Mission Statement

Neighborhood Housing Services of Phoenix is a nonprofit organization dedicated to the revitalization of Phoenix neighborhoods by providing a full range of services and programs that encourage, create and support home ownership.

Our History

Neighborhood Housing Services of Phoenix has been opening doors to homeownership for more than three decades by helping families invest in their dreams, their communities, their homes, and their futures.

Our work began in the Coronado neighborhood in 1975, using a high-risk rehab loan fund to help homeowners renovate their aging homes. Many of these charming homes are now part of the Coronado Historic District. In 1988, we brought mortgage programs to the University Park/Oakland neighborhood, helping renters become homeowners. And then, in 1992, we began developing new homes in Garfield, replacing vacant lots with responsible and caring neighbors. Over the years, we’ve also focused revitalization efforts in the Eastlake Park, Isaac, and Central City South neighborhoods of Phoenix.

Today, we offer a complete range of homeownership services through our Phoenix NeighborWorks® HomeOwnership Center: individual counseling, classes, flexible mortgage loans, down payment closing cost assistance, and quality affordable single-family homes. This “one-stop shop” helps families throughout the metropolitan area invest in their dreams, their futures and our communities.
I was perfectly happy in my job with Chase. As the Arizona Manager for the Community Partnerships Office, I was helping the bank invest in our community. Little did I know that I was going to be tapped by NHS Phoenix to play a role in making a more direct “investment” in our community. As they say, “As one door closes, another opens…”

Taking the position as Executive Director wasn’t a great personal leap; after all, I had worked with NHS Phoenix in the early 90s, as well as with other nonprofit community development organizations. I had served on the boards of other groups that promote self-sufficiency through economic development and affordable housing.

While Rita Carrillo left big shoes for me to fill, she also left a strong and vibrant organization. NHS Phoenix did well in 2006. We created more homeowners in 2006 than we did the previous year and we have positioned ourselves to reach out to larger numbers of families interested in better managing their finances and purchasing their first homes.

We launched an innovative initiative to help Native American families become homebuyers and secured down payment and closing cost assistance for eligible Navajo families who are interested in living in Maricopa County.

We’ve reached out to partners such as the West Side Food Bank Alliance, Native American Connections, National Farm Workers Service Center and Safe Haven to leverage best practices in our field and develop collaborations to benefit the families we serve.

We purchased a commercial building as a new headquarters that will enable us to serve even more families and revitalize the community in which it is located.

We continue to have an aggressive pipeline of real estate projects that will offer more opportunities in a community desperately in need of affordable housing. And we did all this, certainly not by my leadership alone, but with a dedicated staff and committed supporters who are single-mindedly focused on serving our clients and our neighborhoods.

I look forward to the coming year with optimism, with excitement and with a real sense of purpose that NHS Phoenix can make a real difference in our community.

Sincerely,

Patricia Garcia Duarte, Executive Director

---

“...we all must be fully aware that the door to homeownership is getting even harder to pull open for many families here in the Valley of the Sun.”

Affordable Homeownership

Our hearts

Like everyone, I’ve had many feelings over the years that I will never forget. My first “I GET IT” moment happened when my seventh grade algebra teacher, while ruining my straight A report card, said to me: “I didn’t give you a B. You gave you a B.” Then there was the I-don’t-need-to-watch-any-more-baseball resolve I felt when the Red Sox won the World Series. And, more recently, there was the wonderful tickle I felt in my belly when a new NHS Phoenix homeowner joyously exclaimed, “I finally get to shop at Home Depot!”

There are many solid reasons why NHS Phoenix works to create homeownership opportunities. We know that homeownership provides stability to families, stability to neighborhoods and stability to our local economy. But, by now, we all must be fully aware that the door to homeownership is getting ever harder to pull open for many families here in the Valley of the Sun. Without the help of this entire community, that door is simply getting too heavy for many to handle.

There’s another memorable “I GET IT” moment in my life which I need to share: the day my father-in-law took me quietly aside and said to me, “When you have the opportunity to help someone, take it.” He’s an incredibly wise man.

NHS Phoenix has an opportunity to help. And we’re using it to create opportunities for hard-working families to open those doors. Join us. With enough helping hands, those doors will open easily. I promise you that when a single mom and her child give you tearful and unending thanks for helping them own their very first home, it will be one of those moments. You’ll get it. And you’ll never forget it.

Sincerely,

Terry DeQuina, Chair

---

Patricia Garcia Duarte, Executive Director
Maria Hernandez

One of nine children and a native of Mexico, Maria Hernandez came to Phoenix 22 years ago to better herself and her family. As a single mother of two young boys, she worked hard and sacrificed a lot to realize her dream. “We lived in government-subsidized housing for a number of years. It was crowded and noisy, but we were together.” Maria looks back on those struggles with relief and with a new-found sense of pride. “Those years have made us appreciate what we now have all the more.”

Owning a home, she reports, has had a calming effect on her family. Her sons are well on their way to adulthood. The eldest is in college while holding down a full-time job; the youngest is about to graduate from high school. “I attribute much of their motivation to succeed to having our own home. It’s shown them what you can accomplish if you take your time to do it right and you have the support and counsel of organizations like NHS Phoenix.”

Not only is her NHS Phoenix-built home comfortable and quiet, it’s also spacious enough for both sons to have rooms of their own. Her pets have a yard to play in and her green thumb finally has a creative outlet, evidenced by the colorful flowers abloom in the front yard.

From building one house at a time...

NHS Phoenix works to revitalize Phoenix neighborhoods by replacing vacant lots with new homes and, more importantly, with new neighbors. We have been building quality, affordable homes on scattered sites since 1992.

In 2006, NHS Phoenix built eight single family homes: two in Garfield, one in University Park, and five in Central City South, allowing eight new families the opportunity to build their futures in those communities.

These three- and four-bedroom, two-bath homes are affordable for working families. And, thanks to energy-efficient design considerations, monthly utility bills are affordable for new homeowners over the long term.

A home of our own

After 12 years in leased office space, NHS Phoenix became a “homeowner” in May 2006 with the purchase of a commercial building at 1405 East McDowell Road in Phoenix. In the same way that homeownership helps individual NHS Phoenix clients, this permanent home will stabilize future occupancy costs and build equity for the organization’s future.

NHS Phoenix will move into 6,600 of the 10,600 square-foot building this summer, gaining needed classroom space plus a more visible headquarters with direct access to public transportation. The remaining space will be available for lease, generating new revenue for NHS Phoenix and making more resources available for direct client services.

Home equity represents 60% of moderate-income homeowners’ net worth; 80% for low-income owners
To opening many more doors

To meet the increasing demand for quality, affordable homes in our neighborhoods, NHS Phoenix is now developing several subdivision projects.

**Villas Rosa Linda**
12th Street and Broadway Road, Phoenix

As a result of the Phoenix Housing Partnership with LISC Phoenix, NHS Phoenix is pleased to announce that 65 new homes will be available in the Villas Rosa Linda subdivision at 12th Street and Broadway. With pre-development underway in 2006, beautiful and affordable two-story homes will be ready for move-in by mid 2008.

- Single-family detached
- Two-story
- Three or four bedrooms
- Two or two and a half baths
- Livable square feet: 1,350 - 1,500
- Single car garage plus carport

**Isaac**
33rd Avenue and McDowell, Phoenix

NHS Phoenix began pre-development for a 27-unit subdivision in Isaac in 2006 and is set to break ground in 2008. Homes will have deep front porches and garages located at the back in a traditional neighborhood design.

- Single-family detached
- One- and two-story
- 14 affordable homes; 13 market rate
- Three, four or five bedrooms
- Two or two and a half baths
- Two-car garage

**Chipman**
24th Street and Chipman Road, Phoenix

Pre-development was completed in 2006 for six single-family, affordable homes on Chipman Road in South Phoenix. Construction will be begin in 2007.

- Single-family detached
- One- or two-story
- Three bedrooms
- Two or two and a half baths
- Livable square feet: 1,500
- Garage

For more information on these homes, contact Tom Wilson at twilson@nhsphoenix.org or 602.258.1659 x 208.

**In 2006:**

- Built 8 new homes
- Invested $1,249,313 in target neighborhoods
- Increased pipeline for future developments to 179 single-family units

Maria recently took a position with Maricopa Health Center, about five minutes from her South Phoenix home. The easy commute will free more of her time to focus on her next goal: helping her sons achieve their dreams.

“Accomplishing my goal of home ownership has set the standard for everything that comes next. Thanks, NHS Phoenix, for building us our dream.”

In addition to an NHS Phoenix-built house, Maria received credit counseling, Homebuyer Education, and an NHS Phoenix mortgage to make her dream come true.

The median price of a new home in Greater Phoenix rose to $306,355 in 2006; a family of four earning median income can afford about $228,000.
NHS Phoenix Housing Counselor Rachel Regalado has gained a wealth of experience over two years on the job. When a client (who we’ll call Jane) called last September, Rachel listened carefully to her story.

Jane had fallen behind on her mortgage payments. She was three months late, and soon would be four months behind in her payments. Hoping to save her home, Jane went to a mortgage broker to see what could be done. The broker approved a loan for $135,000, including cash out of $10,000 so Jane could make her house payment for the next six months. It was an adjustable rate mortgage at 11.99% interest. The closing costs on her Good Faith Estimate totaled $13,512, including 7 points to the broker!

Rachel invited Jane to come in to the office. After reviewing the paperwork for both her original loan and the broker’s new loan, Rachel and Jane got on the phone with the loss mitigation folks with her original lender.

Homebuyer Education is especially important for the first-time buyer. This “nuts and bolts” class covers the pros and cons of owning a home, the lending process, budgeting for success, working with a real estate professional, recognizing and avoiding predatory lending, plus closing and post-closing issues.

Financial Fitness bolsters money management and financial planning skills, including: goal setting, spending habits, and immediate money saving tips; the importance of banking relationships; using and building credit; cash flow management; insurance basics; homeownership; taxes; investments, retirement planning; and basic estate planning.

Individual counseling
NHS Phoenix counselors provide families with personalized and confidential guidance, one-on-one.

• Credit counseling
  Credit is one of the most important assets a family can have. By reviewing credit reports with clients, NHS Phoenix counselors help identify questionable or erroneous information so clients can remedy credit problems and improve their personal credit behavior.

• Budget counseling
  Budgeting skills are vital to wealth building. NHS Phoenix counselors assist clients to set personal goals, evaluate their spending choices, begin saving for the future, and develop realistic budgets.

Knowledge is the key
To empower first-time homebuyers and to support new homeowners, NHS Phoenix provides a wide range of counseling and education services, in English or Spanish, through the NeighborWorks® HomeOwnership Center.

In 2006:
• Families served: 951
• Financial Fitness grads: 126
• Homeowners created: 83

2006 Client Demographics:
• Average household size: 3
• Income (49% of area median income): $28,897
• Female: 65%
• Hispanic: 50%
• Single-head of household: 38%
• Average age: 44

“Jane Doe”

NHS Phoenix Housing Counselor Rachel Regalado has gained a wealth of experience over two years on the job. When a client (who we’ll call Jane) called last September, Rachel listened carefully to her story.

Jane had fallen behind on her mortgage payments. She was three months late, and soon would be four months behind in her payments. Hoping to save her home, Jane went to a mortgage broker to see what could be done. The broker approved a loan for $135,000, including cash out of $10,000 so Jane could make her house payment for the next six months. It was an adjustable rate mortgage at 11.99% interest. The closing costs on her Good Faith Estimate totaled $13,512, including 7 points to the broker!

Rachel invited Jane to come in to the office. After reviewing the paperwork for both her original loan and the broker’s new loan, Rachel and Jane got on the phone with the loss mitigation folks with her original lender. They
offered Jane a 12-month workout program and, with Rachel’s guidance, Jane came up with a realistic budget that was agreeable to all parties.

Needless to say, Jane cancelled the broker loan and avoided the financial mess that would have resulted. (Her new payments would have been $400 more than the original payments she was already having trouble making.) Jane knew enough to question the broker’s loan terms and to ask for help. Now, thanks to continued one-on-one counseling with Rachel as she catches up on her back payments plus the lessons she’s learning in Financial Fitness class, Jane is doing her homework from the comfort of her home.
Financials for 2006

NHS Phoenix’s strong financial position at December 31, 2006 will provide the flexible liquidity and leverage needed to successfully pursue ambitious affordable housing objectives in 2007 and beyond. Three major financial transactions produced notable, year-over-year changes in NHS Phoenix’s financial position.

In May, NHS Phoenix purchased a 10,600 square foot office building at 1405 East McDowell Road with $1.1 million in financing from the JPMorgan Chase New Markets Tax Credit loan program. NHS Phoenix will be relocating operations to the newly renovated building this summer.

In September, NHS Phoenix sold Ventana Palms, a 160-unit apartment rental property, producing a net gain of $3.2 million and a reduction in bond debt of about $7.0 million. Approximately $7.6 million of the cash proceeds were transferred to the bond trustee for future defeasance of the bond debt, while approximately $1.2 million is being used to rehab the 1405 East McDowell Road building.

In December, NHS Phoenix sold $1.9 million in mortgage loans to the secondary market to replenish its revolving loan fund. The cash proceeds received from the sale are reflected in the large year-over-year increase in ‘Cash and cash equivalents’ on the balance sheet.

Consolidated Statement of Activities (audited)

<table>
<thead>
<tr>
<th>12/31/06</th>
<th>12/31/05</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Support &amp; Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>Government grants</td>
<td>$485,171</td>
</tr>
<tr>
<td>Nongovernment grants &amp; contributions</td>
<td>705,484</td>
</tr>
<tr>
<td>Fee income</td>
<td>640,335</td>
</tr>
<tr>
<td>Rental income</td>
<td>774,203</td>
</tr>
<tr>
<td>Interest income on mortgages</td>
<td>281,460</td>
</tr>
<tr>
<td>Investment income</td>
<td>109,809</td>
</tr>
<tr>
<td>Other</td>
<td>2,417</td>
</tr>
<tr>
<td><strong>Total public support &amp; revenue</strong></td>
<td>2,998,879</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Program services</strong></td>
<td></td>
</tr>
<tr>
<td>Homebuyer education</td>
<td>392,380</td>
</tr>
<tr>
<td>Mortgage loan services</td>
<td>287,024</td>
</tr>
<tr>
<td>Development of single-family homes</td>
<td>288,160</td>
</tr>
<tr>
<td>Apartment rental property</td>
<td>1,055,010</td>
</tr>
<tr>
<td><strong>Sub-total program services</strong></td>
<td>2,022,574</td>
</tr>
<tr>
<td><strong>Supporting services</strong></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>452,243</td>
</tr>
<tr>
<td>Fund raising</td>
<td>113,211</td>
</tr>
<tr>
<td><strong>Sub-total supporting services</strong></td>
<td>565,454</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>2,588,028</td>
</tr>
<tr>
<td><strong>Net operating income</strong></td>
<td>410,851</td>
</tr>
<tr>
<td><strong>Extraordinary items</strong></td>
<td></td>
</tr>
<tr>
<td>Loss on extinguishment of debt</td>
<td>(731,631)</td>
</tr>
<tr>
<td>Gain on sale of apartment rental property</td>
<td>3,910,291</td>
</tr>
<tr>
<td><strong>Net income after extraordinary items</strong></td>
<td>$3,589,511</td>
</tr>
</tbody>
</table>
Consolidated Statement of Financial Position (audited)

12/31/06                      12/31/05

**Assets**

- Cash & cash equivalents  $6,520,871  $3,075,348
- Receivables  183,745  120,782
- Property held for resale, residential  1,773,533  1,384,371
- Prepaid expenses and deposits  28,416  74,624
- Funds held by trustee  -  733,432
- Debt issuance costs, net  -  260,512
- Mortgage loans receivable, net  3,030,468  3,416,960
- Construction in progress, office building  1,574,761  -
- Property and equipment, net  30,066  5,732,613

**Total Assets**  $13,141,860  $14,798,642

**Liabilities and Net Assets**

**Liabilities**

- Accounts payable & accrued expenses  $492,701  $432,713
- Client deposits & loan impounds  527,483  440,660
- Notes payable  5,095,873  10,488,978

**Total Liabilities**  6,116,057  11,362,351

**Total Net Assets**  7,025,803  3,436,291

**Total Liabilities and Net Assets**  $13,141,860  $14,798,642

**Operating Expenses for 2006**

- Management & general 17.5%
- Homebuyer education 15.2%
- Fund raising 4.4%
- Mortgage loan services 11.1%
- Development of single-family homes 11.1%
- Apartment rental property 40.8%

**Public Support & Revenue for 2006**

- Rental income 25.8%
- Investment income & other 3.7%
- Interest income on mortgages 9.4%
- Government grants 16.2%
- Non-government grants & contributions 23.5%
- Fee income 21.4%
Andrew Loubert embodies the volunteer spirit that makes NHS Phoenix a true community-based and community-driven organization. With 25 years of experience in the mortgage industry and a professional focus on entry-level affordable housing, Andrew shares his knowledge both on the Board of Directors and in the classrooms at NHS Phoenix.

As a resident member of the NHS Phoenix Board of Directors, Andrew has been volunteering his time and talents since 1994. Over the years, he has shared his energy and expertise on the Strategic Planning Committee, the Loan Committee, and the Executive Committee serving two terms as chairman of the NHS Phoenix Board of Directors.

Andrew teaches Homebuyer Education for NHS Phoenix, making him keenly aware of the value that education holds for the families who come for help. He's watched many students go on to achieve the dream of homeownership for their families. At least one of those students joined him in the classroom as an instructor.
Volunteers help...

...in so many ways—by serving on committees, sharing their professional knowledge in our classrooms, offering special workshops of interest to NHS Phoenix clients, staffing events, and providing administrative support in our office.

Steve Alvarez  Greg Evans  Tami Reid  Nannette Trolene
Rex Anderson  Evelyn Fairclough  Oli Rodriguez  Loretta Trujiilo
Lillian Avila  Carol Parry Fox  Lillian Graf  Barbara Volk-Craft
Andy, Conrad & Frank Bernal  Gus Miranda  Vanessa Nieves  Sharon Taylor Ward
Susan Brenton  Chaselle Fox  Robert Parsons  David J. Weir
Teresa Brice  Ramiro Poma  Edda Spigler  VeeRonna Ragone
Gail Carlson  VeeRonna Ragone  Amanda Stark  Ramona Tovar
Elisa de la Vara  Sam Ramirez
Tricia Drexel
Frank Enriquez

If you are willing to share the special gift of your time, contact Carole Kauffman at 602.258.1659.

NHS Phoenix is governed by...

...a volunteer Board of Directors comprised of neighborhood residents, government representatives, and diverse members of the corporate community. Nineteen members of this community-based board share their time and talents to guide the mission of NHS Phoenix, both at regular board meetings and by serving on committees.

Officers
Chair
Terry DeQuina
Qiara Properties, Desert Earth Works
Vice Chair
Chester Seabury, Ph.D.
Bank of America (retired)
Treasurer
Cecilia Francis
Cecilia G. Francis, CPA, C.F.E., P.C.
Secretary
Laura Reyes
Chase

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

...after purchasing her own home, sharing her passion and empowering other students with her “can do” attitude! For someone as dedicated and caring as Andrew, that is the true payoff for years of volunteering at NHS Phoenix.

Andrew Loubert is the president of Community Reinvestment Solutions, Inc. In addition to NHS Phoenix, Andrew lectures nationally at quarterly NeighborWorks® America Training Institutes.