sylvia gave a moving testimonial. "I have moved my family from a subsidized housing community into a safer, drug-free environment," she said. "I'm proud to know I have put stability into my kids' lives."

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NeighborWorks in Action: Transforming Lives and Strengthening Communities

NeighborWorks® Helps Family Get Rid of High-Interest Mortgage Trap!

NeighborWorks® Organization: Neighborhood Housing Partnership of Greater Springfield, Springfield, Ohio **Contact:** Kerri Brammer, kbrammer@springfieldnhp.org, 937/322-4619

With their own home and a good income, the DeArmands might not seem likely candidates for the services of the Neighborhood Housing Partnership of Greater Springfield — a charter member of the NeighborWorks® network. But because of old debts and credit problems, this African-American couple was trapped in a high-interest mortgage that cost them an extra \$200 a month. With the help of an NHP credit counselor, they put together a budget and financial plan that allowed them to pay off old debts, improve their credit rating, and refinance their home at a much lower interest rate.

Despite their high income, the DeArmands and their three children still live in the low-to-moderate income track in Springfield, Ohio, where they purchased a home in 1988. In 2003, NHP targeted the area to provide matching funds for exterior home repairs, and the DeArmands applied for a grant to fix their leaking roof and install new doors and storm doors. That's when the NHP lending manager learned they were paying an extremely high fixed mortgage interest rate of 10.99 percent. "The DeArmands said they would like to refinance the loan at a lower rate, but their poor credit status prevented it," lending manager Kerri Brammer explains. "They had several collection

accounts, one small judgment, and some credit card charge offs (unpaid debts that creditors had given up trying to collect) — confirming that even upper-income families can run into credit trouble."

The NHP credit counselor helped the DeArmands raise their credit score from the mid-500s to over 600, in the range required by most traditional lenders. She helped them create a revised budget that set them on a course to pay off their debts, and negotiated with creditors for settlement payoffs. From February to November of 2003, the DeArmands eliminated their old debts and then returned to NHP for help in updating their credit reports. The counselor successfully disputed errors with all three major credit bureaus (Equifax, Experian, and TransUnion) to ensure that the DeArmands' new credit reports reflected the paid debts.

NHP referred the DeArmands to its lending partners to apply for a new mortgage, and by January 2004 the couple had refinanced their home at a fixed interest rate of 6.375 percent. Today the DeArmands have reduced their monthly mortgage payment (excluding escrow) from \$606 to just \$408.50, providing much-needed disposable income to cover expenses for their family — including two children, ages 17 and 11, who still live at

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home. Even more important to the DeArmands, they now enjoy the peace of mind of knowing that their credit is in good standing.

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NeighborWorks in Action: Transforming Lives and Strengthening Communities

Freedom from Language Barriers Helps More Families Realize Homeownership

NeighborWorks® Organization: Neighborhood Housing Partnership of Greater Springfield, Springfield, OH **Contact:** Kerri Brammer, kbrammer@springfieldnhp.org, 937/322-4623

Homebuying presents many challenges for low-income families, but for Latinos who struggle with English, the language barrier can be even more daunting than financial hurdles. With the help of the Springfield Neighborhood Housing Partnership – a charter member of the NeighborWorks network, Astimiano Dominguez, a Mexican immigrant, overcame the language barrier and became the city's first Latino to buy a home.

After living in the United States for 13 years, Astimiano was tired of paying rent with nothing to show for it. In May 2004, a realtor on the Springfield Human Relations Board brought him to NHP to help him buy a home. "Often times, when you don't speak the language, you don't know what opportunities are available," NHP executive director Tina Koumoutsos notes. NHP homebuyer counselor Rebecca Smiddy opened doors for Astimiano by providing one-on-one homebuyer education in Spanish and translating for him as he launched the process of purchasing a house.

NHP introduced Astimiano to a loan originator at Security National Bank, one of its lender partners. Like many immigrants, he

had no documented credit history, and so the bank contacted nontraditional sources such as landlords and utility companies to verify that he made regular, timely payments. NHP also helped him obtain \$1,930 in downpayment assistance from the Ohio Department of Development. As Astimiano searched for a house, Rebecca helped with interpretation between him and the real estate agent, explaining what he wanted in a home before the agent took him out looking. NHP also served as Astimiano's advocate after he chose a house, inspecting the property to make sure he didn't overlook any problems, and later interpreting for him as he set up utilities and arranged for services such as trash collection.

In August, Astimiano closed on a four-bedroom house with a monthly payment for mortgage, insurance, and tax totaling just \$70 more than his former rent. With plenty of space, he now has four children living with him and can plant dahlias and chili peppers in his own garden. NHP hopes Astimiano is just the first of many Latino homebuyers in Clark County, where the Latino population doubled from 1990 to 2000. Following on his success, NHP has continued one-on-one Spanish homebuyer education classes and will schedule group

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forms hand-on work with Spanish-speaking clients as they move through the homebuying process, and by November 2004 already had helped an additional Latino family purchase a home.

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NeighborWorks in Action: Transforming Lives and Strengthening Communities

Realizing an Impossible Dream – Family Moves from Travel Trailer to new Home

NeighborWorks® Organization: Navajo Partnership for Housing, St. Michael, AZ

Contact: Richard Kontz, rkontz@citlink.net, 928/810-3112

After ten years of marriage, Jennifer and Ralph “Wolf” Watchman lived in a ten-foot travel trailer where each night they converted the kitchen table into a bed for their two children. They had lived in so many different places they lost track of how many times they had moved, but their prospects for buying a permanent home looked dim. Wolf, a Navajo, was unemployed and discouraged, and his wife had only part-time work. Yet within four years, the Watchmans acquired a spacious home of their own and restored their pride and hope for the future — thanks to faith, perseverance, and the efforts of the Navajo Partnership for Housing – a charter member of the NeighborWorks® network.

Jennifer first heard of NPH through a chance meeting with the organization’s director, Richard Kontz, the uncle of a high-school classmate. As a result, he offered her a part-time job at NPH. While working there, Jennifer learned how the organization’s various programs could help her family obtain affordable housing.

Soon the Watchmans signed up for the eight-hour homebuyer course and learned about family budgeting, managing credit, mortgage financing, and the responsibilities of home ownership. They began paying

down their debt, and Wolf maintained a steady job. “Wolf was frustrated throwing away money on rent, and he knew to buy a house he needed a consistent, permanent income,” Jennifer explains. “With the homeownership education classes, it helped him to know he was working toward something. Some days the goal of owning a home was the only thing that kept him going to work.”

At the same time, NPH counselor Theresa Upshaw took on the mission of obtaining a new Navajo Indian Reservation homesite lease in Jennifer and Wolf’s names. To build a home on the reservation, a family needs to have a homesite lease approved by the Tribal Government and Federal Bureau of Indian Affairs. With great foresight, Wolf’s deceased father had left him and his sister the homesite lease that he and his wife had worked 14 years to acquire. However, mortgage lenders and guarantee programs were reluctant to use the lease as collateral until it was transferred to both Wolf and Jennifer’s names and modified to reflect new regulations adopted in April 2000.

Theresa worked tirelessly to get the Watchmans’ new lease processed, making theirs the first to be approved under the new

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regulations. “Theresa gets all the credit,” Jennifer exclaims. “She wrote millions of letters, and I stopped by her office every day to ask what was happening with the documents. When we finally got the lease with the special stamp, we all had a celebration with root beer floats.” Theresa is modest about her role. “Jennifer and Wolf didn’t have that many credit problems, and the homesite lease was really in the hands of a Tribal office—I just had to keep following up and writing letters,” she says.

NPH loan officer Joe Hibbard worked many hours to help the Watchmans obtain financing at a fixed rate of 6 percent from Suburban Mortgage Company of Albuquerque, New Mexico, one of several private lenders for which NPH originates loans for Navajo families at its conveniently located offices on the reservation. The family also qualified for downpayment and closing cost assistance under the Native American Housing Assistance and Self Determination Act, which provides federal housing funds through NPH’s Home Loan Department. However, the funds require an environmental review, creating another challenge for Theresa. “I had to get documents approved by 13 agencies before Jennifer and Wolf could get the downpayment and closing cost assistance,” she notes. “That took the most time.”

The Watchmans fell in love with the modular home they chose to place on a permanent

foundation on the reservation homesite. “We bought the last one on the lot, and we’d stop to look at it every day when we drove past on our way to work,” Jennifer recalls. “Finally the manager gave us the keys so we could go inside, and we’d eat our lunch there, sitting on the carpet. It’s so big, when we had our final walkthrough the kids thought their walk-in closets were their bedrooms!” After paying \$400 a month to rent a trailer, the Watchmans now pay a total of \$453 a month for their house, with much lower utility costs as well.

A year after moving into their house, the Watchmans epitomize the benefits of homeownership. “It’s been proven that a stable home is the best way to counteract social problems,” Richard notes. “Jennifer and Wolf just needed a decent place to live, to stabilize their relationship and their family.” Jennifer couldn’t agree more. “It’s hard to put into words the effect that our home has had on our lives. Now my husband is able to feel that his parents would be proud of him for coming back to live on their land,” she says. “People who knew of the hardships we went through were really surprised and happy to see all of our accomplishments. When you actually own your own home it takes away a lot of frustration, especially when you work so hard for every paycheck.”





NeighborWorks in Action: Transforming Lives and Strengthening Communities

NeighborWorks Helps Mother Navigate Federal Regulations and Purchase Family's First Home

NeighborWorks® Organization: Gilman Housing Trust, Newport, VT

Contact: George Mathias, georgem@nehome.com, 802/626-1175

Ellen Stone, a disabled single mother with two teenaged children, makes up for a low income with extraordinary persistence. Working with the Gilman Housing Trust HomeOwnership Center in Lyndonville, Vermont, she overcame major hurdles in federal regulations to purchase her own home. “The staff was incredible,” she says. “I needed moral support, and I got it.”

Ellen was referred to GHT — a charter member of the NeighborWorks® network by the Vermont State Housing Authority in February 2001 as a potential Section 8 Homeownership candidate. She completed GHT's homebuyer workshop, a three-part series on financial education, and received 49.5 hours of individual counseling over two years. In May 2001, Ellen also enrolled in GHT's new Individual Development Account (IDA) program that matched her own savings for a home.

Because she had no earned income, Ellen did not qualify for IDA under the federal Assets for Independence Act, which is funded by the U.S. Department of Health and Human Services. So GHT enrolled her in a U.S. Department of Housing and Urban Development (HUD) IDA program funded through the Community Development Block Grant (the first IDA program in

Vermont funded by CDBG). However, she learned that Vermont's welfare agency was going to count her IDA savings toward the \$2,000-asset limit imposed on welfare recipients, jeopardizing her benefits and eligibility for Temporary Assistance for Needy Families, food stamps, and Social Security disability income. GHT helped Ellen successfully request a waiver from the Vermont Department of Prevention and Transition that excludes the CDBG-funded IDA from being counted against her asset limit.

Next Ellen confronted an even greater hurdle in the HUD minimum income requirements for participants in the new Section 8 Homeownership Program. Like many other disabled people, Ellen would be excluded from the program because her disability income alone did not reach the HUD-established threshold of \$10,300. Specifically, the regulations required that adult family members have an income not less than the federal minimum wage multiplied by 2,000 hours, and Ellen's SSI income was only \$7,068. On her behalf, the Vermont State Housing Authority submitted an official waiver request to HUD on January 9, 2002, with accompanying documentation from Ellen, GHT, and USDA Rural Development. HUD did not respond, indicating that the issue would be addressed in the revised

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the revised regulations that eventually were issued 19 months later.

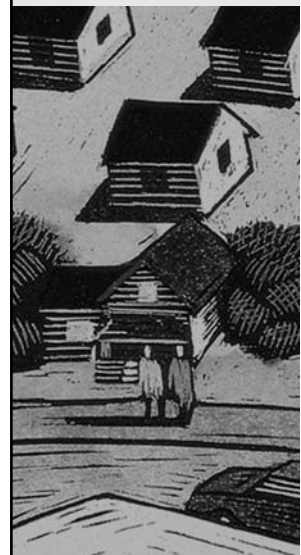
In the meantime, in March 2002 Ellen had a rare opportunity to make an offer on an eight-year-old ranch house that was foreclosed by USDA Rural Development. By then Ellen was prepared to purchase her home without Section 8 because HUD still had not lifted the regulatory barrier. GHT convinced her that it was worth waiting for the regulation to change, because the combined subsidized USDA Rural Development mortgage and Section 8 mortgage assistance would increase the long-term affordability of her home. In June, a title problem surfaced that further stalled the purchase.

At last on October 1, 2002, revised final HUD regulations took effect that enabled the state housing authority to lower the income threshold for disabled families to the monthly SSI benefit for an individual living alone (which was \$6,624 in 2003). Thus, Ellen qualified for \$262 each month in Section 8 assistance. Because her monthly income would fall to \$607 after her 16-year-old daughter left home, the Section 8 assistance would make it possible for Ellen to afford her home for the rest of her life.

GHT reviewed Ellen's credit explanation letter and helped her through the financing process with USDA Rural Development, which provided a loan with a subsidized 1

percent interest rate and monthly payment of \$348. GHT also gave her names of home inspectors. In December 2002, Ellen finally closed on the home for \$60,000. She came straight from the closing to the HomeOwnership Center to celebrate.

"I couldn't have done this without the help of the Center, Section 8, my IDA, and Rural Development," Ellen says. As a result, she became one of GHT's best ambassadors for people who wonder whether they can ever achieve their dream of buying a home. In August 2003, Ellen attended a public forum on the need for more affordable housing in the region, and described how as a very low-income person she came to be able to afford her house. That fall, she agreed to serve on GHT's Loan Review Committee, providing an important new perspective in considering the applications of low- and moderate-income families for low-interest or deferred home repair loans.





NeighborWorks in Action: Transforming Lives and Strengthening Communities

Savings Booster Leads to Homeownership

NeighborWorks® Organization: Los Angeles Neighborhood Housing Service, California

Contact: Jo-An Turman, jturman@lanhs.org, 213/381-2862 ext.105

Los Angeles Neighborhood Housing Service – a charter member of the NeighborWorks® network – puts 55 families a day on the road to homeownership. One of its most remarkable success stories involved Susana Mares, a Hispanic single mother.

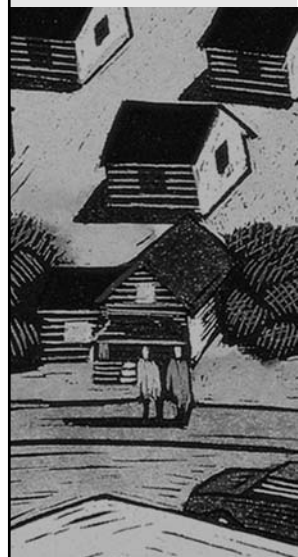
Mares became homeless when her landlord sold the building where she rented an apartment. Unable to find affordable housing, she had to leave her son at her mother's home. Thanks to a compassionate employer, she temporarily slept in the office of the company where she worked. When Mares finally found an apartment to rent with two friends, she went to LA NHS to find a way to become a homeowner herself.

Mares and her friends enrolled in LA NHS's 12-month Individual Development Account program, which provides a three-to-one match for individual savings for a downpayment on a home. The program required her to commit to attend every monthly class and save \$50 in an escrow account each month. The IDA program also put Susana on a budget and helped her reduce her debt to improve her credit score. After saving \$600, she graduated from the program in March 2002 and received an IDA matching grant of \$1,800.

The LA NHS lending division then helped Mares and her friends assemble financing that included an LA NHS loan through Hawthorne Savings, a low-interest Federal Home Loan Bank mortgage, and a silent second trust deed from the City of Los Angeles that does not have to be paid until they sell their house. LA NHS's realtor helped them find a two-unit property in the Vernon-Central area, one of the organization's target neighborhoods. Susana and her friends together qualified to purchase the duplex. To cover closing costs and assist in purchasing appliances, LA NHS enlisted the Sears American Dream Campaign, which provided funding for both. LA NHS even used its relationship with a Sears executive to obtain emergency repair service for Susana when her washing machine broke down.

Mares credits LA NHS with enabling her to reduce her debt and stabilize her housing costs. "I am so grateful to LA NHS for helping me to become a homeowner, and for the IDA program too," she says.

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NeighborWorks in Action: Transforming Lives and Strengthening Communities

“Now my children have rooms of their own!”

NeighborWorks® Organization: Sacramento Neighborhood Housing Services, California

Contact: Blanca Guitierrez, 916/452-5356, ext. 16, blanca@sacnhs.org

Pam Canada, ext. 11, pam@sacnhs.org

After working for several years at Sacramento Neighborhood Housing Services – a NeighborWorks® charter member -- “Carla” decided she needed to buy a house herself. “My family and I were tired of having to move because of landlords selling our rental homes, and we were paying higher and higher rents for smaller and smaller houses,” she recalls. With the help of Sacramento NHS, Carla learned how to reduce her debt, qualified for financing, and found a former Section 8 house to buy at a bargain price.

Carla and her husband, a Hispanic couple with two young children, lived in a three-bedroom home until their landlord decided to sell it, giving them just 30 days to find a new place. “We had to move to a two-bedroom duplex, where our rent increased from \$600 to \$900 a month,” Carla says. “By then my husband and I had taken the NHS homebuyer education class, but at that point we decided to take action.” Carla sat down with a Sacramento NHS counselor, who told her if she wanted to buy a home she would have to sell her car to pay off its high bank note and reduce her monthly debt payments. Carla saw no way for her family to function without a car, and feared that even if she could buy a less expensive one, a voluntary repossession would mar her credit

record. So she and her family remained in the duplex for 18 months as they slowly paid down their debt.

Eventually Carla achieved a credit score of 620 and prequalified for a mortgage from a lender that her NHS counselor found for her. The counselor then asked the city housing agency if Carla could purchase a home that the city acquired through the Section 8 program. Usually non-Section 8 households are not eligible for such sales, but two days later a city official called Carla and said he could help her purchase a home if she met the qualifications of a Section 8 family of four. Carla’s income alone met the requirements for a family of four (since her husband’s income did not have to be counted). She signed a contract on a house in June 2003, with financing from the primary lender and a second mortgage provided by Sacramento NHS. “We couldn’t have bought the house without the additional financing from Sacramento NHS,” Carla notes.

Although the city paperwork took six months to process, Carla still was able to buy the house for the contract price of \$160,000 even though its value had jumped to \$190,000. The family moved in December 2003. Within months, Carla had refinanced her first and second mortgages

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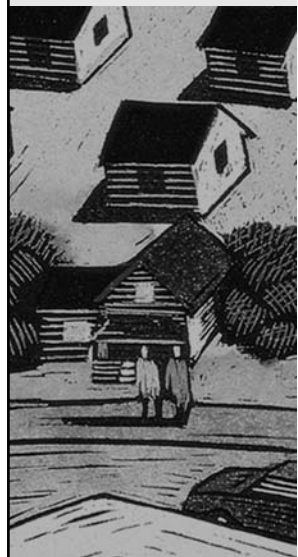




(including the car note) and save an extra \$400 each month.

Today her family not only enjoys financial security, but also a spacious and stable home close to her husband's job and the children's school. "Now my children, ages 11 and 13, have rooms of their own," Carla says. For Sacramento NHS, Carla has become a model of success through perseverance, telling her story to an audience of 200 future homebuyers at the recent NHS homeownership fair.

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NeighborWorks in Action: Transforming Lives and Strengthening Communities

NeighborWorks Helps Families Stretch Without Breaking to Meet Their Goal of Homeownership

NeighborWorks® Organization: Sacramento Neighborhood Housing Services, California

Contact: Blanca Guitierrez, 916/452-5356, ext. 16, blanca@sacnhs.org

Pam Canada, ext. 11, pam@sacnhs.org

As mortgages and other loans become increasingly complex and risky, Sacramento Neighborhood Housing Services — a NeighborWorks charter member — is helping first-time home buyers navigate the array of loans available and avoid the pain and destruction of buying a house they won't be able to afford to keep. Foreclosures can mean more than losing a home and the financial benefits that owning provides. It also brings with it the emotional turmoil of a forced move, the financial wreckage from a stained credit record and any equity a homeowner might have in their house. Compounding matters, neighborhood blocks riddled with vacant homes create huge economic losses for entire communities.

"It's scary," says Pam Canada, executive director of Sacramento NHS. "Loans that carry much higher interest rates and fees are not necessarily the best for people of modest means or fixed incomes because of the risks down the road."

Nationally, subprime lending rose 66 percent, to \$277 billion, in the first half of 2004, compared with the same time period in 2003, according to National Mortgage

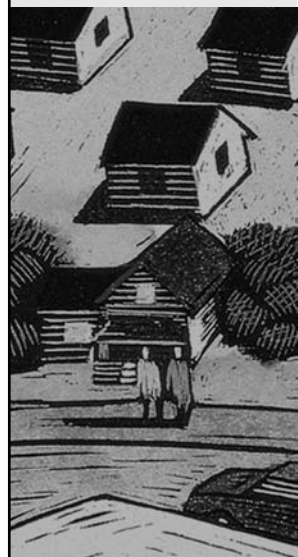
News. Subprime loans give higher-risk borrowers with blemished credit histories or heavy debt loads increased buying power by charging much higher interest rates or fees compared with conventional financing. They often feature zero-down, interest-only, and/or variable-rate mortgages. Borrowers who purchase these riskier mortgages bet home values will continue to rise, interest rates won't spike and their incomes will increase. Some put more than half of their incomes toward housing.

A January 5, 2005 Sacramento Bee article profiled Sacramento NHS home buyer course graduates Edward and Clarissa Knight, who faced a daunting challenge of finding a house in their price range given their modest income. The Knights were looking for a home priced around \$150,000 in a region, where the vast majority sell for more than \$250,000.

"Most of the housing in our price range had already been taken by someone else or we were outbid," Edward Knight told the Sacramento Bee. "But we weren't going to give up."

Using what they learned in the

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couple was able to avoid getting trapped in a mortgage they couldn't afford. The two qualified as low-income because their earnings are below \$40,000 a year. Both Edward and Clarissa are deaf. He works as a handyman, and she's on disability. They received two loans: \$30,000 in CalHome down payment assistance and \$7,500 more under the NHS program.

Recently the Knights paid \$145,000 for a 900-square-foot bungalow that needs some work on Oak Park's 36th Street in Sacramento. They used \$1,500 of their own money for closing costs, and their first mortgage is a low-risk, fixed-rate 30-year loan. NeighborWorks® homeownership education and counseling helped the Knights realize that the dream of homeownership didn't have to mean taking on risks they couldn't afford.





NeighborWorks in Action: Transforming Lives and Strengthening Communities

More Single Female Parents Buying Their Own Home

NeighborWorks® Organization: Housing Authority of Columbus, Georgia
Contact: Rebecca Cartee, rcartee@chiinc.org, 706/324-4663

Until the Housing Authority of Columbus — a NeighborWorks® charter member — invited Vanessa Jackson to a homeownership orientation, she never considered buying a house on her own. “I had thought about owning a home and I even drove around sometimes looking at houses, but I always felt like I needed a husband to buy a house,” Vanessa admits. Thanks to the Columbus Housing Initiative, Vanessa obtained the homeowner education and financial tools she needed to buy a house for herself and her two children.

An African-American single parent, Vanessa entered the Housing Authority’s Section 8 rental assistance program in February 2000 as a way to get help making a fresh start following a divorce. About 18 months later, the Housing Authority invited her to the homeownership orientation, where she learned about the homebuyer education and counseling program — Avenues to Home Ownership — sponsored by its partner organization, the Columbus Housing Initiative. Vanessa signed up in July 2002.

Jackson is not alone. Single women make up the second-largest group of homebuyers, according to a nationwide survey by the National Association of Realtors. Unmarried women were nearly twice as

likely to buy homes as unmarried men. This is particularly true for Georgia, where conventional mortgage loans to black women increased more than 100 percent.

“I knew early on that Vanessa would be successful,” says CHI housing counseling manager Pamela Burke. “She worked hard and was willing to make the sacrifices required to become a homeowner.” For 21 months, Vanessa attended the classes and one-on-one financial and credit counseling sessions. Working with her CHI housing counselor, she overcame serious past credit problems.

She also enrolled in the CHI HomeSave program, an individual development account that provided a three-to-one match for every dollar she saved. Jackson was a model participant, not only saving all the extra money she could but also enrolling in Columbus Technical College. She earned an associate’s degree in early childhood education in 2003 and was promoted to codirector of the Childcare Network, a large child development and day care center where she has worked since 1993.

Jackson purchased a 1,343-square-foot, three-bedroom house in May 2004 for \$79,900. HomeSave provided \$1,500 toward her home purchase, in addition to

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downpayment assistance from the HOME program, administered by the Consolidated Government of Columbus. SunTrust Mortgage provided first-mortgage financing, with a second mortgage loan from CHI through Neighborhood Housing Services of America. The Georgia Department of Community Affairs provided a below-market bond program interest rate.

Homeownership has changed the lives of Vanessa and her two children, Jamal, a high school senior, and Erin, a fourth grader. "I did not have major credit problems; just a few late payments and medical collections. The program taught me how to correct them and how to prevent myself from making late payments in the future through the budget counseling sessions," Jackson said.

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NeighborWorks in Action: Transforming Lives and Strengthening Communities

Home Safety Improvements Lead to a Stronger Financial Future

NeighborWorks® Organization: Community Development Corporation of Long Island, Centereach, NY **Contact:** Marianne Garvin, mgarvin@cdcli.org, 631/471-1215, ext. 175

Christina Hayes, a single mother of two in Freeport, Long Island, New York, bought her house “as is,” and it was in very bad shape. peeling lead paint covered every room. There was no insulation. The front stoop was leaning to one side. The windows were “from the beginning of time,” according to Hayes. The upstairs was so cold that she and her family could not sleep there. Safety hazards were everywhere.

Hayes purchased her home with a high-interest, subprime mortgage designed to meet the needs of those who do not qualify for “prime” rates due to high debt or credit problems. Subprime lending is usually one to six points over the prime rate. Finding extra money for repairs was next to impossible.

Community Development Corporation of Long Island (CDC-LI), a chartered NeighborWorks® network member, helped Hayes improve the condition of her home. Through the organization’s participation in the NeighborWorks® Insurance Alliance, CDC-LI offers grants and loans to improve home safety. Hayes qualified for a grant through CDC-LI’s Weatherization,

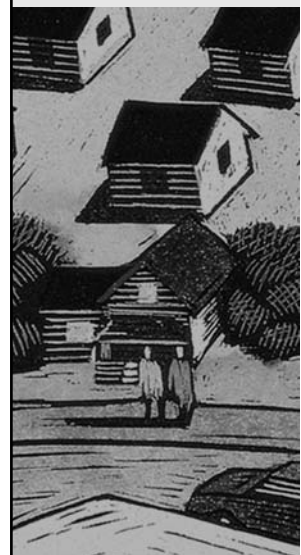
Rehabilitation and Asset Preservation (WRAP) program. The organization made extensive repairs to the Hayes’ house. It removed all the lead paint, insulated the house, put in weather stripping, installed carbon monoxide detectors and smoke alarms, repaired the front stoop and sidewalk, updated the electrical and heating systems, and more.

As a result of reducing her home’s risk, Hayes is able to save significantly on her homeowners insurance. She also received insurance counseling at CDC-LI that increased her knowledge of exactly what kind and how much insurance she needs to protect her investment.

Safety is not the only thing that’s improved as a result of the renovations. Hayes refinanced from a 10.25 percent interest loan with monthly payments of \$1,680 to a fixed 6 percent interest mortgage with a monthly payment of \$1,370. After the weatherization work, her gas bill decreased by 50 percent, which saves Hayes hundreds more per month.

With all the money she is saving, Hayes is

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able to make additional improvements to her home. She attended CDD-LI's home maintenance training, where she learned to do an impressive amount of the work herself. "I bought some new cabinets and a kitchen sink, and my brothers and I put them in," she says. "Also, the porch flooring wasn't built right originally, and I want to redo it myself."

Hayes' success is inspiring others. Since her house was renovated, a neighbor has renovated his house, too. And she's also encouraging friends to become homeowners. "I tell them if I can do it, they can do it; and now they're all saving and trying to buy homes."

Hayes' home is now a safe place for her family to live; and it provides stability for their future. "I'll never sell this house. Now I can leave it to my children," says Hayes.

