

The Citizen^{of} Laconia

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Bad economy shifted opportunity for Belmont mother

BELMONT — Mary Callahan was 42-years-old and living in an apartment in Belmont with her six-year-old daughter, Miracle. While she liked the apartment and its proximity to her job, she craved the stability of a permanent home.

When she saw a first-time homebuyer's program listed in the newspaper, she contacted the Laconia Area Community Land Trust. Her homeownership counselor shared an opportunity with Mary: Had she

heard of the Individual Development Account (IDA) matched-savings program? Through the program, every dollar she saved toward a home (up to \$2,000) could be matched by an additional \$3 and she also would receive financial training that included the *dos* and *don'ts* — as well as the *how-tos* — of budgets, credit cards and debt.

Three years later, Mary had saved more than enough from her \$12/hour job to qualify for the maximum \$6,000 IDA match. She had a down payment for a home. Her goal was within sight.

Then the economy slumped. Mary's work hours were cut from 40 to 32. She diligently continued to save but worried that this was not the right time to buy a home. So she brought her concerns to her adviser at the land trust.

They agreed that getting a degree might result in a

better-paying job, which would allow Mary to pursue her other long-term goals, including homeownership. Mary used her IDA savings and match to enroll at Lakes Region Community College in Laconia.

While earning her associate's degree there, Mary received the President's Award of Excellence.

She currently is enrolled at Springfield College in Manchester where she made the Dean's List this fall and will graduate in May with a degree in Human Services. Along the way, she received a work promotion to the quality control office.

Her financial training has been put to good use, too. Mary recently purchased a manufactured home in Belmont's Lakes Region MHP Cooperative, using \$7,500 she saved on her own.

IDAs, she says, are "a good opportunity for someone with motivation and

drive to move forward."

"Without the support and guidance I received, I might have become frustrated," she said. My life has changed a lot! I'm very grateful."

New Hampshire's IDA program, celebrating its 10th anniversary this fall, is an example of how nonprofit organizations, businesses, and government can team up to help people with very low incomes — more than half have received welfare assistance and nearly half are single parents — become financially stable and achieve their dreams.

The program combines matched savings with financial education to help people with limited incomes save to buy a home or car, to start or expand a business, or to continue their education.

Participants deposit between \$25 and \$200 each month into their IDA savings accounts, up to a maximum \$2,000, and the IDA program contributes three times that amount. People who save the maximum will have \$8,000 to put toward their goal — their \$2,000 in personal savings plus the \$6,000 match.

Before they can use the match, each participant must complete a minimum requirement of 10 hours of financial education customized to his or her savings goal.

"A significant number of IDA participants have never had a savings account," said New Hampshire Community Loan Fund President Juliana Eades. "They leave the program with savings, relationships with a bank, and with a community partner and an understanding of what it takes to achieve financial goals."

Forty-four percent of IDAs 1,280 participants have used their savings to reach their goals, with a combined savings of more than a million dollars. Those who did not reach their goals still save an average of \$900.

New Hampshire's IDA program was launched by the New Hampshire Community Loan Fund in September 2001. Citizens Bank has been the program's leading corporate supporter from the outset, providing professional expertise, funding, and holding most IDA savings accounts.

"At Citizens Bank, we take our responsibility to make our services accessible to all members of the community very seriously," said Citizens Bank President Joe Carelli. "By partnering with the Community Loan Fund, we have helped thousands of families who are working hard to increase their savings and improve their lives."

Additional grants have

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come from a mix of private, public and charitable sources, including the New Hampshire Community Development Finance Authority and the Assets for Independence (AFI) Program sponsored by the U.S. Department of Health and Human Services. AFI has provided approximately 30 percent (\$1.76 million) of the costs for NH IDA.

Participants sign up for IDAs and receive financial education through community-based nonprofits around New Hampshire, including the Laconia Area Community Land Trust, More Than Wheels, Granite State Independent Living, and the NH Housing Finance Authority.

The community partners

also advise participants through their purchase, steering them away from predatory lending and toward better terms from consumer-oriented lenders.

About two-thirds of the graduates saved for homeownership and they have bought 267 houses for an average price of \$168,000. The homebuyers, despite their low incomes, hold onto their homes over the long term. A study published by CFED in 2010 found that foreclosures on IDA homebuyers nationally were two and three times lower than on other homebuyers.

In the same study, only one of 168 homes (all those for which current property status was available) purchased by NH IDA participants between October 2001 and February 2008 had gone into foreclosure. The rest were still occupied by the original IDA buyers.