

Wells Fargo Provides CommunityWorks With \$500,000 Investment

Lewis & Clark CommunityWorks received a \$500,000 contribution from Wells Fargo in Minot, which will help provide additional homeownership opportunities for North Dakotans in the coming year. Daryl Hodnefield, the Community Banking President of Wells Fargo in Minot, presented the award to CommunityWorks during a press conference in November.

“Wells Fargo and Lewis & Clark CommunityWorks share the same goals,” said Hodnefield, “We’re both committed to furthering the dream of homeownership and by working together, we can create safe, decent, affordable housing and help improve the quality of life for residents in our community.”

The award will be used three ways: \$200,000 will be contributed to the **DREAM** Fund for lending, \$200,000 will be set aside to create residential financing opportunities for Native American living on reservation lands and for families with disabled members, and the remaining \$100,000 will be loaned to Neighborhood Development Enterprises to remodel and rehabilitate twelve low-income rental housing units in the Minot community. Each designation will offer home ownership and financing options for families and low-income borrowers.



Exec. Director Paul Rechlin (r.) holding the check with John Giese, Wells Fargo Community Banking President for Bismarck.

“Lewis & Clark CommunityWorks seeks to improve the standard of living for the people of North Dakota and we’re thrilled that we can work with Wells Fargo on this community endeavor,” said Paul Rechlin, Executive Director of CommunityWorks.

“At Wells Fargo, we believe we are only as healthy as the communities we serve,” remarked Hodnefield, “Because this is a core of our vision and values, we want to make our support and resources available in new and creative ways.”

Correction

In the July issue, *In the Works* misidentified the Starion representatives that were on-hand to present a \$100,000 contribution to the **DREAM** Fund. Starion CEO Craig Larson and Senior Vice President Mark Weide presented the check to CommunityWorks Executive Director Paul Rechlin. We apologize for the error.

Welcome New Partners!

Thank you to the Bremer Banks of Lisbon and Minot, First International Bank and Trust of Minot, the First State Bank of LaMoure, Peoples State Bank, Lincoln State Bank, Barnes County, Dickey County, and Ward County.

Works in Progress

Working weekends has its advantages and disadvantages. On one hand it means fewer distractions and more production. On the other, a technologically challenged person like me, who can remember when college engineers used slide rules, can't find anyone to help when the computer fails.



Paul Rechlin
Executive Director

My computer locked up and denied access to all national web sites containing data on the number of North Dakotans without health insurance. Finally, I resorted to logic and basics, and went directly to the North Dakota Insurance Department's site. There was the answer: 9.6% of North Dakotans in 2002 had no health insurance.

So why is a housing organization like CommunityWorks interested in health insurance figures? I wanted to compare our state's status to national figures, which show more than twice as many people face housing problems than are without health insurance. The results indicate both good and bad news for North Dakota.

The good news is that North Dakotans are much less likely to be without health insurance, 9.6% compared to the national average of 14.6%. The bad news is that in relation to the much publicized health-insurance issue, housing problems are much greater in North Dakota than in the rest of the country.

According to a national study, more than 30% of Americans face a housing problem, or about 2.3 times those that lack health insurance. At first blush, North Dakota seems to compare favorably: Only a little more than 20% of our population has housing problems, or a similar 2.2 times the number who lack insurance.

But North Dakota numbers are grossly undercounted. Unlike national figures, North Dakota's figures do not include substandard homes. They only include those who pay more than 30% of their income

for housing, live in overcrowded conditions, or lack plumbing or kitchen facilities.

Considering the age of our state's housing—more than 20% of our homes were built before World War II compared to 15% nationally—the number of people suffering housing problems is undercounted by tens of thousands. That would mean at least three to four times as many North Dakotans have housing problems than lack health insurance!

Does that mean housing problems are as serious as lack of health insurance? It depends. Obviously, no insurance combined with a major health problem can mean catastrophe. Otherwise, the problem may be insignificant.

Housing problems are faced daily. They may be minor or major, but they can represent hardships as great as any that may be suffered by the uninsured, including serious health problems and even death. The uncounted substandard North Dakota homes often have dangerously outdated electrical systems, improper venting, poor heating and major structural problems, and less obvious yet potentially serious problems of mold, lead-based paint, asbestos and high radon contamination.

Even the counted homes, most of which are designated as having problems because the cost to the household is more than 30% of their income, relate to health issues. With little expendable income, those families must cut elsewhere, such as on food, clothing, home repair and even buying health insurance.

As I struggle with my computer, I can easily excuse my technological ignorance because I remember when the first commercial jet airliner flew. My problems will mostly disappear when younger and more savvy employees return in 24 hours, and a new computer arrives soon.

The sheer number of North Dakotans facing daily housing problems—130,000 plus thousands more with the "only" problem of a substandard home—erases any obligation to rationalize an excuse. But their problems are not so easily solved.

Hogue Receives Housing Management Certification

Lyle Hogue, Asset Manager for Lewis & Clark CommunityWorks, received his professional designation as a Certified Housing Asset Manager from the Consortium for Housing and Asset Management (CHAM) during their Denver training conference in September.

The six-course curriculum offered courses that provided training in cutting-edge asset management issues for the nonprofit owner. Topics included tax credits, cash flow analysis, marketing, ethics, and finance, acquisition, and construction. These courses help owners to provide high-quality, sustainable, and affordable rental housing that is a true community asset.

Hogue's specialized training will benefit CommunityWorks when it eventually expands its portfolio by purchasing multi-family units for low-income residents.



Lyle Hogue of CommunityWorks received his CHAM certification in September.

The Consortium is comprised of The Enterprise Foundation, the Local Initiatives Support Corporation, and the Neighborhood Reinvestment Corporation.

Staff

Paul Reclin
Executive Director

Jay Bethke
Loan Administrator

Greg Gramza
Community Resource
Manager

Lyle Hogue
Assets Manager/Community
Development Coordinator

Gayle Paul
Office Manager

Sherri Arenz
Housing Program Director

Brent Ekstrom
Loan Funds Manager

Mike Heinsohn
Self-Help Housing
Coordinator

Dorothy Kosse
Housing Program Specialist

Jessica Webster
Secretary/Receptionist

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Harvey Huber, Stutsman County State Bank
Claus Lembke, North Dakota Association of Realtors
Sandy Retterath, Mercer County Housing Authority
Mark Weide, Starion Financial
Mike Zainhofsky, Burleigh County Housing Authority

Lewis & Clark CommunityWorks

400 East Broadway Avenue, Suite 418
Bismarck, North Dakota 58501
Phone: 701-255-4591
Fax: 701-255-7228

E-mail: cwnd@communityworksnd.org
Web: www.CommunityWorksND.org

** Please note that Lewis & Clark CommunityWorks will soon change its name to CommunityWorks North Dakota. To accommodate this change, we have made a change to our e-mail address.

Lewis & Clark CommunityWorks is a statewide 501(c)(3) non-profit organization dedicated to the mission of providing affordable housing and development opportunities to revitalize communities and improve the standard of living and quality of life for North Dakotans.

CommunityWorks Sets Lending Records in 2004

For the second straight year, the **DREAM** Fund has surpassed the \$1 million mark in residential financing. During 2004, the Fund made 65 loans, totalling \$1,081,456 in lending dollars.

The lending, which surpassed the prior year's mark, also helped to leverage and attract \$3 million in financing from local lenders, grants, and other sources. Out of the combined \$4.1 million in new financing, \$970,000 helped to finance new construction.

As a result, 58 additional families have been able to achieve affordable homeownership, 69% of whom were low-income (below 80% AMI) or below. In addition, 62% of households served were located in rural areas, which accounted for 58% of the actual lending dollars.

Secondary market activity also reached new heights. CommunityWorks assists its lending partners to process first mortgages in secondary markets such as NDHFA, BND, and Merchants Bank. Through its membership in Neigh-

borWorks, CommunityWorks and its partners have access to the NHTSA secondary market, which has more flexible standards for purchasing loans with recourse.

In 2004, CommunityWorks sold or processed \$792,413 in secondary market loans, up 537% from the prior year. Nine loans were sold, up from four in 2003. Four lending institutions benefited from these sales, which helped them to make a mortgage loan to their client in the first place.

Combining the impacts of the **DREAM** and secondary market activities, CommunityWorks has financed, leveraged, and facilitated over \$4.85 million in residential activity over the course of the year. With the admission of new counties to the **DREAM** coverage area and monthly lender training sessions that will be conducted throughout the state, CommunityWorks expects that larger strides will be made in the coming year. As a result, many more households will be able to attain the American dream of safe and affordable homeownership.

Recent DREAM Fund Activity From Around the State

Bismarck (Burleigh County) - After his job in Illinois was scaled back, Bruce Bell and his wife, Bonnie, decided to leave and return to North Dakota to reestablish themselves. To make this transition, the Bells planned to purchase a home in the city. However, their credit was still recovering from financial problems that occurred in the gap of time between jobs, even though both found stable employment in the Bismarck area. Kirkwood Bank determined that the Bells would need a second mortgage to complete the purchase of their home and contacted CommunityWorks. The **DREAM** Fund provided the Bells with the financing they needed, which allowed them to begin their new lives in an affordable home.

Crosby (Divide County) - Caroline, a single woman with limited credit and earning 44% of the area's median income, received downpayment assistance from the **DREAM** Fund to purchase her home. First National Bank & Trust Co. provided the first mortgage.

Hazen (Mercer County) - Harold was a divorced father of two who needed to rehabilitate his home to bring it up to code. Although he earned over 97% of the area's

median income and recently refinanced his home, he still needed additional funds to perform the needed repairs. Kirkwood Bank referred Harold to CommunityWorks and the **DREAM** Fund provided him with the financing he needed to ensure the safety of his home.

Linton (Emmons County) - Lars and Laura wanted to purchase a home in Linton, but were unable to afford one due to medical bills from their recent surgeries. Although their credit was good, their monthly medical payments restricted their ability to afford a home mortgage as well. F-M Mortgage referred the family to CommunityWorks and the **DREAM** Fund provided them with the affordable financing needed to achieve homeownership.

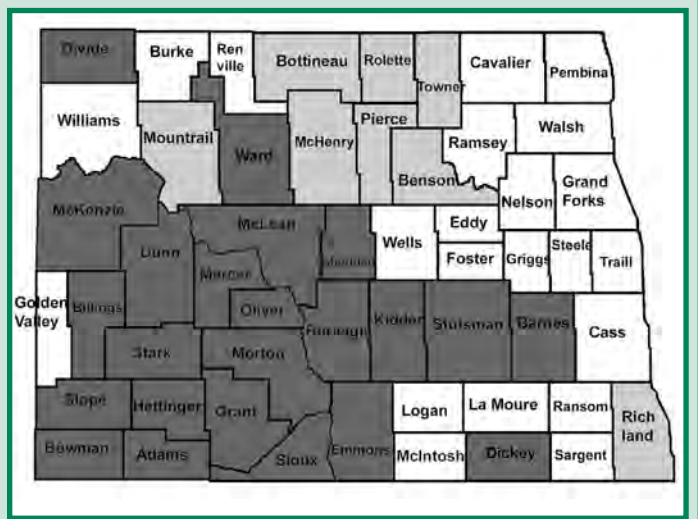
Sawyer (Ward County) - Stan serves at the Minot Air Force Base and was attempting to purchase his home when he learned of outstanding collections from a mix-up at the insurance company. His lender, Wells Fargo, contacted CommunityWorks to assist with downpayment and closing costs, which the **DREAM** Fund provided.

(Note: Names have been changed to protect homeowner identities.)

Dickey, Barnes, and Richland Counties Become Latest DREAM Partners

The **DREAM** Fund has three new members to its coverage area. Dickey and Barnes counties joined twenty-one other counties that have full access to the Fund while Richland County has been admitted as a limited-service county. As a result, the **DREAM** Fund is now available in thirty-one counties across the state.

By participating as a full service counties, residents of Dickey and Barnes counties will have access to the **DREAM** Fund, which provides affordable gap financing to assist in the purchase, repair, or construction of a home. It also allows partnering lenders of the county to access technical assistance provided by the CommunityWorks staff to process and originate first mortgage loans (including NDHFA's First-Time Homebuyer program). Those lenders will also now be able to utilize NHTSA, a unique and flexible secondary market to sell first mortgage loans, even if the lending was not done in participation with the **DREAM** Fund.



Current map of counties with full access to the **DREAM** Fund (dark) and counties with limited access (light).

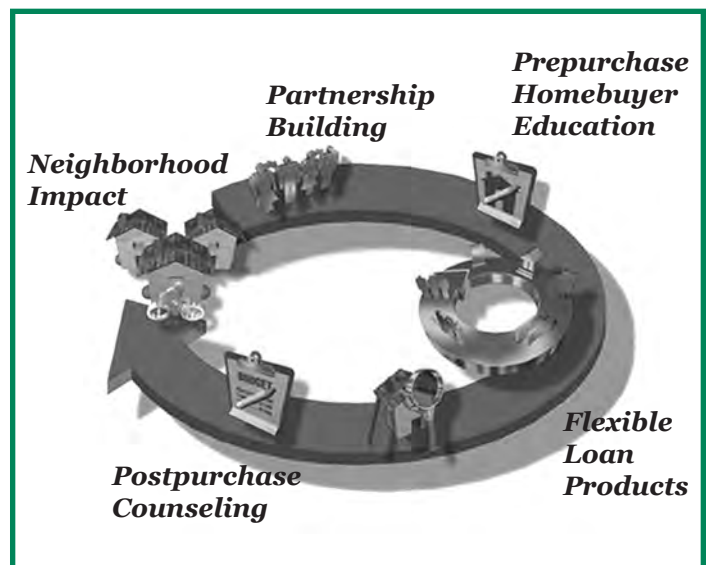
As a limited service area, lenders and residents of Richland County has access to some of the benefits of a full-service county. The county will be provided full access to these services when a majority potential partners - counties, utilities, and lenders - have pledged or given their contribution to the **DREAM** Fund.

CommunityWorks Joins Homeownership Campaign

In December, CommunityWorks was accepted into the NeighborWorks Campaign for Home Ownership, an alliance of over 150 housing organizations that promotes homeownership among low- and moderate-income households.

Campaign members assist homebuyers through "Full-Cycle Lending". CommunityWorks will work with local partners to identify resources and potential obstacles (such as appraisal gaps) within communities. After developing a plan of action for the community, CommunityWorks will provide or facilitate homebuyer education services to prepare individuals for the search and purchase of their home and will help them locate affordable financing options to complete the purchase. Once purchased, CommunityWorks will offer post-purchase services to help upkeep the home, including household budgeting and home maintenance. This cycle will perpetuate itself by building stronger and healthier communities that will bloom with additional partners to tackle other local housing problems.

The Campaign also allows CommunityWorks



Since 1993, the Campaign for Home Ownership's "Full-Cycle Lending Cycle" has helped over 81,000 households across the country to become homeowners.

to access financial support to administer the full-cycle system. In December, NeighborWorks contributed \$16,000 to provide these services.

NOTICE TO OUR CLIENTS

Beginning in January 2005, CommunityWorks will be establishing a cut-off time for monthly loan payments. All payments received before 3:00pm will be credited for the business day received. All loan payments received after 3:00pm will be credited for the following business day.

This new system will help our efficiency to serve our clients as a whole. We thank you for your understanding.

Lewis & Clark CommunityWorks
400 East Broadway Avenue, Suite 418
Bismarck, ND 58501

