



nhs

Neighborhood Housing Services
of Los Angeles County

ESTABLISHING, PROTECTING AND PRESERVING LIFELONG HOMEOWNERS

Ray of Hope



ANNUAL REPORT 2011

Ray of Hope

Dear Friends:

At Neighborhood Housing Services of Los Angeles County (NHS), we provide a “Ray of Hope” to families.

Economists say we are emerging from this recession, but our families are still suffering from the worst economic downturn since the Great Depression. We are told by many that the need for our services has never been greater.

At the same time, the drop in housing prices is creating an unprecedented opportunity for families who are ready to become homeowners. NHS is working to enable aspiring homeowners to “Start Paying Your Own Mortgage.” While continuing to provide help to families in danger of losing their homes, NHS is also providing hope to families who until now could not afford to buy their own home.

We are proud of the impact NHS has had on Los Angeles County neighborhoods. In 2011 our significant accomplishments included:

Reinvesting more than \$108 million into Los Angeles neighborhoods;

Protecting home values of \$3.7 billion by assisting more than 1,500 families to avoid foreclosure;

Helping 192 families realize the American Dream by becoming homeowners.

Our 27 years of providing Help & Hope to families was made possible with the generous contributions of time and money from our donors, partners and volunteers. Thank you for your continued support of NHS as we tirelessly work to strengthen families and neighborhoods.



Lori R. Gay

Lori R. Gay
President & CEO



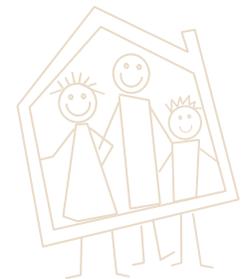
Sal Mendoza

Sal Mendoza
Chairman of the Board

Mission

Neighborhood Housing Services of Los Angeles County (NHS) serves as a catalyst for local residents, business and government representatives to work together to build stronger neighborhoods, improve the quality of life for low-to-moderate income families and revitalize communities into neighborhoods of choice.

NHS strengthens communities through the development and maintenance of quality affordable housing, creation and preservation of affordable homeownership opportunities, support of local leaders, providing financial education and increasing the financial independence of families and people in need.



Community Services

FINANCIAL EDUCATION AND LITERACY

NHS provides families with the tools they need to succeed and make their dreams of lifelong homeownership come true. Our NeighborWorks® Homeownership Centers provide comprehensive financial education from budgeting and saving, credit repair and home buying classes to one-on-one foreclosure prevention counseling and free loss mitigation counseling and loan modification assistance.

AFFORDABLE LENDING SERVICES

Our lending team works to help find the right loan for families who wish to buy a home. As a Community Development Financial Institution (CDFI), NHS finances income-qualified borrowers through its revolving loan fund. Our loan officers work directly with lenders to offer affordable loan products as well as assistance with down payment and closing costs for new homebuyers. In addition, NHS offers home improvement loans for homeowners who desire to improve their home and remain in their neighborhood, as well as refinance lending for those who need to lower their mortgage payments.

CONSTRUCTION MANAGEMENT SERVICES

NHS construction specialists have over 75 years of combined experience working in the home construction field. All members of our construction team are licensed contractors or certified journeymen. Our construction team provides home inspections, home maintenance and safety training, environmental assessment and construction management. Families can count on our construction team to oversee high quality home improvements within a budget and according to the specified timeframe.

MISSION-DRIVEN REAL ESTATE SERVICES

NHS helps homebuyers of modest means find the best house at an affordable price. Our contracts with loan servicers and lenders also allow us to purchase properties at discounted prices. We then pass these savings on to new buyers. Our goal is to educate potential homebuyers and help them acquire and sustain one of the most important investments they will ever make – their home.

NEIGHBORHOOD REVITALIZATION AND ADVOCACY

NHS works with local businesses, block clubs and neighborhood councils to upgrade and maintain the appearance and safety of neighborhoods. Neighborhoods affected by foreclosures experience increased crime, vandalism and blight. NHS' revitalization and advocacy efforts focus on partnership building, volunteerism, organizing and training resident leaders. Local residents actively improve the quality of life for their families and neighbors and build strong and healthy communities.

*D*isabled Homeowner Keeps Her Home

Ms. Tammy Esters lives with her three children, Kristina, Kristian and Katrina in her Bellflower home, and was a longshoreman for over 20 years. In 2007, Tammy became legally blind forcing her into an early retirement. Loss of income and disability caused her to go into default with her mortgage lender, even after exhausting her 401k retirement account to pay her mortgage.

After trying unsuccessfully to get a loan modification on her own, Tammy attended an NHS foreclosure prevention clinic as the bank was about to sell her home. The loan servicer claimed they didn't have the documents to approve the loan modification, but NHS foreclosure counselors had copies of all the documents Tammy submitted and confirmation that they were received. NHS obtained legal assistance for her and after much negotiation, NHS was able to help Tammy receive a permanent loan modification.

After 26 long months, both on her own and later with NHS' help, Tammy was able to keep her home. "It was a long journey but a good one," Tammy shared. "The NHS counselors went 150%, helping me to read all the documents because I couldn't. NHS has integrity, honesty and offers their services for free. They really do help people." Tammy now intends to volunteer at NHS to help others who are trying to keep their homes.

"You know where you have been but you don't know where you are going."



Tammy Esters never thought she would lose her eyesight or her home of many years.

ow Your Support Gives Help & Hope

HOMEOWNERSHIP RATES SEE THE BIGGEST DROP SINCE THE GREAT DEPRESSION

The homeownership rate in the Western U.S. dropped to 60.1% at the end of 2011 according to the U.S. Census Bureau. African Americans and Hispanics continue to have the lowest rates of homeownership – less than 50%. While homeownership as an investment has lost its luster in the past decade, owning a home remains the most significant way families can build their financial assets and create strong, stable neighborhoods of choice.

The foreclosure crisis and the fall in housing prices have created an unprecedented opportunity for families who are prepared to become homeowners. NHS helps aspiring homeowners understand the homebuying process through its financial literacy and homebuyer education classes. NHS has additional programs to help eligible low-to-moderate income buyers purchase their first home. In 2011 NHS helped 192 families become homeowners and facilitated \$46 million in loans and down payment assistance, helping families realize their dreams of homeownership.



NHS Model Home-2619 Arlington Avenue, Los Angeles, CA

MORE THAN 1/3 OF CALIFORNIA HOMEOWNERS WITH A MORTGAGE OWE MORE ON THEIR MORTGAGES THAN THEIR HOMES ARE WORTH

There have been 1.2 million foreclosures since 2008 in California and that number is expected to climb to two million in 2012. Despite the recent \$25 billion settlement between states and the nation's largest banks regarding foreclosure irregularities, the aid will help a relatively small portion of the millions of borrowers who are delinquent and facing foreclosure.

NHS works with families who have fallen behind on mortgage payments or who are already in foreclosure proceedings. We work with families to understand the foreclosure process and their options on a case-by-case basis, including refinancing and loan modifications. In 2011, NHS helped 1,510 families avoid foreclosure and 339 families secure loan modifications.

NHS is revitalizing neighborhoods hardest hit by the foreclosure crisis. NHS purchases foreclosed homes, utilizes environmentally sensitive materials to upgrade the homes, and offers them for sale to low-to-moderate income families at a discounted price. In 2011, NHS purchased 85 homes, rehabilitated 83 units, and sold 27 foreclosed homes.

YOUR SUPPORT HELPS NEIGHBORHOOD HOUSING SERVICES PROVIDE HELP & HOPE FOR THOUSANDS OF FAMILIES

NHS offers a comprehensive range of services designed to promote asset building, protect homeowners from foreclosures, and revitalize and stabilize neighborhoods. Your ongoing financial support enables families to stay in their current homes or purchase homes of their own. Learn more about NHS and how your support makes a real difference in our community.

If you want to become personally involved in providing help and hope to families, please inquire about volunteer opportunities. From cleaning up neighborhoods and painting homes for senior citizens to providing help at a homeownership fair, NHS offers many volunteer opportunities.

To make a donation or learn more about NHS, visit our website at www.lanhs.org.



2011 Achievements and Milestones

NHS and its affiliates, NHS Neighborhood Redevelopment Corporation and NHS Neighborhood Lending Services, touched the lives of 1.4 million households as a Community Development Financial Institution (CDFI) during the year.

We are proud to have achieved the following:

- Provided financial literacy **education to 1,754 families** through foreclosure prevention fairs and clinics, homebuyer workshops and classes, and individual and group counseling sessions.
- **Counseled 1,573 families** about foreclosure prevention and helped these families apply for a loan modification. Of these families, **1,510 were able to avoid foreclosure** and **339 were able to secure a loan modification** for their mortgage. This represents over **\$3.7 billion in protected home values**.
- Responded to over **60,250 phone calls**, averaging **245 calls a day** regarding foreclosure, affordable homeownership and other program related calls.
- Helped **192 families become homeowners** through direct loans, brokering activities, and financial education classes.
- Facilitated **loans of more than \$46 million** to create homeownership opportunities, help working families make down payments, and prevent foreclosure.
- Completed **387 home inspections**, **366 work write-ups**, and monitored **construction of 83 homes**, helping to green and sustain our communities.
- **Reinvested \$22.8 million** to provide real estate services to assist low-to-moderate income buyers purchase homes. Our mission-driven real estate team **acquired 85 homes** and **sold 27 homes** that were fully rehabilitated with green materials, stabilizing communities and creating neighborhoods of choice.
- Since February 2010, NHS has **invested more than \$30 million** of its \$60 million award of federal recovery funds through the Neighborhood Stabilization Program.

During the year, 63% of NHS clients were considered low income (at or below 80% of area median income) and 93% were considered low-to-moderate income (at or below 120% of area median income).



*P*atience Rewards New Homeowners

It took two long years of saving money, finding the right neighborhood and waiting for the right house. The Campos family now owns a near-new two-bedroom home, with a large back yard and in walking distance of school for their two children. As Nelson Campos signed the loan documents, he said, “We had a lot of patience because the process was a long time from when we took the FasTrak Homebuyer Class to looking for the right home, submitting offers and of course having enough money for a down payment.”

The Campos family took advantage of nearly every program NHS has to offer. Upon completing NHS’ FasTrak Homebuyer Class and working with NHS homeownership counselors, Nelson and Ana Campos worked with NHS lending staff and were able to obtain a competitive loan and down payment assistance.

“Thank you for your services. My family and I are proud homeowners thanks to your organization and your programs.”



Nelson and Ana Campos with their children Mirka and Randy.

Nelson and Ana then turned to the NHS Real Estate Department to locate a home in a neighborhood that met their requirements. The home they found required some rehabilitation but after NHS construction staff monitored over \$50,000 of rehab work, the house looked new. Nelson says, “It took longer because the home we purchased was under rehab but it was worth the wait because we got a GREAT house.” The house was the right size for the Campos family, especially for children Mirka and Randy who have enough space to play in their back yard.

Now proud homeowners, Nelson and Ana want to encourage others who might think that becoming homeowners is out of reach. “You don’t have to do it alone. NHS is a one-stop shop for first-time homebuyers. From homebuyer classes to lending products, they offer it all,” said Ana as she received the keys to their new home.



Bringing HOPE to Our Neighborhoods

“START PAYING YOUR OWN MORTGAGE”

As NHS reaches out to neighborhoods in Los Angeles County, we want more families to know that we can help them become new homeowners. In October 2011 we launched our advertising campaign, “Start Paying Your Own Mortgage” on radio (KLOVE and KTWV), on DASH and MTA bus lines, on billboards and transit shelters in heavily traveled corridors, and in malls including Baldwin Hills Crenshaw Plaza, Hollywood and Highland, South Bay Galleria, and Puente Hills Mall. The ad campaign continues to run in selected communities.



P roviding HELP & HOPE at Work and Worship

With unemployment still high, many homeowners “under water” on their mortgages, and the continued sinking of home values, our neighborhoods are in crisis. But with crisis comes opportunities and NHS is working to provide Help & Hope to families whether they are in danger of losing their homes or desire to purchase a home at an affordable price.

NHS serves many families who learn about our programs through radio, mall and billboard advertising campaigns, but there are more families who need our help. Known as our *Workforce and Faith-Based Initiative*, NHS began an outreach effort in 2011 by providing homebuyer classes to congregations in Los Angeles, Inglewood, Long Beach, Pasadena, Paramount, Norwalk and Whittier. NHS is also working with elected officials to outreach to local employers who are committed to providing valuable information to their employees.

Our priority for 2012 is to continue to reach and serve current and aspiring homeowners through their employers and houses of worship. Specifically, the *Workforce and Faith-Based Initiative* is designed to:

- Provide credible information and counseling to congregations and employees about homeownership and foreclosure prevention (e.g., Lunch and Learn) in a multi-lingual setting;
- Provide affordable lending assistance, including down payment and closing costs, and refinancing or home improvement loans;
- Partner with employers and faith leaders to stabilize and improve neighborhoods where their employees and congregations live, work and worship.

NHS invites businesses to tap into the resources we offer for current homeowners and new homebuyers. Our homebuyer education and foreclosure counseling services can be a valuable addition to the employee benefits that are designed to retain a productive workforce.

In addition, we welcome faith leaders of all denominations to work with NHS to be a trusted source of information to help families buy and keep their homes during these difficult times.

If you think your workplace or house of worship would want to learn more about NHS, please visit our website at www.lanhs.org. NHS is committed to effectively working with families with compassion and respect. We are here for you!



NHS is a ray of hope to potential homebuyers and a source of help to families who are suffering in silence.

2011 Dream Makers

WE GRATEFULLY ACKNOWLEDGE OUR DONORS.
YOU HAVE PROVIDED HELP AND HOPE TO THOUSANDS OF FAMILIES.

(Up to \$100)

Anonymous
Liliana Arguello
John & Judith Brott
Marilyn Selena Davis
Mary Estrada
Felix Fuentes
Lorena Gonzalez
Michael E. Harris
Frank Igwealor
Philip Lipp
Andrew Merkin
Carol Merkin
Lori A. Patton
Graciela Sanchez
Crystal Watson
Wayne & Lyndra Watson

(\$100-\$500)

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The Veen Family
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Greg Williams

(\$500-\$1,000)

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Wilshire State Bank
Woori America Bank

(\$5,000-\$10,000)

Ally Financial
Federal Deposit Insurance
Corporation
Habib American Bank
Mizuho USA Foundation

(\$10,000-\$25,000)

California Bank & Trust
Cathay Bank Foundation
CitiGroup
Comerica Bank
Union Bank Foundation

(\$25,000-\$50,000)

US Bank

(\$50,000 and Above)

Bank of America
Fannie Mae Foundation
JP Morgan Chase Foundation
NeighborWorks® America
U.S. Department of Housing
& Urban Development
Wells Fargo Bank

In-Kind Donations

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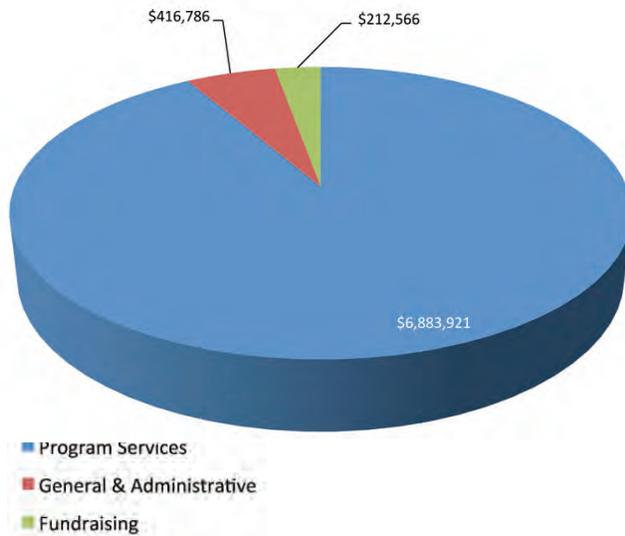
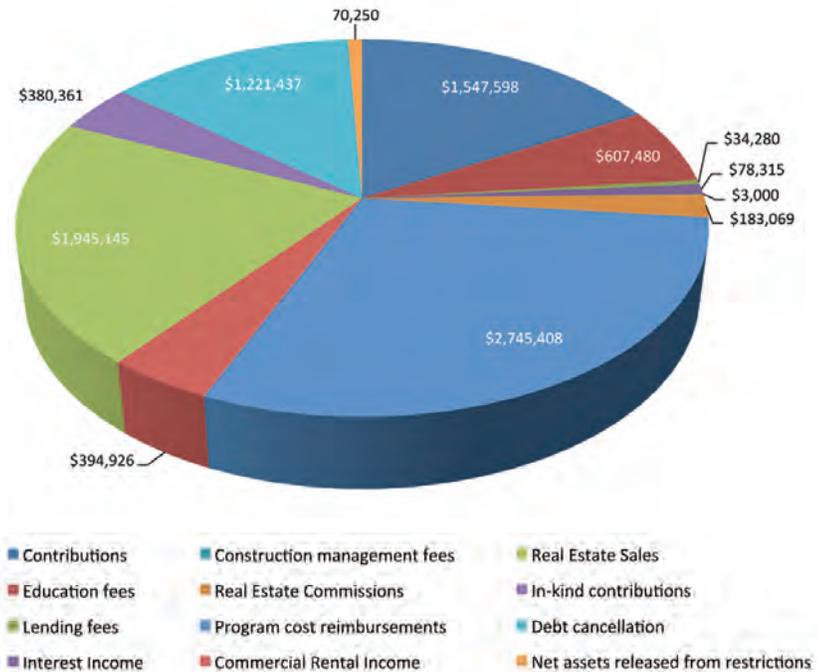


Annual Report 2011

NEIGHBORHOOD HOUSING SERVICES OF LOS ANGELES COUNTY & AFFILIATES STATEMENT OF ACTIVITIES FOR THE PERIOD ENDING JUNE 30, 2011

REVENUE

Contributions	\$1,547,598
Education Fees	607,480
Lending Fees	34,280
Interest Income	78,315
Construction Management Fees	3,000
Real Estate Commissions	183,069
Program Cost Reimbursements	2,745,408
Commercial Rental Income	394,926
Real Estate Sales	1,945,145
In-Kind Contributions	380,361
Debt Forgiveness	1,221,437
Net Assets Released from Restrictions	70,250
Total	\$9,211,269



EXPENSES

Program Services	\$6,883,921
General & Administrative	416,786
Fundraising	212,566
Total	\$7,513,273

NEIGHBORHOOD HOUSING SERVICES OF LOS ANGELES COUNTY & AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDING JUNE 30, 2011

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$4,128,134
Grants Receivable	2,319,064
Accounts Receivable	17,100
Prepaid Expenses	6,616
Investments in Real Estate Property	<u>8,588,119</u>
Total Current Assets	<u>\$15,059,033</u>
PROPERTY AND EQUIPMENT	
Property and Equipment	<u>3,171,121</u>
OTHER ASSETS	
Loans Receivable	<u>3,591,021</u>
Total Assets	<u>\$21,821,175</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	\$319,338
Other Accrued Liabilities	247,378
Deferred Revenue	44,284
Amounts Held for Others	86,273
Notes Payable - Current Portion	3,410,439
Lines of Credit - Current Portion	1,000,000
Certificates of Deposit - Current Portion	<u>250,000</u>
Total Current Liabilities	<u>5,357,712</u>
LONG-TERM LIABILITIES	
Security Deposits	5,495
Notes Payable - Net of Current Portion	3,125,131
Lines of Credit - Net of Current Portion	593,083
Certificates of Deposit - Net of Current Portion	200,000
Other Long-Term Liabilities	<u>343,105</u>
Total Long-Term Liabilities	<u>4,266,814</u>
Total Liabilities	<u>9,624,526</u>
NET ASSETS	
Unrestricted (Deficit)	(873,826)
Temporarily Restricted	10,970,609
Permanently Restricted	<u>2,099,866</u>
Total Net Assets	<u>12,196,649</u>
Total Liabilities and Net Assets	<u>\$21,821,175</u>

B oards of Directors

NEIGHBORHOOD HOUSING SERVICES OF LOS ANGELES COUNTY & AFFILIATES

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Board Secretary/Treasurer
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NHS of L.A. County
& Affiliates

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Metro Lender Services Title, Inc.

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First Republic Bank

GREG WILLIAMS
Greg Williams Enterprises

E xecutive Staff

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John Brott, *Sr. Executive Vice President & Chief Administrative Officer*
J.P. Veen, *Vice President & Chief Operating Officer*
Rhonda McMillan, *Assistant Vice President*
Linda Maldonado, *Special Assistant to President & CEO*

NEIGHBORHOOD REVITALIZATION & ADVOCACY

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Nina Kihlman, *Assistant Vice President & Director of Community Affairs*

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Robert Oppel, *Director of Acquisitions*

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Bruce Solomon, *Senior Loan Officer*

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Cheryl Brown
Brian Cao
Kristine Carbajal
Leo Castellanos
Vanessa Craney

Selena Davis
Lorena Gonzalez
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Lucia Perez
Sandra Pineda
Juanita Reyes
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Graciela Sanchez

Irma Sanchez
James Troupe
Jorge Vera
Cesar Villavicencio
Crystal Watson



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