



A YEAR OF  
**ACHIEVEMENT** 2007



*"Life affords no higher pleasure than that of surmounting difficulties, passing from one step of success to another, forming new wishes and seeing them gratified."*

**Samuel Johnson**



"Achievement" is defined as the act of attainment or accomplishment, especially by means of exertion, skill, practice or perseverance. To that end, we'd like to celebrate the year-end achievements of both NHS Phoenix and our clients in accomplishing goals, attaining honors and realizing dreams.

For NHS Phoenix, 2007 was a year filled with organizational achievements, beginning with the completed rehabbing of and move-in to our new building. Owning our own home in one of our target neighborhoods of Coronado did take perseverance and exertion – from financing negotiations to architectural changes, from boxing-up years of files and records to coordinating office layouts, staff rolled up their sleeves and pitched-in to do the "heavy lifting" that it took to achieve our own dream of homeownership. What has resulted from this hard work is a bright, light-filled street presence that serves to revitalize the neighborhood, comfortably welcome clients and easily accommodate a growing staff.

Our achievements were recognized by the larger community in 2007 by winning Bank of America's prestigious Neighborhood Excellence Award as recognition for making a difference in the Phoenix community. We were also honored with the LISC/MetLife Foundation's Community Police Partnership Award for our efforts to integrate neighborhood reinvestment and public safety in the Garfield neighborhood. In addition, NHS Phoenix was chosen by KPNX-TV Channel 12 as their November "12 Who Care" honoree in a program designed to showcase non-profit agencies doing extraordinary things in our community.

Our clients also achieved momentous milestones in realizing their American Dream. We recognize those who reached out to NHS Phoenix for budget or foreclosure counseling when they recognized that they couldn't do it alone. We honor those who took the first step to develop skills in money management by attending Financial Fitness or prepared for sustainable homeownership by joining a Homebuyer Education class. And we herald those 1st time homeowners who, through perseverance and focus, succeeded in moving into a home of their own.

None of us could have achieved what we did without the support of family and friends and we want to gratefully acknowledge the encouragement and contributions of loyal partners and collaborators who rightfully share in our honors.

"I have learned, that if one advances confidently in the direction of his dreams, and endeavors to live the life he has imagined, he will meet with a success unexpected in common hours."

**Henry David Thoreau**

## **Our Year of Achievement**

For NHS Phoenix, we can measure achievement in several ways during 2007.

The creation of ninety-three homeowners, an increase from the previous year, is an achievement for which we are very proud. We know that our

first-time homeowners were educated in purchasing their first home and in selecting their mortgage product. This current housing crisis caused by subprime, adjustable rate mortgages has validated the "power of knowledge" through housing counseling and education.

The creation of a Foreclosure Intervention program has been a huge accomplishment.

The partnership with the HOPE hotline (1 888 995-HOPE) has allowed us to help distressed homeowners throughout Maricopa County.

NHS Phoenix housing counselors have been busy focused on preventing foreclosures. The calls started in the summer and by year end, we had nearly one hundred households who received our default counseling services.

The year was also a milestone in community recognition as NHS Phoenix received several awards including the City of Phoenix CDBG's Neighborhood Revitalization Award. The year culminated with a successful financial audit, yet another measure of our achievement.

On behalf of the NHS Phoenix dedicated employees and Board of Directors, we are pleased to present you with our 2007 Annual Report highlighting our *Year of Achievements*.

**Patricia Garcia Duarte,**  
Executive Director



Achievement usually doesn't come without some risk, some pain, some sweat and some passion. Achievement happens when we are willing to try new ways and venture beyond the walls with which we confine ourselves. The things we plan to do don't usually progress with straight-line predictability. Therefore, we don't end up exactly where we were trying to be. But when we reach beyond that which we are comfortable, achievement becomes the reward. Achievement becomes the thing that propels us to continue to reach even further beyond.

In reflecting upon 2007 for NHS Phoenix, our achievements did come with some of all of the above.

Our *risks* involved setting bold, ambitious organizational goals; goals for creating new homeowners that we managed to exceed in 2007.

We experienced *pain* when hearing stories of homeowners faced with the prospect of losing their homes.

Our *sweat* came with doing the "heavy lifting" it took to move us into our own new home.

As for *passion*, that goes without saying. It's what keeps us moving forward to do what's best for our clients, for our neighborhoods and for our communities. It's our passion to help more and more low-to-moderate income families realize their dream of homeownership that inspires and motivates the work that we do every day.

It is our achievements in 2007 that act as catalysts to move us forward to do more and be more for all of our stakeholders. And, it is the achievements that our clients have accomplished, thanks to their willingness to try new things and venture beyond their comfort zones, that have made the journey all the more inspirational for us all.



**Terry DeQuina,**  
Board Chair

*"Most of the important things in the world have been accomplished by people who have kept on trying when there seemed to be no help at all."*

**Dale Carnegie**



## COUNSELING

"Darina worked magic", exclaimed counseling client George W. Davis. "She's a miracle worker." Mr. Davis, along with his wife, Michelle Bennett, came into NHS Phoenix offices in 2007 after being referred by the HOPE hotline. They carried with them their foreclosure notice scheduled for 20 days later, along with all their loan documents and hospitalization records. As Ms. Bennett reports, "Our backs were against the wall and NHS Phoenix was our last hope."

Mr. Davis and Ms. Bennett had always been responsible homeowners, but recent hardships had placed them in a financially precarious position. Mr. Davis, still in pain after back surgery, could no longer work and Ms. Bennett had recently undergone triple bypass surgery which prevented her from continuing in her job as a van driver. Social security became their only income.

Knowing that they would be facing a challenge in meeting their mortgage, they contacted their lender, only to discover that not only would they be unable to meet the current payment, but that it was going up. A re-finance had gotten them into a 2-year ARM and it was about to adjust upward by more than \$300. Unfortunately, their lender was not inclined to be sympathetic. They began packing boxes and made arrangements to

live with a relative. One last effort to save their home brought them to NHS Phoenix.

Not only was Darina Tolano successful in negotiating with their lender to postpone the foreclosure until they received a loan modification, which they did, along with waiving late charges and unpaid escrows; she also got them into a new re-amortized 30-year fixed loan, with a lower interest rate and an affordable monthly payment.

But it wasn't just the favorable resolution that so pleased Mr. Davis and Ms. Bennett. As they explained, "Darina called us often, just to check that we were doing OK. That made us feel like we had someone on our side!"

NHS Phoenix takes pride in being on the "side" of our clients.

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NHS Phoenix HUD-certified housing counselors provide families with confidential, one-on-one guidance on credit, budget, delinquency, foreclosure prevention and reverse mortgage counseling.

**In 2007 NHS Phoenix provided counseling and education to 1,272 families.**

*"Achievement is largely the product of steadily raising one's level of aspiration and expectation."*

**Jack Nicklaus**

Albert Flowers is an earnest young man. He's serious about the work that he does for Ebony House, a substance abuse treatment center, and he's intense about his desire to own his own home. It was this focused intention, along with a suggestion from one of his Board members, that led him to NHS Phoenix to learn about what it would take to achieve his goal.

"The classes were great," explains Albert. "They taught me a lot. The instructors presented clear messages about what I needed to do to get my finances in order. They were warm and I felt comfortable asking questions." You wouldn't think that a guy Albert's size would be hesitant to speak up when he needed anything, but it was nice to hear that the class offered him a "safe" place to ask those tough questions and share those barriers that got in the way of achieving his goals. He liked being in a class with others going through the same challenges that he was.

Thanks to what he learned in Financial Fitness, he now asks himself these tough questions before spending his hard earned money, "Do I really need to make this purchase or can I do without it?" He's clearly taken the first step to being able to manage his money wisely. He has no car loans and is succeeding in operating within his budget.

Albert Flowers is a man on a mission. He graduated from Financial Fitness and enrolled in Homebuyer Education class. He's also met with one of our counselors and has identified one of our homes on Chipman Street that he'd love to own. It's nice to know that NHS Phoenix helped him get here – now, it's up to him to make it happen.


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NHS Phoenix offers a regular schedule of Financial Fitness and Homebuyer Education classes in both English and Spanish. This knowledge is critical for the development of money management and financial planning skills, a first step in purchasing a home, as well as in ensuring the sustainability of homeownership.

**In 2007, NHS Phoenix educated 207 students in Financial Fitness and 158 in Homebuyer Education**

# EDUCATION





*"Optimism is the faith that leads to achievement.  
Nothing can be done without hope or confidence."*

**Helen Keller**

## LENDING

Consuelo Salas is a woman who takes commitment seriously. She's been committed to her job at the Attorney General's office for the last 22 years and she's lived in her home in the Roosevelt neighborhood for the last 30 years. Her dedication to her job and her promise to honor her financial obligations and pay her mortgage on time was steadfast and assured. That was, until she decided to take out a loan on her paid-off house for some unexpected expenses.

"Faced with a divorce and raising my children on my own, I was forced to take out yet a second mortgage to pay my bills. That's when I got into trouble," explained Consuelo. A new loan with an interest rate of 19% soon made that "trouble" insurmountable. That's when she was referred to NHS Phoenix, thanks to our longtime friends at the City of Phoenix. They suggested she make an appointment with us to see what we could do to help mitigate her financial "troubles."

Not only did our Lending Manager Josie Molina manage to consolidate Consuelo's two

payments, but she was able to get a more favorable interest rate. In the end, her monthly payment was lowered even after including insurance and taxes. Consuelo breathed a sigh of relief and immediately signed up for Financial Fitness and Homebuyer Education classes. She wasn't going to take any chances. "It's easy to blow money. I recognized that I needed the education and the discipline taught by NHS Phoenix to stay out of financial trouble in the future. They've been a life saver!"

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NHS Phoenix is a licensed mortgage bank offering first and second mortgage programs, plus a variety of down payment, closing cost loans and grants to qualified buyers. Eligibility requirements vary according to borrower's income level, tribal affiliation and the geographic location of the prospective home.

**In 2007, NHS Phoenix made 27 loans  
valued at \$1,609,489**

*"Nothing can stop the man with the right mental attitude from achieving his goal."*

**Thomas Jefferson**

Laura Cuesta never imagined that she could be a homeowner. As a single mother of three children, renting in Section 8 Housing and going to college, she had enough on her plate just managing day-to-day. But when her mother gave her a buildable lot right next door to

where Laura had grown up, she jumped at the chance to provide a stable environment for her family. Unfortunately, she learned that transforming that lot into a comfortable home would take more than she bargained for. "The list of

steps I was told I'd have to take and the details involved with hiring contractors and dealing with regulations was too overwhelming", explained the busy Mother and student.

About ready to let go of her dream, Laura learned that there might be help at NHS Phoenix. It took the skilled expertise of NHS Phoenix to navigate through the due diligence, permitting, negotiation and building process that culminated in Laura and her family moving into her new home in the Garfield neighborhood last spring.

When asked how it feels, Laura couldn't have been more effusive in her praise for NHS Phoenix and in her sense of empowerment that came with owning the home. "NHS Phoenix gave me the opportunity and made it happen. I have such a sense of pride and accomplishment. It feels great and I couldn't have achieved it without NHS Phoenix!"

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**In 2007, NHS Phoenix built 5 new homes and created 93 new homeowners, including ourselves.**

**Our new permanent headquarters at 1405 E McDowell is more than twice the size of our previous office, and takes us home to the Coronado Neighborhood where we started our neighborhood revitalization efforts 32 years ago.**

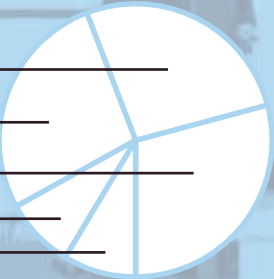


## REAL ESTATE DEVELOPMENT

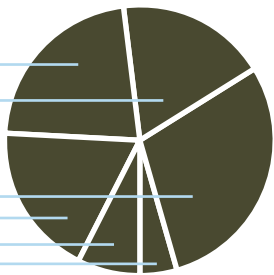


- Interest income on mortgages 8.3%
- Investment income & Other 8.7%
- Nongovernment grants & contributions 26.6%
- Fee income 27.4%
- Government grants 29.0%

**Public Support & Revenue for 2007**



# FINANCIALS



**Operating Expenses for 2007**

- Commercial office building 4.4%
- Fundraising 7.6%
- Mortgage loan services 18.0%
- Management and general 18.5%
- Development of single-family homes 22.2%
- Homebuyer education 29.3%

NHS Phoenix's strong financial position at December 31, 2007 continues to provide the flexible liquidity and leverage needed to successfully pursue ambitious affordable housing objectives in 2008 and beyond. Two major financial transactions produced notable, year-over-year changes in NHS Phoenix's financial position.

In July, NHS Phoenix completed the renovation of the 10,600 square foot office building at 1405 East McDowell Road and we moved into our new home! The office building is no longer "Construction in progress", but is now reflected as "Property and equipment."

In September, NHS Phoenix sold approximately \$1.5 million in mortgage loans to the secondary market to replenish its revolving loan fund. While the December 2006 and September 2007 sales reduced the amount of interest income on mortgages earned during 2007, without an immediate need for cash, NHS Phoenix invested the cash in a money market account and short term certificates of deposit.

Also noteworthy - the revenue and operating expenses from our apartment rental property (Ventana Palms) are absent from the 2007 financials due to its sale in September 2006. NHS Phoenix occasionally borrows money at low interest rates (below market) and recognizes these favorable rates as contributions.

"If you'll not settle for anything less than your best,  
you will be amazed at what you can accomplish in  
your lives."

**Vince Lombardi**

### Consolidated Statement of Activities (audited)

	<b>12/31/07</b>	<b>12/31/06</b>
<b>PUBLIC SUPPORT &amp; REVENUE</b>		
Government grants	\$ 641,953	\$ 485,171
Nongovernment grants & contributions	588,485	705,484
Fee income	604,617	640,335
Rental income	–	774,203
Interest income on mortgages	183,457	281,460
Investment income	190,005	109,809
Other	1,667	2,417
<b>Total public support &amp; revenue</b>	<b>2,210,184</b>	<b>2,998,879</b>
<b>Operating expenses</b>		
<b>Program services</b>		
Homebuyer education	514,726	392,380
Mortgage loan services	315,223	287,024
Development of single-family homes	466,007	288,160
Apartment rental property	–	1,055,010
<b>Sub-total program services</b>	<b>1,295,956</b>	<b>2,022,574</b>
<b>Supporting services</b>		
Management and general	325,560	452,243
Fundraising	133,597	113,211
<b>Sub-total supporting services</b>	<b>459,157</b>	<b>565,454</b>
<b>Total operating expenses</b>	<b>1,755,113</b>	<b>2,588,028</b>
<b>Net operating income</b>	<b>455,071</b>	<b>410,851</b>
<b>Extraordinary items</b>		
Loss on extinguishment of debt	–	(731,631)
Gain on sale of apartment rental property	–	3,910,291
<b>Net income after extraordinary items</b>	<b>\$ 455,071</b>	<b>\$ 3,589,511</b>

### Consolidated Statement of Financial Position (audited)

<b>Assets</b>		
Cash and cash equivalents	\$ 6,062,668	\$ 6,520,871
Receivables	115,176	183,745
Property held for resale, residential	1,858,206	1,773,533
Prepaid expenses and deposits	13,728	28,416
Mortgage loans receivable, net	2,334,134	3,030,468
Construction in progress, office building	–	1,574,761
Property and equipment, net	2,584,256	30,066
<b>Total Assets</b>	<b>\$ 12,968,168</b>	<b>\$ 13,141,860</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable & accrued expenses	\$ 211,186	\$ 492,701
Client deposits & loan impounds	557,609	527,483
Notes payable	4,718,499	5,095,873
<b>Total Liabilities</b>	<b>5,487,294</b>	<b>6,116,057</b>
<b>Total Net Assets</b>	<b>7,480,874</b>	<b>7,025,803</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,968,168</b>	<b>\$ 13,141,860</b>

We recognize and honor the loyal cadre of NHS Phoenix volunteers for their 2007 achievements in sharing knowledge, expertise and time with clients and staff. Serving on the Board or on committees, staffing outreach events and community workshops, making presentations in classrooms and helping with administrative tasks in the office all play a critical role in helping us deliver on our mission.

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**2007 Board Officers:**

Terry DeQuina, [Desert Earth Works, LLC – Chairman](#)  
Chester Seabury, Ph.D., [Bank of America \(retired\) – Vice Chairman](#)  
Laura Reyes, [CHASE – Secretary](#)  
Cecilia Francis, [Cecilia G. Francis CPA, C.F.E., P.C. – Treasurer](#)

**2007 Board Members:**

Stephen Anderson, [Gammage & Burnham](#)  
Arblee Bishop, [Resident](#)  
Debora R. Colbert, [State Farm Insurance](#)  
Don Conrad, [Arizona Attorney General's Office](#)  
Robert A. Gilmour, [Wells Fargo Home Mortgage](#)  
David James, [Arizona Bank & Trust](#)  
Dana Johnson, [Alwun House Foundation](#)  
Linda Kaplan, [Kaplan Communications](#)  
Andrew Loubert, [Resident](#)  
Ruth Osuna, [City of Phoenix](#)  
Mario Trejo Romero, [Resident](#)  
Bill Scheel, [Resident](#)  
Kim van der Veen, [Burgeon Group](#)  
Jose Villela, Ph.D., [Resident](#)  
George A. Young, [Resident](#)

Eugene Grigsby, Ph.D.,  
[Resident – Emeritus](#)

**Other Volunteers:**

Vicky Arriola  
Lupe Barto  
Michelle Begay  
Angelo Bellone  
Patty Brown  
Gail Carlson  
Tricia Drexel  
Lilli Graf  
Mike Martinez  
Vanessa Nieves  
Robert Parsons  
Ramiro Pompa  
Dianne Ramos  
Jorge Ramos  
Tami Reid  
Alice Roe  
Robert Salas  
Patti J. Shelton  
Edda Spigler  
Suzann Tarantino  
Sharon Taylor-Ward  
Ramona Tovar  
Barbara Volk-Craft  
David Weir

**National NeighborWorks® Partners**

Bank of America  
Citigroup Foundation  
Countrywide  
E\*Trade Financial  
Fannie Mae Corporation  
Fannie Mae Foundation  
Freddie Mac  
The Home Depot Foundation  
HUD  
JPMorgan CHASE  
MetLife Foundation  
SafeCo Insurance  
State Farm Insurance  
USDA Rural Development  
Wachovia

**2007 Contributors:**

Homeownership Center Partners  
(contributions of \$25,000 or more)  
Bank of America  
JPMorgan CHASE  
NeighborWorks® America  
Nordstrom fsb  
The Wachovia Foundation  
Wells Fargo Housing Foundation

*"Few will have the greatness to bend history itself, but each of us can work to change a small portion of events, and in the total of all those acts will be written the history of the generation."*

**Robert Kennedy**

**Corporate, Government, Foundations**

Allstate Foundation  
Arizona Bank & Trust  
Arizona Foundation for Women  
Arizona Republic Season  
for Sharing  
City of Phoenix  
Comerica Bank  
Countrywide  
Employees Community Fund  
of the Boeing Company  
Fannie Mae Corporation  
First American Title  
Insurance Company  
The Harris Trust N.A.  
HSBC-North America  
IKEA  
Johnson Bank  
Land America  
Local Initiatives Support  
Corporation  
Marquette Financial Companies  
Metropolitan Life  
M & I Foundation  
National Bank of Arizona  
Northern Trust Bank  
Southwest Gas Corporation  
State Farm Insurance  
State of Arizona Department  
of Housing  
Thunderbirds Charities  
UMB Bank, Arizona N.A.  
U.S.Bancorp Foundation  
Wells Fargo  
West Buckeye Road Unified  
Neighborhood Association

**Individuals**

Stephen Anderson  
Rex Anderson  
Frank Bernal  
Arblee Bishop  
Chuck Brewer  
Teresa Brice  
Doug Brown  
Tracy R. Brozzo  
Rita Carrillo  
Ashley Colbert  
Jon Colbert II  
Jonathan & Debora Colbert  
Don Conrad  
Tracy Davis  
Terry DeQuina  
Jesse Duarte  
Patricia Garcia Duarte  
Marc Figueroa  
Cecilia Francis  
Todd Francis  
Tyrone Gammage  
Robert Gilmour  
David James  
Dana Johnson  
Patricia Johnson  
Linda Kaplan  
Carole Kauffman  
Cheri Lanzafame  
Ruth Osuna  
Laura Reyes  
Mario Romero  
Maureen Rooney



Ana Velia Santos  
Bill Scheel  
Chester Seabury, Ph.D.  
Chris Smith  
Kim van der Veen  
Jose Villela, Ph.D.  
Thomas Wilson III  
George Young

**In-Kind**

Nathan Cottrell  
Fannie Mae  
Johnson Bank  
Patty Brown  
Darryl and Patricia Johnson  
Andrew Loubert  
Willis Martin  
Dan Southworth



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Services of Phoenix**

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