

NDHFA, CWND Partner Together to Empower DREAM Fund

The North Dakota Housing Finance Agency (NDHFA) and CommunityWorks North Dakota (CWND) have partnered to add lending power to the **DREAM** Fund, in turn enabling more North Dakotans to achieve affordable homeownership.

By having additional capital on-hand, CommunityWorks will be able to maintain the lending flexibility that has been the hallmark of the revolving loan fund since it began in 2001. The agreement assures that the housing needs of low-income North Dakotans will continue to be met.

“Even as our lending has grown from a few hundred thousand dollars a year to \$4 million, our board and staff remain committed to never turning down a borrower simply because we have run out of money,” said CommunityWorks Executive Director Paul Rechlin. “This sale, and the trust in us that it represents, assures we will continue to keep that promise to our clients and partners.”



NDHFA Executive Director Mike Anderson (l.) and CommunityWorks North Dakota Executive Director Paul Rechlin shake hands during the September signing ceremony.

North Dakota Housing has agreed to purchase a variety of different loans including first- and second-mortgages, and rehabilitation and down payment/closing cost assistance. The agreement allows for the purchase of up to \$1 million in loans.

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Thank You to Our New Partners!

The success of the **DREAM** Fund and its expansion would not have been possible without support from our partners around the state. Thank you for your continued support of our affordable homeownership programs in your area!

Governments, CDCs, and JDAs

Burke County
Burke County JDA
Park River CDC
City of Grafton
Golden Valley County
Walsh County
Walsh County JDA

Utilities

Capital Electric Cooperative
Cass County Electric Cooperative
Otter Tail Corporation

Lenders and Mortgage Companies

Bank of Minto
Bremer Bank-Fargo
First and Farmers Bank
First State Bank of Golva
First United Bank
Heartland Mortgage
Liberty State Bank
Bank Forward - Valley City

Works in Progress

If Tip O'Neill had been a realtor instead of a politician, he might have said, "All housing is local."

Had he said that, maybe we'd have the catch phrase necessary to calm the media, the markets, and a good portion of the public, all of whom seem convinced that the sky is falling when it comes to the housing market.



Paul Rechlin
Executive Director

Look at Wall Street. Countrywide Financial announces that more of its good borrowers are behind on their payments, and the Dow tumbles a few hundred points, the dollar drops to a new low against the euro, and stocks open lower in Japan. The media declares disaster, and in trying to manufacture a new twist to the story, one network station, for example, announced, "And now the condominium market collapses." It turned out they were talking about Miami (as if that's representative of America!), and a few millionaires are facing ruin because they had over-invested in multiple luxury beachfront condos. How sad!

Mostly we're seeing high delinquency and foreclosure rates in "hot" areas of the country,

with once-booming economies that attracted speculators, fueling higher prices and spawning some "creative" financing schemes.

But in many areas of America, where there was no boom there is no bust. In North Dakota, we are experiencing steady (albeit unspectacular) economic growth and feature one of the lowest unemployment rates in the country. Recent statistics indicate North Dakota ranks third among the 50 states in both lowest foreclosure rates and lowest delinquency rates.

North Dakota isn't an island. That's not to say we are without problems, nor that we aren't affected by pullbacks by Countrywide and others, dips in the stock market, or increases in mortgage rates. And even within the confines of our state, markets are local, with some areas doing better than others. But our partnering lenders and realtors say they remain busy, North Dakota Housing Finance Agency staff reports record-level activity, and here at CommunityWorks we recently came within a few hundred dollars of breaking our all-time single-month lending record, closing almost \$750,000 in loans during July. Meanwhile, our North Dakota borrowers are paying us back.

So to again borrow from a political sound bite, it isn't just, "It's the economy, stupid," but, "It's the LOCAL economy, stupid." And as long as we can refrain from speculating on beachfront condos, we'll continue doing okay, and the media will continue to ignore us.

Champion of Affordable Housing

In March, CommunityWorks was presented with the *Champion of Affordable Housing Award* in the Lending Category by the North Dakota Housing Finance Agency. This marks the fifth time in the last six years that a program, project, or staff member has earned the award. Thank you to NDHFA, our partners, and our supporters who have helped us to accomplish our goal of providing affordable home ownership opportunities throughout the state.



Housing Program Director Sherri Arenz accepts the award from NDHFA Director Mike Anderson (left) and ND Agricultural Commissioner Roger Johnson.

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New Faces Join CWND Board of Directors and Staff

At its Spring meeting in March, the CommunityWorks Board of Directors elected three new members to its roster.

Jill Beck is the Assistant Association Executive for the ND Association of Realtors, where she has been employed for the past 17 years. A native of Zeeland, she is a graduate of NDSU in Wahpeton and the University of Mary in Bismarck. Jill replaces Claus Lembke, who was a Board member since 2003.

Rick Steckler is the Market President for Bank of the West branches in Wahpeton, Lidgerwood, and Breckinridge, MN. A graduate of NDSU, he is also a board member for the Wahpeton CDC, the NDSU Alumni Foundation, and the West Central Initiative Fund.

Jessica Thomasson is the Vice President of the Board of Directors for Lake Agassiz Habitat for Humanity.

CommunityWorks also welcomed **Rob Knoll** to its staff in May. As a staff member for the Lewis & Clark Regional Development Council, Rob was instrumental in the creation of CommunityWorks in 1995 before serving at Fannie Mae's Bismarck office. His 17 years of community and housing development experience will be valuable in the development of new single- and multi-family housing programs. Rob graduated from NDSU with a degree in Business Administration.

Welcome Jill, Rick, Jessica, and Rob to our Board and staff!

New Counties Added to DREAM Service Area

The **DREAM** Fund has continued to expand its service area throughout the state. Since last August, the program has expanded north to Burke County, east to Walsh and Traill counties, and west to Golden Valley County. With these new additions, the **DREAM** Fund has expanded to 39 of North Dakota's 53 counties, 30 of which have permanent access to the lending program. A

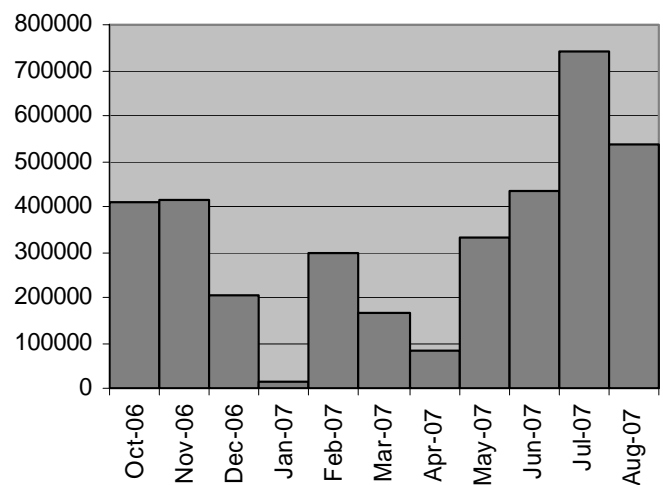
map on the following page shows the existing program service area within the state.

CommunityWorks will continue to work with its partners in limited access areas to create additional awareness of its programs in order to establish permanent access to the Fund for those counties.

DREAM Fund Continues to Set New Monthly Records

As it enters its seventh year of lending, the **DREAM** Fund continues to set new monthly lending records. Five new single-month lending records were made in the past year (October and December in 2006 and February, March, and August in 2007). In addition, with more than \$741,000 in financing, July 2007 came within \$800 of matching the highest single-month lending record that was set in July 2005.

Since it began lending in August 2001, the **DREAM** Fund has financed over \$12.3 million in lending, which has helped 437 households to purchase, build, or repair their homes. This activity has contributed to over \$37 million in total residential financing including leveraged funds.



Month-by-month **DREAM** Fund financing (October 2006 - August 2007). Five of these months (November, December, February, March, and August) set new single-month lending records for their respective months and July 2007 nearly set a new all-time lending record for a single month.

CommunityWorks, Wells Fargo Housing Foundation Create New Housing Program for Cass County

CommunityWorks and the Wells Fargo Housing Foundation have teamed up to create a \$100,000 housing finance program for qualifying homebuyers in Cass County.

The program, funded with \$50,000 in **DREAM** Fund contributions and a matching \$50,000 grant from the foundation, allows the **DREAM** Fund to provide downpayment and closing cost assistance to eligible homebuyers earning

less than 80% of the area median income in Cass County. The program can also provide financing for home rehabilitation and repairs for existing homeowners.

For more information about this opportunity, partnering lenders should contact the CommunityWorks lending staff at **701-255-4591** or e-mail cwnd@communityworksnd.org.

Recent DREAM Fund Activity from Around the State

Jamestown (Stutsman County)

James and Jamie are a young couple that wanted to buy an \$80,000 home in Jamestown for their family of four. Credit issues stemming from high medical bills became a major financial burden for the family. Rather than take the easy route and filing bankruptcy, the couple has worked to overcome their financial problems. First Community Credit Union believed in the family, but the credit issues wouldn't allow for the best terms on a first mortgage. The **DREAM** Fund provided a \$24,000 second mortgage which helped the credit union to provide more affordable terms and allow the family to purchase the home .

Hettinger (Adams County)

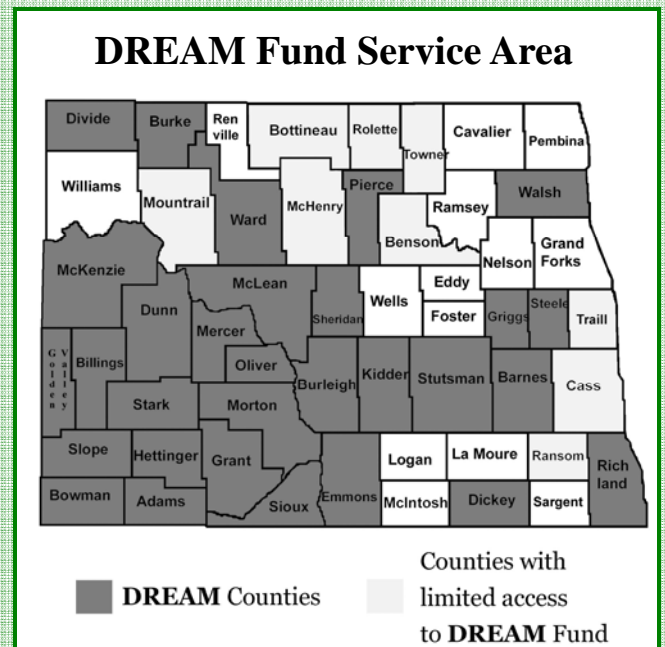
Harry and Hilda had rented for the past seven years in Hettinger and wanted to build a new home. The cost of construction was \$250,000 but the appraisal came in at \$215,000. Dacotah Bank was able to provide a first mortgage of 80% of the appraised value, or \$172,000 which was to be placed on the secondary market. The couple could put in \$35,000 of their own cash leaving a \$43,000 gap. The **DREAM** Fund provided the family with a \$43,000 second mortgage which allowed them to complete the financing of the home.

Minot (Ward County)

Minnie is a single mother of seven children. Even though her income is very low, she was able to purchase a home in the Minot area. The home needed major improvements in order for Minnie and her family to be able to live in the home. Dakota Community Bank asked the **DREAM** Fund to provide interim construction financing to help cover the improvements and 25% of the purchase price. The **DREAM** Fund provided a short-term loan for \$23,884 that was paid off with permanent financing once the remodeling was completed.

Scranton (Adams County)

After graduating from the ND State School of Science in Wahpeton, Sheldon wanted to return to his hometown of Scranton. Although he worked two jobs, he needed assistance with down pay-



ment and closing costs to purchase a home. **Wells Fargo** of Dickinson brought Sheldon to CommunityWorks and the **DREAM** Fund provided a \$3,000 second mortgage, allowing him to buy the \$78,500 house.

Wing (Burleigh County)

Wally and Wendi, a family of three with another child on the way, needed to buy a home in Wing to be close to their work. With no homes available at the time, the family decided to build, but a large appraisal gap made financing difficult. Dakota Western Bank and a local utility cooperative referred the family to CommunityWorks. The **DREAM** Fund provided a first mortgage of 90% of the appraised value which was sold to Merchant's Bank and a second mortgage of 30% to cover the appraisal gap. This was approved by getting a single-loan waiver from FannieMae that allowed combined loan to value of 120%. In addition, the **DREAM** Fund provided a construction loan for the total cost of construction with Dakota Western Bank, Scranton providing 80% participation of the construction loan. Through the combined teamwork of utility coops, banks, secondary market investors, FannieMae, and CommunityWorks North Dakota, the family was able to settle in a new home.

NeighborWorks Week 2007



Staff members Corey Burgum and Bonnie Fischer help with the gardening at Library Square.

As part of *National NeighborWorks Week* in June, CommunityWorks staff members assisted residents of Library Square in Mandan to plant their community garden. The event has become an annual fun tradition for CommunityWorks, which co-developed the 46-unit property.

NDHFA, CWND Partnership

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“We are happy to be able to support CommunityWorks,” said NDHFA Executive Director Mike Anderson. “Most important to North Dakota Housing, by purchasing the **DREAM** Fund loans from CWND, we are increasing their capacity to provide value gap assistance for homes built in North Dakota’s rural communities.”

North Dakota Housing received the authority to purchase the **DREAM** Fund mortgages from the Industrial Commission of North Dakota, which is made-up of Governor John Hoeven as chair, Attorney General Wayne Stenehjem and Agriculture Commissioner Roger Johnson. The Industrial Commission oversees NDHFA.

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