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## **NORTH DAKOTA HOUSING FINANCE AGENCY CELEBRATES 30,000 BORROWERS HIGHLIGHTS PARTNERSHIP WITH USDA RURAL DEVELOPMENT**

MENOKEN - Owning a home is thought of as the American Dream, but rising prices have many young families wondering if they will ever be able to afford the dream. Fortunately, the North Dakota Housing Finance Agency (NDHFA), a state agency that has worked behind the scenes for almost 25 years, made achieving homeownership much easier than Mike and Brandy Zacher imagined.

"We really didn't think we'd ever be able to get into a home of our own," said Brandy Zacher. "But after getting pre-qualified for our mortgage and finding out what our price range was, the whole thing went very quickly. We actually bought the third house we looked at."

The Zacher family, who purchased a home for their family of four in Menoken, was recognized Monday. The family represents the 30,000<sup>th</sup> household to buy a home utilizing financing from the NDHFA's FirstHome™ program. As part of the acknowledgment, the Zachers received a gift card for a local home improvement store from the NDHFA. They plan to put the funds toward a bathroom remodeling project.

### **Partnerships make it Possible**

Because June is National Homeownership Month, as declared by President Bush, the gathering highlighted the strong partnerships that make it possible for NDHFA to achieve its mission, particularly the work the agency does in rural areas with USDA Rural Development.

"We are honored to work with North Dakota Housing and be part of this celebration, forging alliances that help North Dakota families own their future," said Peter Morgan, chief of staff for Rural Development's Housing and Community Facilities Programs.

The Zacher's mortgage is guaranteed by Rural Development. Guarantees protect the mortgagee against default losses. Both government agencies and private mortgage insurers provide this protection when households lack sufficient down payments.

"North Dakota Housing's homeownership programs are promoted and accessed through our partners. We work closely with both the public and private sector, and rely heavily on the lending and real estate community to deliver our message," said Mike Anderson, NDHFA executive director.

The Zachers tapped into the network when they were referred to one of the agency's participating lenders, Dakota Community Bank.

"We actively promote FirstHome, and find it to be very popular with buyers," said Mark Larson, a Dakota Community Bank vice president. "It offers borrowers a very attractive interest rate and is also a great source of down payment and closing cost assistance."

As participating lenders, financial institutions are responsible for qualifying borrowers and originating the FirstHome loans. The loans are then sold to NDHFA.

Because real estate agents are generally the first contact that households make during their home buying journey, NDHFA offers the agents specialized training resulting in a certification. There are approximately 400 FirstHome Certified Agents active statewide.

## **How does NDHFA's Program Work**

NDHFA finances loans for low- to moderate-income homebuyers using Mortgage Revenue Bonds (MRB). The rates are at least one-half of one percent (.5%) less than the conventional market. In addition to reduced interest rates, borrowers can receive assistance with out-of-pocket expenses like down payment and closing costs.

"The lower interest rate makes payments more affordable," said Dave Flohr, NDHFA homeownership director. "Our financing discount translates into a savings of approximately \$50 per month when compared to standard loan products available."

Although Congress restricts NDHFA's MRB mortgages to first-time buyers, the agency is able to serve special needs populations that have previously owned a home through its HomeAccess program. Eligible households include single-parents, households that include permanently disabled or elderly family members, and honorably discharged veterans.

Users of the FirstHome and HomeAccess programs can earn no more than 100 percent of the area median income (AMI) for a family of two or less, or 115 percent of AMI for a family of three or more. In Burleigh/Morton counties, the income limits are \$65,400 and \$75,210 respectively. *[Income limits for alternate counties available on page 3.]* The statewide limit for home prices is \$237,000.

The loans are available with either 30 or 40-year terms. The 40-year option is a recent addition to the agency's portfolio, and can make homeownership more easily achievable for a lower-income household.

"An added benefit of purchasing a home through NDHFA is that the loans are serviced in-state," said Flohr. "Our borrowers are able to speak to someone local when they call with questions."

## **What Steps Should Homebuyers Take**

"With home prices continuing to rise across the state, it is definitely to the advantage of the borrowers to educate themselves and look into all the financing options available." said Anderson.

Since 2004, the sales price of homes that are financed through NDHFA has risen 25 percent statewide. The average sales price of a home in North Dakota that uses the agency's financing is currently \$110,000, approximately nine percent higher than the previous year alone.

Anderson encourages households looking to become homeowners to attend homebuyer education classes so that they better understand the home buying process and make informed decisions.

He suggests that buyers seek out real estate agents with training and certification that meets their needs, such as agents that hold the FirstHome certification.

Finally, Anderson recommends that borrowers find a mainstream lender that is willing to work with customers of all income levels, not be afraid to ask questions, and consult with a lender at another financial institution if uncomfortable with the payments or other loan terms quoted.

## **Additional Information**

National Homeownership Month was initiated in 1997 as an effort to increase the number of homeowners throughout the United States. Current Census data indicates that the highest rate of homeownership in the US is in the Midwest at 72.2 percent of households.

The 30,000 loans purchased by NDHFA equals an investment of more than \$1.75 billion dollars. Census figures indicate there are approximately 270,000 households in North Dakota which means the agency has provided financing for roughly one family in nine.

USDA Rural Development's guarantee enables homebuyers to obtain 100 percent financing, with no maximum purchase price limitations. Loan guarantees are usually approved over a two day timeframe. The cost of the guarantee is a one time two percent fee.

The Industrial Commission of North Dakota, consisting of Governor John Hoeven, as chairman, Attorney General Wayne Stenehjem and Agriculture Commissioner Roger Johnson, oversees NDHFA. For more information about the homeownership programs, contact the agency at (701) 328-8080, (800) 292-8621 (800) 366 6888 (TTY) or [www.ndhfa.org](http://www.ndhfa.org).

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**\*FirstHome and HomeAccess Income Limits for Alternate Counties (page 2)**

| <b>County</b>  | <b>Family of less than 3</b> | <b>Family of 3 or more</b> |
|--|------------------------------|----------------------------|
| Burleigh, Mercer, Morton                               | \$65,400                     | \$75,210                   |
| Cass   | \$65,000                     | \$74,750                   |
| Grand Forks, Oliver, Pembina, Ransom, Richland, Traill | \$58,200                     | \$66,930                   |
| All Other Counties                                     | \$57,000                     | \$65,550                   |