

# DREAM FUND A-Z

## 26 Ways the DREAM Fund Can Help You Loans Approved and Closed

### DREAM FUND BORROWING PROFILE

# Loans	Amt. Loaned	Median Loan	Median Rate	Median Term	Median Income
780	\$23,065,060	\$17,395	5.75%	8 Years	71% AMI

### *D*own payment and closing costs

# Loans	Amt. Loaned	Median Loan	Median Rate	Median Term	Median Income
271	\$1,493,346	\$3,500	5.75%	5 Years	70% AMI
Range		\$423-\$45,000	1-7%	6 Mos.-30 Yrs	6-220%

**A**dam and Eve had been homeowners for many years, but now both are on disability-social security income, making 52% AMI, and renting in Mandan. They wanted to again own a home and live in a rural area, and they found a suitable house to purchase in **rural Mercer County**, near Stanton. A small appraisal gap and need to escrow money for needed repairs left them \$4,000 short and unable to close on the mortgage with **Union State Bank**, but because they had previously owned a home, they were ineligible for First-Time Homebuyers. The **DREAM** Fund provided a below-market rate loan to cover the shortfall, and today they are living in their home.

Type: Down Payment/Closing Costs  
 Amount: \$4,000  
 Rate: 6.0%  
 Term: 36 Months

**B**ob is a **Lisbon** businessman with good credit and income and ready to put down 10% on a home. He has been branch owner of his company for only two years, and just recently he began receiving his business bonuses from the parent company. Secondary market investors would not consider the recent bonuses, but **Starion Financial** was willing to do a \$160,000 in-house, 7.6%, 20-year loan with a 5-year balloon payment, which should by then be a saleable loan. The **DREAM** Fund provided the requested down payment and closing cost loan at similar terms.

Type: Down Payment/Closing Costs  
 Amount: \$20,260  
 Rate: 7.0%  
 Term: 180 Months

**C**al and Carol, disabled and low income, wanted to buy the home in **Mandan** they had been renting for many years. The cost of the house and their income qualified for the first-time homebuyers program, but due to lead-based paint technicalities, they could not receive DCA or START assistance. North Dakota Housing Finance Agency agreed to accept a **DREAM** Fund loan for both closing costs and some rehabilitation, in lieu of DCA or START, and **Security First Bank of North Dakota**'s first-mortgage with rehabilitation loan was made and sold to NDHFA under the first-time homebuyers program.

Type: Down Payment/Closing Costs (with Rehabilitation)  
 Amount: \$13,800  
 Rate: 3.0%  
 Term: 105 Months

**D**an and Debby had faced some recent setbacks. Since then, they had re-established good credit and wanted to move their family of five from a mobile home into a house. The home they found in **Watford City** needed several thousand dollars in repairs, which, with 55% AMI, they couldn't afford, nor did they have enough for down payment and closing costs. Considering the recent bankruptcy, no secondary market would buy the loan, but **McKenzie County Bank** was willing to finance most of the loan in-house if the **DREAM** Fund could provide help. The loan was approved.

Type: Down Payment/Closing and Rehabilitation  
 Amount: \$9,274  
 Rate: 5.0%  
 Term: 120 Months

**E**d—being transferred by Homeland Security to North Dakota—his wife and two children found a home in **Powers Lake** that at \$78,000 they could afford, but a large national bank declined to finance the home because of lack of comparables. The local **Liberty State Bank** was willing to do a \$56,000 first mortgage, and Homeland Security was helping out with \$3,900, but significant down payment help from the **DREAM** Fund was still needed. Using funds loaned to us by the Rural Development Finance Corporation, a statewide nonprofit owned by several rural utility cooperatives, the **DREAM** provided the necessary financing to help the family buy the home.

Type: Down Payment/Closing Costs  
 Amount: \$14,200  
 Rate: 5.75%  
 Term: 94 Months

## **Rehabilitation, repairs and modifications**

# Loans	Amt. Loaned	Median Loan	Median Rate	Median Term	Median Income
<b>96</b>	<b>\$1,618,750</b>	<b>\$14,608</b>	<b>5.95%</b>	<b>10 Years</b>	<b>73% AMI</b>
<b>Range</b>		<b>\$2,271-73,900</b>	<b>1-8¾%</b>	<b>1 mo.-30 yrs.</b>	<b>20-190%</b>

**F**rank and Faye both worked, had good credit, and had never been late on a payment when catastrophe struck: Frank was injured in an accident and is now paralyzed from the chest down, limiting him to a wheel chair. Their home in Mandan was not handicapped accessible. Now living off social security and savings until Faye gets a new job, their 60% AMI and jobless situation prevented them from securing any loan. Fellow church members and the Bismarck-Mandan Christmas in April volunteer organization provided some free labor and materials to help build an accessible addition and make other modifications to the house in **Mandan**, and CommunityWorks initially approved a short-term construction loan. After work was complete, a long-term second mortgage **DREAM** Fund loan, which replaced the construction loan, was needed to finance the work that allowed them to stay in their home.

Type: Rehabilitation (second mortgage)  
 Amount: \$40,200  
 Rate: 1.0%  
 Term: 296 Months

**Gifford and Gayle** moved to **Watford City** and had found a home they could afford, but some rehabilitation work was needed prior to closing. They had few remaining funds available after paying a portion of down payment and closing costs. **First International Bank & Trust** brought the couple to us, and the **DREAM** Fund provided an affordable loan to the city's new residents. About three years later, following an unblemished repayment record, the bank again asked if we could help finance some additional repairs. With PMI no longer needed, a second affordable rehabilitation loan was approved that increased their monthly payments by only about \$3

Type:	Rehabilitation (to purchase)	Rehabilitation
Amount:	\$5,700	\$9,276
Rate:	5.5%	5.75%
Terms:	120 Months	120 Months

**Hank and Hannah**, a young couple just starting a family, had bought a one-bedroom home in **Crystal**, which needed repairs and more room to accommodate their new baby. **First United Bank** brought the couple to us, and the **DREAM** Fund provided a loan to do the addition and rehabilitation under North Dakota Housing Finance Agency Major Home Improvement Program. The rehab loan was later converted to a first mortgage loan and sold to NDHFA.

Type:	Rehabilitation
Amount:	\$36,000
Rate:	6.5%
Term:	6 Months

**Ida**, low income and a victim of a predatory lender that destroyed her credit and forced a recent bankruptcy, had found a modest home in **Rolette** that she could afford with financing from **USDA-Rural Development**, but it needed rehabilitation that Rural Development asked us to help finance. Approved was an affordable low-interest loan that included some additional financing for work that had not been anticipated.

Type:	Rehabilitation (second mortgage)
Amount:	\$7,400
Rate:	1.0%
Term:	123 Months

## ***E***mergency repairs

# Loans	Amt. Loaned	Median Loan	Median Rate	Median Term	Median Income
10	\$119,461	\$15,065	5.63%	8 Years	68% AMI
Range		\$2,629-23,000	1-6½%	6 Mos-15 Yrs	34-97%

**Jerome**, elderly and very low income, faced an unexpected emergency when his **Bottineau** home was suddenly without water. His only source was from a hose running from a neighbor's house, and he had no money to make the plumbing repairs. Rural Development approved him for a grant, but it was late in their fiscal year, and no grant money was available. **Dacotah Bank** brought the problem to our attention, and Rural Development asked us to help by providing an affordable **DREAM** Fund loan they would buy out when federal funds become available.

Type:	Emergency Repairs
Amount:	\$5,931
Rate:	2.0%
Term:	180 Months

**Krikor and Katia** are a refugee immigrant family living the American Dream: both had jobs and they and their family lived in their own home in **Mandan**. A hail storm destroyed the roof, but when the contractor removed the shingles, it was discovered the rafters and the entire top part of the house was rotted and needed to be replaced. Insurance covered the shingles, but not the rotted lumber. Without equity in the home—it was purchased under First-Time Homebuyers—or limited income that was 63% AMI, no bank loan was possible, even though they had excellent credit. **Kirkwood Bank** of Bismarck brought the family to us, and a below-market rate **DREAM** Fund loan was provided to make the emergency repairs. Once work was underway, other problems and needs were discovered, and additional rehabilitation loan funds were provided.

Type: Emergency Repairs and Rehabilitation (second mortgage)  
 Amount: \$16,000  
 Rate: 5.5%  
 Term: 72 Months

**Linda**, during the same month, lost her long-time job when her employer closed its doors and she discovered she had cancer. Extraordinary medical bills forced her into bankruptcy. Now cancer-free and again working, she bought a townhouse in **Bismarck** under the First-Time Homebuyers Program, but during her first spring in her new house, she discovered major, emergency repairs were needed. She went to her bank for a \$15,500 loan. With no equity in the home, a 119% loan-to-value ratio and low income (73% AMI), it was unbankable. **American Bank Center** brought Linda to CommunityWorks, and the **DREAM** Fund provided the necessary loan.

Type: Emergency Repairs (second mortgage)  
 Amount: \$15,500  
 Rate: 5.0%  
 Term: 108 Months

## **A**nd construction and construction bridge loans

# Loans	Amt. Loaned	Median Loan	Median Rate	Median Term	Median Income
<b>68</b>	<b>\$2,222,093</b>	<b>\$25,510</b>	<b>6.93%</b>	<b>6 Months</b>	<b>76% AMI</b>
<b>Range</b>		<b>\$3800-154,800</b>	<b>1-8¾%</b>	<b>2 -14 Months</b>	<b>33-649%</b>

**Mark and Margo**, low-income homeowners in **Fargo**, needed major structural and other repairs to their home, which also had black mold. While Mark was being treated for chronic, lifelong health problems, Margo was diagnosed with a serious illness. Help came from several sources. ND Housing Finance Agency provided a \$4,000 grant, the City of Fargo approved a \$20,000 grant, and the **DREAM** Fund made a \$52,131 construction loan that was later refinanced with the existing first mortgage and sold to NDHFA.

Type: Construction  
 Amount: \$52,131  
 Rate: 6.5%  
 Term: 4 Months

**Nathaniel and Nancy**, a moderate-income family of five in **Ellendale**, were building a new home with help from a construction loan from **BNC National Bank**. But as is typical in the

industry, the bank would only cover a portion of the construction costs, and between it and cash from the couple, they were still short of meeting the financing needs. The **DREAM** Fund provided a bridge loan to cover the gap, mirroring terms set by the lender bank.

Type: Construction  
 Amount: \$12,000  
 Rate: 7.0%  
 Term: 6 Months

**O**liver and Olivia’s home in Northwood was totally destroyed by the 2007 tornado, and **Citizens State Bank** approved a construction loan to rebuild. However, due to cost overruns, the bank asked CommunityWorks to help with additional construction financing, and as is typical with construction loans, we mirrored the rates and terms of the bank. Once the construction was complete, the construction loans were converted to a \$158,395 **DREAM** Fund first mortgage that was sold to North Dakota Housing Finance Agency.

Type: Construction  
 Amount: \$15,199  
 Rate: 8.75%  
 Term: 6 months

## ***M**ortgage assistance, including first mortgages...*

# Loans	Amt. Loaned	Median Loan	Median Rate	Median Term	Median Income
335	\$17,611,410	\$38,400	5.6%	30 Years	71% AMI
Range		\$3000-192,000	0-7½%	1 Mo.- 40 Yrs.	5-221%

**P**eter and Paula and their family with two children would seem to be perfect borrowers. They had over \$100,000 cash for a \$309,000 home being built on land segmented from their farm in rural Burleigh County. CommunityWorks committed to the family and **First State Bank of Wilton** to make the loan with intent to sell to either of two secondary markets, but in the end, no investor would buy the loan. They would not accept the (eight) comparables, saying the comparables were not similar enough, or close enough, to be considered, so an in-house **DREAM** Fund loan was approved

Type: Mortgage Assistance (first mortgage)  
 Amount: \$192,000  
 Rate: 6.0%  
 Term: 360 Months

**Q**uintin has worked for the same contractor since he graduated from high school five years ago, and since then he has rented from grandparents and saved his money, enough to put down 20% towards the purchase of a modest home in Hazen. But he was turned down by several lenders, not because he had poor credit, but because he had NO credit. His frugality, allowing him to save despite an income of 48% AMI, and his stable employment indicated he is a good credit risk, and the **DREAM** Fund provided a first mortgage at market rate.

Type: Mortgage Assistance (first mortgage)  
 Amount: \$23,000  
 Rate: 7.0%  
 Term: 120 Months

**R**andy and Rae, and their young family of eight children, all at home, suffered a crushing blow when Randy, a construction worker, fell off a church roof, broke his back, and is now a

quadriplegic. Their modest home was barely adequate for their large family, and it now was totally unsuitable. Their income (33% AMI) made purchase of a more suitable home impossible. Working with the regional council and city, grants from the state and a city CDBG were provided to help with the purchase and needed modifications so that the family could move into a new house in **Hazen**. The remaining gap was filled with **DREAM** Funds at a below-market rate, and today the family is in their new home.

Type:	Mortgage Assistance (first mortgage)
Amount:	\$35,000
Rate:	3.5%
Term:	180 Months

**Sam** is a farm worker with good but limited credit and little cash, who wanted to buy a modest home in rural **Fairmount** for himself and his girlfriend and baby. **Lincoln State Bank**, one of numerous banks that uses CommunityWorks for its first time homebuyer loans, asked us to help. The first mortgage was processed with a Rural Development guarantee and then sold to ND Housing Finance Agency, but because the approval required shingling, we also approved a second mortgage to help cover closing costs and repairs.

Type:	First Mortgage	Second Mortgage
Amount:	\$63,875	\$3,000
Rate:	5.0%	5.0%
Term:	360 Months	44 Months

**Tim** and **Tina**, with one child and another on the way, have good jobs, income and credit, but no house. Tim's new employer, a utility co-op, required that he live in **Wing**, but there was no house for sale or rent in the town. A \$500 lot was found, but not surprisingly a large appraisal gap made financing for a new home difficult, and no secondary market was willing to consider the property. The utility asked if we could help, and a solution was found. With support from a participation loan from **Dakota Western Bank**, the **DREAM** Fund provided a construction loan, which later was converted to an in-house, first-mortgage **DREAM** Fund loan.

Type:	Mortgage Assistance (first mortgage)
Amount:	\$156,800
Rate:	6.5%
Term:	360 Months

**Ursula** is a divorced mother of two small children, recently disabled. In the divorce settlement she received the house, but it had a mortgage rate of 13.7%. Her income was just 56% AMI and now that her disability prevents her from working, her house payments had to be reduced—otherwise she will lose her house in **Killdeer**. **Kirkwood Bank** in Dickinson brought Ursula to CommunityWorks, which refinanced the mortgage with a long-term, lower-cost **DREAM** Fund mortgage she can afford.

Type:	Mortgage Assistance (first mortgage)
Amount:	\$27,200
Rate:	5.95%
Term:	360 Months

**Valerie** works two jobs and lives with, and cares for her disabled mother, but their home in **Mott** could not be converted for accessibility. She found a \$53,000 home and it was affordable. However, Valerie recently, had some credit issues. The **Commercial Bank of Mott** brought her problem to CommunityWorks, who got Valerie in contact with Village Family Services for counseling and now her debt is being reduced and her credit score increasing. A \$50,350 loan

was approved for Valerie to buy the house that can accommodate her mother's disabilities, and they are both in the home today.

Type: Mortgage Assistance (first mortgage)  
Amount: \$50,350  
Rate: 6.0%  
Term: 360 Months

Wanda has struggled financially, particularly the past few years. She and her husband owned their home in **Carrington**, but medical bills mounted when her husband's health declined, and then their only source of income, social security was reduced when he died three years ago. They had been able to keep up with expenses while he was alive with help from a home equity loan from **Bank Forward**, but the medical costs and reduced income made it impossible for Wanda to keep up with property taxes, special assessments, or even the interest-only payments to the bank. The bank brought Wanda's issues to CommunityWorks and solutions were found. She was approved for a 100% Homestead Tax Exemption and an escrow account was created to cover insurance and taxes. A long-term, low-interest **DREAM** Fund loan was approved that refinanced the interest-only Home Equity Line of Credit, brought taxes current and still kept her total debt ratio under 30%.

Type: Mortgage Assistance (first mortgage)  
Amount: \$47,500  
Rate: 3.5%  
Term: 360 Months

### *...and also second mortgages*

Xavier and Xena are a Divide County farm couple, with two children, additional outside jobs, decent income and good credit. They wanted to buy the home and outbuildings on two tracts of land they had been renting from Xavier's mother, but the home needed some rehabilitation work. **First National Bank & Trust of Williston** in Crosby was willing to provide a 10-year in-house loan to purchase the house near **Fortuna**, but not at 100% LTV. The **DREAM** Fund provided a second mortgage loan, the couple contributed \$5,000, and the bank made a \$45,000 first mortgage loan.

Type: Mortgage Assistance (second mortgage)  
Amount: \$22,000  
Rate: 5.0%  
Term: 180 Months

Yancy and Yelena, with two children, wanted to buy an affordable \$80,000 house in **Jamestown**. But credit issues created a problem. **First Community Credit Union** believed in the couple. Rather than taking the easy route of declaring bankruptcy, Yancy and Yelena took responsibility for their debts and mistakes, including living with Yelena's parents for a half year to cut costs and make payments possible. More recently, they had gotten better paying jobs and/or promotions. But the checkered past credit history meant the loan was underwritten at a 10%-plus rate. By blending in a **DREAM** Fund loan at a lower rate and a junior position (with a seven-year balloon), CommunityWorks was able to reduce the credit union's exposure and the

borrowers' payments. As a result, First Community Credit Union dropped its rate to 8½%, making the loan more affordable to Yancy and Yelena, and safer for the credit union.

Type: Mortgage Assistance (second mortgage)  
Amount: \$24,000  
Rate: 6.25%  
Term: 360 Months

**Z**achary and Zoe, earning 80% AMI, wanted to place a manufactured home on a lot they owned in **Medina**, but although it appraised at \$4,000 more than the cost, two secondary markets turned down the loan after discounting the appraisal. Working with **Northland Financial** of Medina that agreed to provide financing at 80% of the appraised value, the **DREAM** fund filled the gap.

Type: Mortgage Assistance (second mortgage)  
Amount: \$14,000  
Rate: 4.0%  
Term: 180 Months

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**DREAM FUND IMPACT**  
**(107 Months Ending June 30, 2010)**

<b>TOTAL: 780 Single-Family DREAM Fund Loans/672 Families</b>	<b>\$23,065,060</b>
<b>Other Financing Leveraged</b>	<b>\$40,437,846</b>
<b>TOTAL DREAM Fund S-F Impact/672 Households</b>	<b>\$63,502,906</b>