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.
OUR MANAGEMENT TEAM

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
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 are the **AGES** of our clients?

- 18 - 24 years: **22**
- 25 - 34 years: **212**
- 35 - 44 years: **187**
- 45 - 64 years: **166**
- 65+ years: **35**
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?

89  Government
74  Healthcare
73  National Business
65  Local Business
64  Hospitality
52  Education
50  Construction
42  Nonprofit
21  Self Employed
 8  Finance
 5  Other
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:**

68 points

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

**Savings:**

$3,381

*Median increase* for clients who started with less than $5,000 savings 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
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.

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.
### ASSETS

**CURRENT ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,953,686</td>
</tr>
<tr>
<td>Broker and other accounts receivable</td>
<td>1,834,714</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>71,236</td>
</tr>
<tr>
<td>Amortizing mortgage loans receivable, current portion</td>
<td>1,371,930</td>
</tr>
<tr>
<td>Inventory</td>
<td>71,617</td>
</tr>
<tr>
<td>Development costs, current portion</td>
<td>7,507,709</td>
</tr>
</tbody>
</table>

**Total current assets**                                                   **18,810,892**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment, net</td>
<td>2,666,780</td>
</tr>
<tr>
<td>Mortgage loans receivable</td>
<td></td>
</tr>
<tr>
<td>Amortizing, net of current portion</td>
<td>52,938,665</td>
</tr>
<tr>
<td>Allowance on amortizing loans</td>
<td>(1,181,722)</td>
</tr>
</tbody>
</table>

**Total amortizing**                                                      **51,756,943**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred</td>
<td>18,741,083</td>
</tr>
<tr>
<td>Allowance on deferred loans</td>
<td>(3,749,000)</td>
</tr>
</tbody>
</table>

**Total deferred**                                                        **14,992,083**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total long-term mortgage loans receivable</td>
<td>66,749,026</td>
</tr>
<tr>
<td>Other real estate owned</td>
<td>870,789</td>
</tr>
<tr>
<td>Real estate held for investment - rehab properties</td>
<td>79,511</td>
</tr>
<tr>
<td>Mortgage servicing rights</td>
<td>1,860,750</td>
</tr>
<tr>
<td>Development costs, net of current portion</td>
<td>7,391,882</td>
</tr>
<tr>
<td>Other assets</td>
<td>277,828</td>
</tr>
</tbody>
</table>

**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.
LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable $2,368,607
Accrued expenses 511,584
Escrows and deposits 1,908,331
Lines of credit 2,245,275
Notes payable, current portion 3,235,429
Notes payable and community investment, current portion 711,149

Total current liabilities 10,980,375

LONG-TERM LIABILITIES

Notes payable, net of current portion and unamortized discount 37,518,251
Notes payable, equity equivalent investment, net of unamortized discount 913,014
Notes payable, community investment, net of current portion and unamortized discount 2,047,926
Deferred grants revenue 4,198,601
Due to grantor agency 992,502

Total long-term liabilities 45,670,294

Total liabilities 56,650,669

NET ASSETS

Unrestricted 31,181,227
Temporarily restricted 8,356,471
Permanently restricted 2,519,091

TOTAL NET ASSETS 42,056,789

Total liabilities and net assets $98,707,458

See Notes to Financial Statements.

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## FINANCIALS

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

<table>
<thead>
<tr>
<th>REVENUES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Home development sales</td>
<td>$16,585,578</td>
</tr>
<tr>
<td>Loan origination fees</td>
<td>2,033,489</td>
</tr>
<tr>
<td>Real estate sales commissions</td>
<td>1,548,429</td>
</tr>
<tr>
<td>Loan portfolio interest</td>
<td>3,048,704</td>
</tr>
<tr>
<td>Loan servicing income</td>
<td>558,251</td>
</tr>
<tr>
<td>Amortization and valuation of mortgage servicing rights</td>
<td>647,734</td>
</tr>
<tr>
<td>Government grants</td>
<td>2,387,816</td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>362,048</td>
</tr>
<tr>
<td>Bank interest</td>
<td>1,667</td>
</tr>
<tr>
<td>Gain on sale of assets</td>
<td>40,846</td>
</tr>
<tr>
<td>Other revenue</td>
<td>430,224</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>27,644,786</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of home development sales</td>
<td>14,532,502</td>
</tr>
<tr>
<td>Program</td>
<td>7,841,840</td>
</tr>
<tr>
<td>Administrative</td>
<td>1,753,150</td>
</tr>
<tr>
<td>Fundraising</td>
<td>455,018</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>24,582,510</strong></td>
</tr>
</tbody>
</table>

| 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

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

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

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-Egua
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 Jeffrey 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
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