

BUILDING COMMUNITY one home at a time

2017 ANNUAL REPORT



The Homewise mission is to help create successful homeowners so that they improve their financial wellbeing and contribute to the vitality of our communities.

Our mission is more than just a series of words put together in a mission statement. It's the heart and soul of everything we do. After 31 years, most people know about our work to help create successful homeowners so that they improve their financial wellbeing, but may not be as familiar with how that work contributes to the vitality of our communities. That's what this year's annual report is all about: Building community, one home at a time.

Housing is a basic human need and for the typical family it is the largest portion of the monthly budget. It is only after we have met our basic human needs can we start to think about higher aspirations, like actively participating in and giving back to our communities. In this year's report, we're sharing the story of Jeanette Iskat, a Homewise client who used her achievement of homeownership as a launching pad for embracing her community-minded aspirations. We invite you to read her inspiring story, watch the video, and learn more about the organizations she works with to create a more vital community. For Jeanette, like so many of our clients, her commitment to her community is fueled and supported by having a place of her own to call home.

A home of your own is more than the wood, tile and stucco that go into it. It's a place to raise a family, build wealth, and be a part of a community. Guided by our mission, we work to help individuals, families, and communities unlock the power of homeownership as a transformative tool to creating places of vibrancy, from inside our own homes to outside in our shared communities.

Homewise helped to create 372 new homeowners in New Mexico this year, and each will continue to have a ripple effect of success in his or her community. We hope you enjoy reading more about our impact, one home at a time.



MIKE LOFTIN Chief Executive Officer



TERESA LEGER DE FERNANDEZ Outgoing Chair, Board of Directors



DAVID DELGADO Incoming Chair, Board of Directors



OUR MANAGEMENT TEAM

3

Mike Loftin Chief Executive Officer

Lisa Wilson Chief Financial Officer

Mark Vanderlinden Chief Lending Officer

Laura Altomare Director of Communications & Development

Augusta Candelaria Qualifying Broker

Agiola Bejko Director of Coaching, Education & Outreach

Elena Gonzales Albuquerque Market Manager

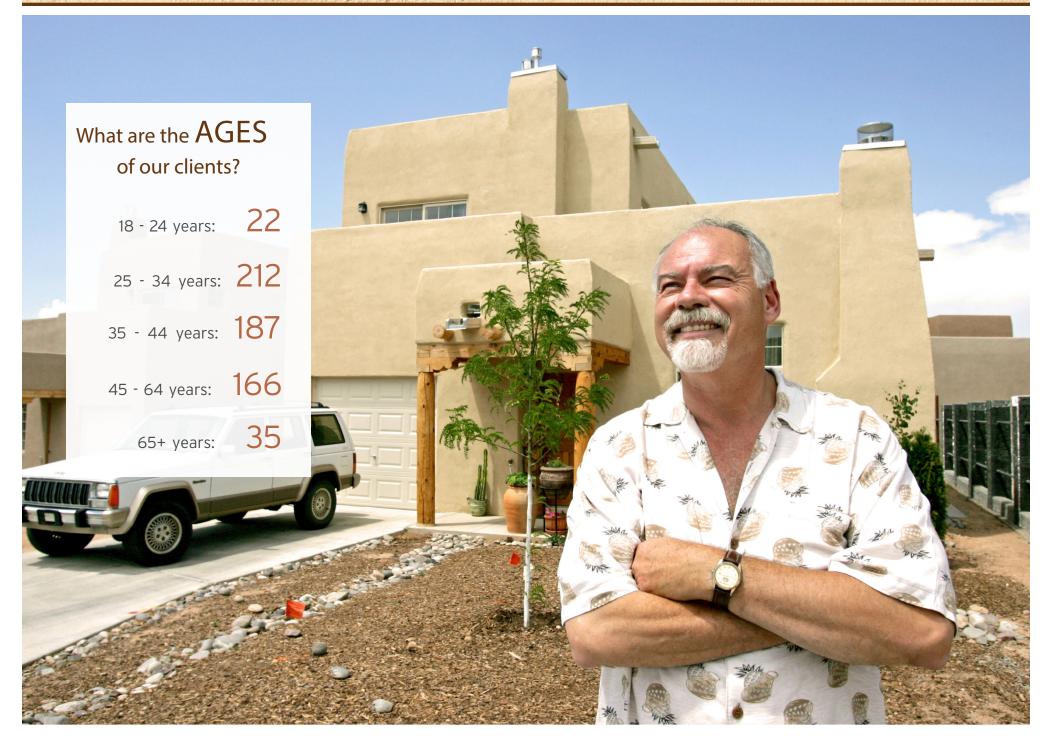




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OUR BOARD OF DIRECTORS

David Delgado, Chair Erika Campos, Vice Chair Andrew Spingler, Treasurer Martha Acosta, Secretary Teresa Leger de Fernandez Anne Messbarger-Eguia Dee Walsh Agnes Noonan



What types of FAMILIES do we serve?

> single adult: 135

single parent: **74**

married with children:

126

married without children: 58

other:

41



Where do our clients WORK?

39	Government
74	Healthcare
73	National Business
65	Local Business
54	Hospitality
52	Education
50	Construction
42	Nonprofit
21	Self Employed
8	Finance
5	Other



7

How do we *impact* our COMMUNITY?

1,009

Number of clients who are better able to manage their money and purchase a home with confidence as the result of participating in our financial literacy and homebuyer education workshops

372

Number of new homeowners, all of whom have substantially increased their financial wellbeing

104

Number of homeowners who were able to save money by refinancing their mortgage or who wisely invested in their home through a home improvement loan

46

Number of Homewise Homes that were built with an emphasis on quality, value and energy efficiency

How do we *improve* our clients' FINANCIAL WELLBEING?

Credit score:



Average **increase** of clients who started with score under 640 and became Buyer Ready





Monthly debt payment decrease:

\$80

Median decrease

for clients who started with 10% or more debt ratio and became Buyer Ready

Savings:

\$3,381

Median **increase** for clients who started with less than \$5,000 savings and became Buyer Ready



BUILDING COMMUNITY: JEANETTE ISKAT



Jeanette was born in New York and has lived in some of the biggest cities around the world. She travels extensively and has been to 34 countries and 48 states. When Jeanette visited New Mexico for the first time, she knew there was something about it that felt like home. When the opportunity came to move here, she felt like it was truly meant to be.

Jeanette found a place for rent on a farm in Ribera, NM, a very small rural community with a population of just 418. It was far from what she was used to, but she diligently worked to fit in. Over the next six years, Jeanette grew as an individual as well as a member of the community through local nonprofits such as El Valle Women's Collaborative and Bueno Para Todos Farm Cooperative.

WATCH OUR VIDEO

TO SEE JEANETTE AT HOME AND TO HEAR HER TALK ABOUT WHY LIFE HAS BECOME MORE REWARDING IN THE PECOS RIVER VALLEY

Click here, or visit our website at www.homewise.org/2017-annual-report

In May of 2016 Jeanette received news that the owner of the farm she lived on would soon be selling his property. After confiding in a coworker and a friend about her predicament, Jeanette knew it was time to make a decision. Both had worked with Homewise to buy homes, and strongly suggested that she do the same. She was doubtful about pursuing homeownership because it just didn't seem achievable, but she took their advice anyway. In May of 2016 Jeanette met with Homewise Home Purchase Advisor Nancy Fox. Nancy helped her take a look at her financial picture and see if she was ready to buy a home, and if not, what she needed to do to get there. Although Jeanette had been working at Kitchen Angels for only six months, she had a great credit score. She only had a few debts to clean up and she would be ready to buy a home of her own. Jeanette was relieved to learn that buying a home was well within her reach, but the thought of leaving the community and the people she had come to love so much was heartbreaking.

Just a week after her first visit to Homewise, Jeanette was on her way to a meeting and saw a "For Sale" sign. After the meeting, she walked down with her friends to peek in the windows. Much to her delight, she found the perfect home in the community that was dear to her heart. It was a cozy two bedroom house in Villanueva, NM, not far from the place she was renting. In addition, there was a separate studio space that would be perfect for her artistic endeavors. As Jeanette says, it was "a home that was meant for me, in a place I needed to be in to be an even bigger part of a community that I was already involved in." She now had the extra push of motivation she needed to get her debts taken care of. It only took two and a half more months. With the support of her family, she made an offer on the house on her 48th birthday.

Though her find was quick, her patience and loyalty were key in buying a unique home in such a rural community. The appraisal process took longer than expected because the uniqueness of the home made

it difficult to find comparable homes sold recently in the area. But Jeanette stuck with it because she knew that this was what she wanted. In October of 2016, all the patience and hard work paid off. Jeanette was officially a homeowner!

"I now have a great place of gathering for my family and friends," she beams, "and that makes all the hard work worth it." Jeanette raves about the sunrises and feels inspired by the natural rhythms of her daily life. She feels extremely grateful for such a beautiful space, and is committed to helping in whatever ways she can to preserve it for generations to come.

In addition, now that she is a homeowner Jeanette feels even more connected to and grounded in the community work that she is so passionate about, especially her work with El Valle Women's Collaborative and Bueno Para Todos.

El Valle Women's Collaborative

The collaborative was started in 2013 by local women from the Pecos River Valley area who wanted something meaningful and fun to do on Sunday afternoons. Their giving natures and skill sets quickly led to creating a nonprofit organization. They ran a "pay what you want" thrift store for over two years in a community that is well below the poverty line. They also partnered with WESST to host a six-week workshop for 20 women who learned to create and market their own hand-crafted products. The course covered product development, pricing, marketing, and vending opportunities. El Valle has participated in art markets, farmers' markets, a community garden and much more. All of their profits are put back into the community through micro-loans and gifted money to support causes that contribute to the vitality of the valley.

Bueno Para Todos

Bueno Para Todos is a farm cooperative that provides wholesome, organic foods to people in the valley struggling on lower level incomes. Crops are sold locally to organizations and as community supported agriculture. There are plans to provide surplus harvests to nearby public schools and organizations like Kitchen Angels. Their mission is to create ways for people to make a living in the valley without stripping the rich natural resources of the area. Bueno Para Todos works very closely with El Valle Women's Collaborative on many projects.

Building community is truly a guiding principle in Jeanette's life. "We need community," she believes. "We always need to put our efforts where our intentions are." As a proud homeowner, Jeanette could not be more thankful for the opportunity to carry out her intentions in the place she has chosen to call home.



Homewise 2017 Annual Report



FINANCIALS

Consolidated Statement of Financial Position Homewise, Inc. For the year ended March 31, 2017

ASSETS

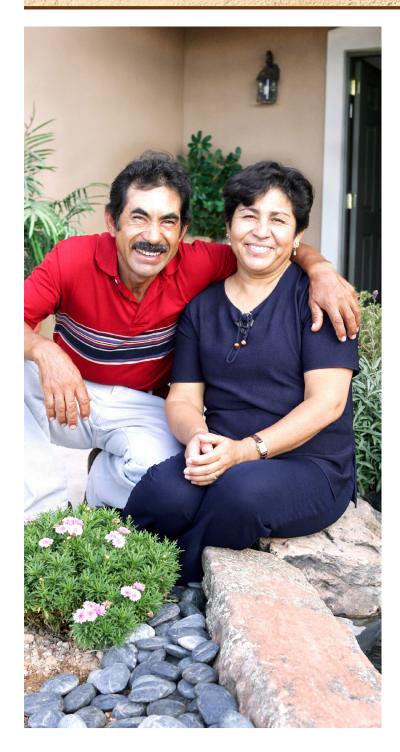
CURRENT ASSETS

Cash and cash equivalents	\$7,953,686
Broker and other accounts receivable	1,834,714
Grants receivable	71,236
Amortizing mortgage loans receivable, current portion	1,371,930
Inventory	71,617
Development costs, current portion	7,507,709
Total current assets	18,810,892
Property and equipment, net	2,666,780
Mortgage loans receivable	
Amortizing, net of current portion	52,938,665
Allowance on amortizing loans	(1,181,722)
Total amortizing	51,756,943
Deferred	18,741,083
Allowance on deferred loans	(3,749,000)
Total deferred	14,992,083
Total long-term mortgage loans receivable	66,749,026
Other real estate owned	870,789
Real estate held for investment - rehab properties	79,511
Mortgage servicing rights	1,860,750
Development costs, net of current portion	7,391,882
Other assets	277,828
TOTAL ASSETS	\$98,707,458

See Notes to Financial Statements.

The financial information presented herein has been compiled from the audited financial statement of Homewise, Inc. and Related Entities. Complete financial statements with accompanying notes and schedules are available upon request.

Homewise 2017 Annual Report



FINANCIALS

Consolidated Statement of Financial Position Homewise, Inc. For the year ended March 31, 2017

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Total liabilities and net assets	
TOTAL NET ASSETS	42,056,789
Permanently restricted	2,519,091
Temporarily restricted	8,356,471
Unrestricted	31,181,227
NET ASSETS	
Total liabilities	56,650,669
Total long-term liabilities	45,670,294
Due to grantor agency	992,502
Deferred grants revenue	4,198,601
Notes payable, community investment, net of current portion and unamortized discount	2,047,926
Notes payable, equity equivalent investment, net of unamortized discount	913,014
Notes payable, net of current portion and unamortized discount	37,518,251
LONG-TERM LIABILITIES	
Total current liabilities	10,980,375
Notes payable and community investment, current portion	711,149
Notes payable, current portion	3,235,429
Lines of credit	2,245,275
Escrows and deposits	1,908,331
Accrued expenses	511,584
Accounts payable	\$2,368,607

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Homewise 2017 Annual Report



FINANCIALS

Consolidated Statement of Activities Homewise, Inc. For the year ended March 31, 2017

REVENUES	
Home development sales	\$16,585,578
Loan origination fees	2,033,489
Real estate sales commissions	1,548,429
Loan portfolio interest	3,048,704
Loan servicing income	558,251
Amortization and valuation of mortgage servicing rights	647,734
Government grants	2,387,816
Contributions and grants	362,048
Bank interest	1,667
Gain on sale of assets	40,846
Other revenue	430,224
Total revenues	27,644,786
EXPENSES	
Cost of home development sales	14,532,502
Program	7 841 840

Cost of home development sales	14,532,502
Program	7,841,840
Administrative	1,753,150
Fundraising	455,018
Total expenses	24,582,510
Change in net assets	3,062,276
Net assets at beginning of year	38,994,513
Net assets at end of year	\$42,056,789

See Notes to Financial Statements.

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OUR PARTNERS

Throughout our history Homewise has had the generous support of local and national financial institutions, foundations, religious institutions, city, state and federal government agencies, community businesses and individuals. We gratefully acknowledge the active endorsement of our mission by our investors and contributors.

Financial Institutions

Ally Bank Bank of America Bank of the West BBVA Compass Century Bank First National Santa Fe First National Rio Grande Los Alamos National Bank New Mexico Bank and Trust Self-Help Credit Union UBS Bank United Business Bank U.S. Bank Washington Federal Wells Fargo

Foundations

Albuquerque Community Foundation Bank of America Charitable Foundation Calvert Social Investment Foundation Citi Community Development Foundation Frost Foundation McCune Charitable Foundation Jessie Smith Noyes Foundation Onota Foundation PNM Resources Foundation Erich and Hannah Sachs Foundation Santa Fe Community Foundation Wells Fargo Housing Foundation

Religious Institutions

Adrian Dominican Sisters Lutheran Family Services Mercy Investment Services Religious Communities Investment Fund Seton Enablement Fund Sisters of Charity of the Incarnate Word

Community Businesses, Government Agencies and Nonprofits

CHRISTUS St. Vincent Regional Medical Center City of Santa Fe CDFI Fund, US Treasury Housing Partnership Network HUB International NeighborWorks America NeighborWorks Capital New Mexico Mortgage Finance Authority Opportunity Finance Network Quezada Jacobs Family Insurance Santa Fe Public Schools Stewart Title Company SVHsupport

Individuals and Investment Funds

Martha Acosta Ann Alexander and Richard Khanlian Anonymous Avalon Trust Avalon Trust clients Joel Frederick Barber Anne Beckett Beth Beloff and Marc Geller Lawrence Carreon Jill Cook Quarrier and Phillip Cook Susan and Conrad De Jong Fund Lori and David Delgado Anne Messbarger-Eguia Cliff Feigenbaum and Julie Moss Fresh Pond Capital clients Edward Grasskamp John Guffey Naomi and Robb Hirsch David Hofmann

Michael Kelly Teresa Leger de Fernandez Nahum Ward-Lev Ann Lockhart Viola Lujan F.J. Mathew Genevieve and A. Paul Mitchell Monarch Community Fund Mariel Nanasi and Jeffrev Haas Laura M. Orchard Karen E. Orso Joseph and Lynne Ptacek Stacy S. Quinn Celia D. Rumsey Charitable Trust Wilson Scanlan Elizabeth and Richard Schnieders Nan Schwanfelder Martha and Patterson Simons Linda and Andrew Spingler The Sustainability Group clients Trillium Asset Management clients Debra A. Walsh Lisa M. Wilson

SUPPORT HOMEWISE

The Orpheum Community Hub

Homewise recently purchased the historic Orpheum building at 2nd Street and Coal Avenue to serve as our Albuquerque homeownership center. In searching for a new building for our Albuquerque office, we placed a high priority on a location that allows us to be present in the heart of the Albuquerque communities we most heavily serve. By making both a physical and financial commitment to this area, we can have a greater impact on individuals through the services we provide, and increase the vitality of the surrounding community. The 22,000 square foot Orpheum building will allow Homewise to accomplish significant impact, not only for the surrounding historic neighborhoods, but for Albuquerque as a whole.

The Orpheum was built in 1898 and has served as one of New Mexico's first movie theaters, the Denver Hotel, the Viaduct Garage (an auto repair shop), and more recently, as a performance and studio space with affordable housing catering to the area's blossoming arts community. But deferred maintenance has taken a toll on the building over many years.

We are embarking on a major repair and renovation project to transform the historic building into a community development hub where we will work to increase access to affordable quality housing and expand opportunities for successful homeownership. We believe that our unique strategy will position The Orpheum Community Hub to become the center for revitalizing its surrounding neighborhoods, creating new jobs and businesses, providing new homeownership opportunities, and improving the availability of quality affordable housing in the area.



We invite you to participate in this opportunity to support the rehabilitation of this one-time landmark, partnering with us to restore its former vibrancy as a cultural and economic hub of the area.

You can make a tax-deductible donation to this transformative project online at https://donatenow.networkforgood.org/orpheum

You can also call us at 505.983.9473 or email invest@homewise.org

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