

## The First-Time Homebuyer Education and Counseling Demonstration

The First-Time Homebuyer Education and Counseling Demonstration is a randomized controlled experiment designed to test the impact of two types of homebuyer counseling on a sample of 5,854 prospective low- to moderate- and middle-income (LMMI) first-time homebuyers (less than 120 percent of area median income). The research team worked with three national lenders and two national pre-purchase counseling intermediaries, and 63 HUD-approved local agencies to enroll and randomly assign the sample to one of three interventions and a control group in 28 metropolitan areas with high application volumes across the country. The objective of the demonstration is to test the effectiveness and impact of two different types of homebuyer counseling modalities on mortgage preparedness, homebuyer outcomes, and loan performance for a large sample of prospective LMMI, first-time homebuyers (FTHB). The three to four year study seeks to determine the extent to which homebuyer outcomes might be attributed to the counseling intervention they received.

The two interventions that are being tested are:

- Remote online homebuyer education + telephone counseling
- In-Person homebuyer education and counseling
- “Choice” group where study participants can indicate their preference for remote or in-person education + counseling, and then be assigned to their preferred intervention

### Research Questions:

- What impact does homebuyer counseling have on prospective low- to moderate-income, first-time homebuyers?
- To what extent does homebuyer counseling affect the treatment groups’ homeownership preparedness or their home or mortgage search activities?
- To what extent does homebuyer counseling improve participants’ financial literacy, capability, and financial management?
- To what extent does homebuyer counseling improve participants’ ability to sustain homeownership following home purchase?

### Methodology:

- Baseline telephone survey – enrolled sample of 5,854 LMMI prospective FTHB participants,
- Service tracking data from the participating HUD-approved counseling agencies,
- Biannual credit report, origination and service tracking data from the three lenders and FHA data,
- 12-month interim survey (May 2015 – May 2017),
- 36-42 month administrative data for long-term impact analysis,
- 36-42 month final survey (subject to funding availability).

### Deliverables:

- Early Insights Report (released June 2016).
- Baseline report – baseline and service tracking data and analyses on the demonstration sample (released January 2016).
- Interim Report – 12-month interim survey, administrative loan performance and credit history data collection for interim impact evaluation (*expected late 2018*).
- Final Report – 36-month final survey (subject to funding availability) and administrative loan performance and credit history data collection for long-term impact evaluation (*expected 2020*).

### Resources:

[https://www.huduser.gov/portal/hud\\_firsttime\\_hmbyr\\_study.html](https://www.huduser.gov/portal/hud_firsttime_hmbyr_study.html)