

FACES OF HOME

Roots Makes Homeownership Easier



The apartment life that made sense when they first moved in together had lost its charm for Jacob Kienzle and Brita Bostad. They wanted a quiet place of their own where the monthly payment could be an investment into their future.

“At first, the process was daunting. There were so many factors to consider and the buying market was really competitive,” said Kienzle.

It wasn’t helping that the combined salaries of the couple, both teachers in their mid-twenties, put them over the \$72,100 program income limit in Cass County for the purchase assistance available through North Dakota Housing Finance

Agency’s (NDHFA) FirstHome™ program.

After 10 years as a mortgage lender, Peter Johnson of Western State Bank has had more and more encounters with borrowers

like Kienzle and Bostad who are eager to become homeowners, but who have limited resources. He encourages these buyers to learn about home financing and credit reports so they are ready when a suitable home in their price range

becomes available.

Kienzle and Bostad were prepared, but after searching for a couple months, they were getting a bit frustrated. A phone call from Johnson changed everything. Thanks to new eligibility rules for NDHFA’s North Dakota Roots program, now Kienzle and Bostad could receive a reduced interest

rate mortgage loan, and down payment and closing cost assistance.

In July 2014, the North Dakota Industrial Commission approved a change to the North Dakota Roots program that allowed any North Dakota household earning up to 140 percent of the area median income, \$97,440 to \$110,600

depending on the county where a financed home is located, to qualify for purchase assistance from NDHFA.

“Jacob and Brita were ecstatic,” Johnson said. “It was a lot of pressure to come up with the standard down payment and

closing costs. The Roots program helped tremendously.”

Helping more families was exactly the point of the changes.

“Income levels and home prices in North Dakota have increased faster than our standard program limit calculations which are based on five-year and statewide averages,” said Dave Flohr, NDHFA homeownership division director. “The result is that many interested homebuyers, despite a need for assistance, couldn’t qualify because the program limits weren’t reflective of the state’s reality.”

Kienzle and Bostad just appreciate the little bit of help they needed to achieve their goal.

“We were really excited. It definitely made the purchase easier for us,” said Kienzle. “This program helped us buy our home and gave us room to breathe. Now we have a place to invest in and enjoy.”

The North Dakota Roots program was originally launched in 2002 to encourage new state residents to establish themselves in North Dakota. To qualify for

North Dakota Roots

The North Dakota Roots program (Roots) provides moderate-income North Dakotans with either an affordable interest rate loan or a market interest rate loan that includes down payment and closing cost assistance.

For more information on NDHFA’s homeownership programs, income and home qualifications, contact an NDHFA participating lender, real estate agent or visit www.ndhfa.org.

the program, borrowers were required to have lived out of the state at least one year before establishing residency; to work at least 20 hours per week; and purchase a home within the first year of employment in the state.

Unfortunately, with the economy depressed in other parts of the United States, many families moving to North Dakota aren't able to make a purchase right away even if they want to be homeowners.

Western State Bank's Kristy Brink has worked in mortgage lending

for more than 30 years and sympathizes with all the changes that households must adjust to when they move across the country for work – new schools, doctors, churches... everything – and often with no local support from family or friends.

"People come to me because they want to buy a home, and it's great if I can pre-qualify them right away," says Brink. "But sometimes it's just not possible if the customer has had to leave an economically depressed area and had to 'short sale' their home, so we make a plan."

Brink makes sure the buyers understand the guidelines and programs that are in place for their particular situation, and she lets them know when they can actively shop for a home. She also advises them to get to know the area, the neighborhoods, and try to decide what their preferences will be when they are able to buy.

While it may not sound like it at first,

James and Dana Butler are among the more fortunate new state residents. According to Brink, many households in a depressed market can't afford to move or if they do, they end up spending all their money to relocate and don't have



anything left for a down payment on a new home.

When the economic downturn found the Butlers struggling to afford the mortgage on their home in Washington state, they tried to sell the house. Six months in, James found work in North Dakota. He packed his bags shortly before Christmas and left Dana and their two children behind to continue the home sale battle. In June, after the house was on the market for a year, the Butlers relented and leased it out. Dana, eight-year old Simon and five-year old Penny were able to join James in North Dakota.

Because James is a veteran, the Butlers were able to get purchase assistance from the Veterans Administration. Coupled with a North Dakota Roots loan, they ended up paying nothing out of pocket.

The Butler family is now settled in a home in north Fargo, and according to Dana

Butler, they are enjoying their new life.

"Although very different from the west coast, my family and I enjoy the many qualities the state of North Dakota has to offer," says Butler. "It's a very clean,

friendly and safe state that has given us opportunities we wouldn't have had in Washington state."

The Butler family and the Kienzle/Bostad household aren't the only households that have taken advantage of the updated Roots program. The less restrictive program policies increased

interest more than fifteen fold over the final five months of 2014.

"I can't say enough about how fortunate our state is to have NDHFA and the programs they provide," said Brink. "From the first-time homebuyer programs, to renovation programs, to North Dakota Roots, NDHFA helps me help my customers and for that I am grateful."

Through a network of lending and real estate partners, NDHFA provides low-cost financing, down payment and closing cost assistance, and supports homebuyer education. Western State Bank is one of approximately 40 lenders that originate loans on behalf of NDHFA. Once the loans are closed, they are sold to the agency. To date, almost 40,000 North Dakota households have achieved their homeownership dreams with the agency's support.

(The homeownership program limits quoted in this article are for fiscal year 2014. See NDHFA's website for the current program limits.)