



Office of Housing Counseling

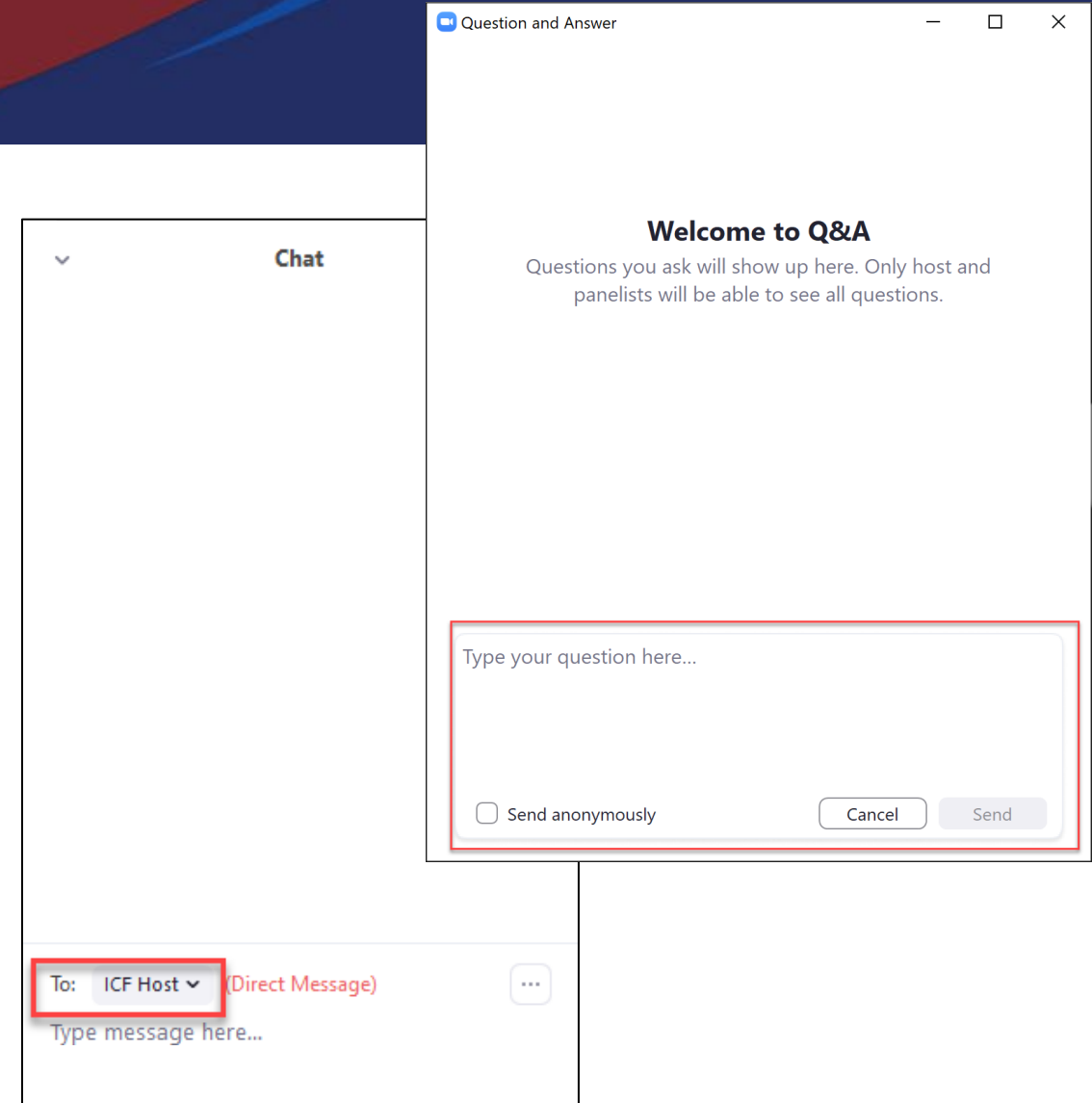
Increasing Access to Pre-Purchase Counseling
Symposium: Benefits of Housing Counseling
and Homeowner Education

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

July 28, 2022

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Materials

- The PowerPoint has been posted for this session. We will provide the link in the Chat box.
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Webinar Title and Link	Description	Date
Fringe Benefit Costs	This webinar discussed the Office of Management and Budget's (OMB's) cost principles related to fringe benefits and how to properly document and calculate fringe benefits.	February 15, 2022
Training NOFO Grant Execution	This webinar was recommended for all grantees awarded funding under the 2021 Housing Counseling Training NOFO (TNOFO).	February 8, 2022



Office of Housing Counseling

Increasing Access to Pre-Purchase Counseling Symposium: Benefits of Housing Counseling and Homeowner Education

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

July 28, 2022



David Berenbaum
Deputy Assistant Secretary
HUD Office of Housing Counseling



Stacey M. Walker
Director of Housing Outreach
Single-Family Division
Freddie Mac

Agenda

- Welcome and Opening
- Presentations:
 - HUD Office of Policy Development and Research
 - Bank of America
 - Wells Fargo
- Industry Insight and Response Panel
- Q & A

Presenters

- Marina Myhre, Social Science Analyst, HUD Office of Policy Development and Research
- Maria Serravalle, Vice President, Homeownership Solutions and Homebuyer Education, Bank of America
- Nicole Williams, Vice President, Home Lending Diverse Segments Strategy and Planning, Wells Fargo



First-Time Homebuyer Education and Counseling Demonstration: Long-Term Impact Report

Marina L. Myhre

Office of Policy Development and Research

TESTING A BIG IDEA



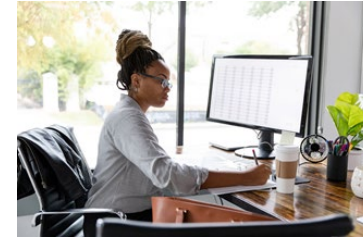
- Study grew out of the *foreclosure crisis*, mandated in the *Housing and Economic Recovery Act (HERA)* of 2008, and was proposed by a *national lender* in 2009.
- “*What if free homebuyer education and counseling were made widely available to people who inquire about a mortgage through a major, national lender?*”
 - How many would be interested?
 - Which method—in person or remote—would be more effective?
 - How many would complete the education and counseling?
 - Do education and counseling reduce mortgage delinquencies?
 - Do education and counseling have other impacts on the homebuyer and homeowner experience?

RESEARCH DESIGN



- Large-scale, randomized experiment
- Diverse sample of over 5,800 prospective low-to-middle-income first-time homebuyers
- Two treatments/interventions: Remote and In-Person/Choice HEC
- Enrolled September 2013-February 2016
- Unprecedented recruitment and enrollment through 3 large, national lenders
- 28 U.S. metropolitan areas with highest loan application volume in 2013
- 4 to 6 years of followup
- NOT a study of HUD's Housing Counseling Program – remote services differed

MIXED FINDINGS

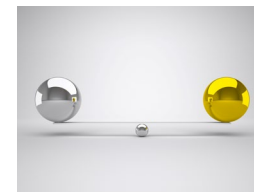


The Good News: The intervention *improves...*

- credit scores for women and younger borrowers
- people's confidence in their ability to find information
- people's debt composition

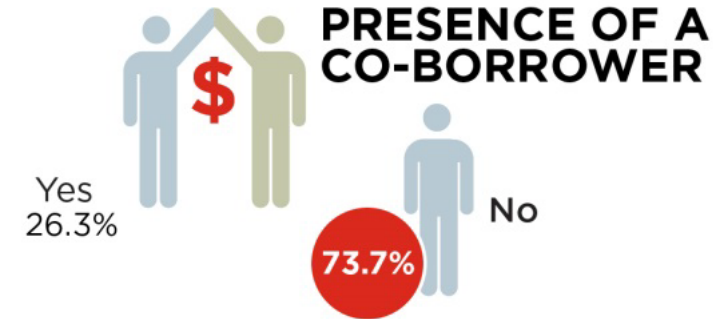
Implication of No Impact Findings: An opportunity exists to improve services because the intervention does not improve...

- credit scores or delinquency overall
- key outcomes for people of color

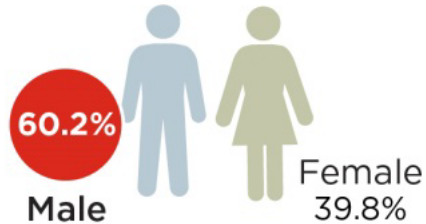


SAMPLE CHARACTERISTICS: WHO IS IN THE STUDY?

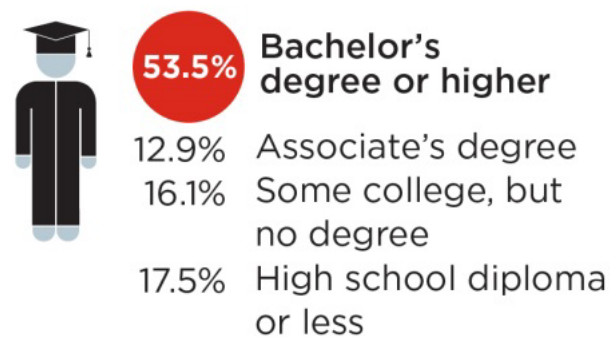
RACE/ETHNICITY



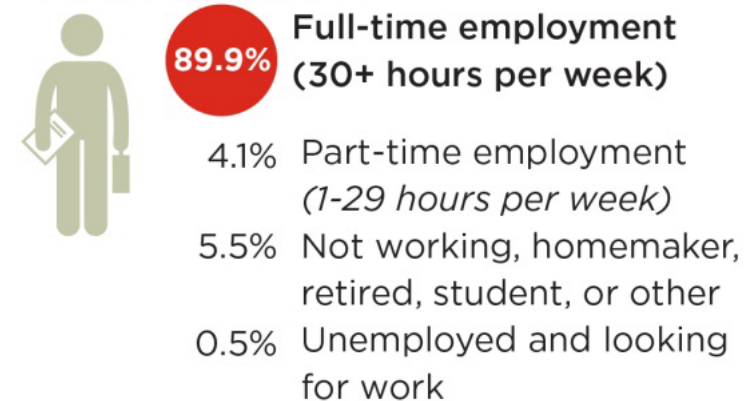
GENDER



EDUCATION

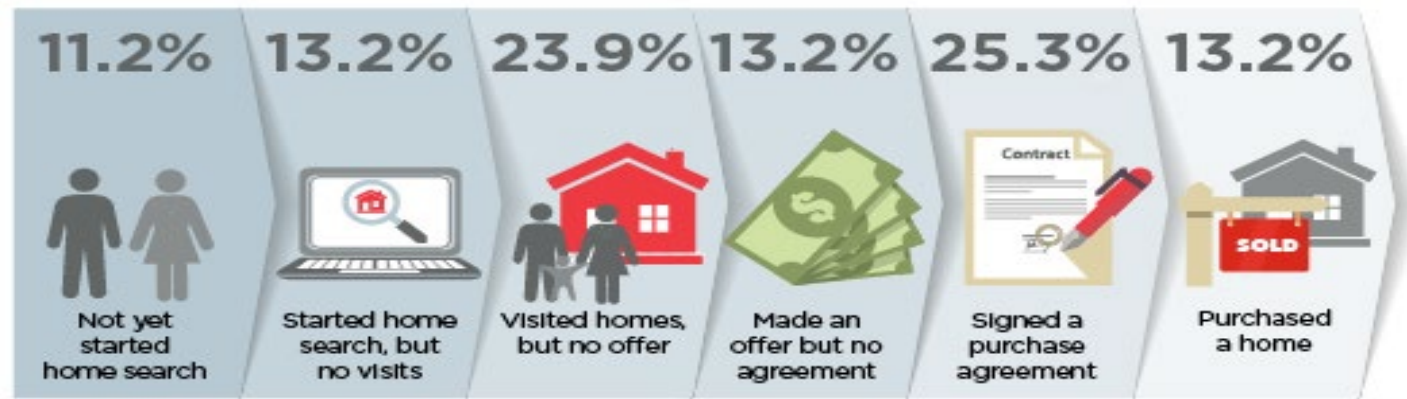


EMPLOYMENT



STAGE OF THE HOMEBUYING PROCESS AND PARTICIPATION RATES

- Many participants were in the later stages of the homebuying process.



- Participation rates: In-person treatment group had lower than expected participation rates (25.9 percent initiation for in-person HEC versus 63.3 percent for remote HEC).

CAVEATS

- Sample was *NOT* representative of the typical housing counseling client
 - Participants recruited from the **BROADER UNIVERSE** of prospective first-time homebuyers who had inquired about a loan.
 - Study **EXCLUDED** any individuals participating in a downpayment assistance program.
 - Many participants were in **LATER STAGES** of the homebuying process because of study recruitment and enrollment process (6-8 weeks to move from lender recruitment to study enrollment).
- Many key outcomes considered in this study—60-day delinquency rates and credit scores—are sensitive to *prevailing economic and market conditions*.
- Study did *NOT* evaluate the effectiveness of any organization's program or the HUD Housing Counseling program.



KEY FINDINGS WERE MIXED

Offering homebuyer education and counseling resulted in:

- Increased confidence in the ability to find needed information about the homebuying process.
- Higher average credit scores for women and younger adults (29 years old or younger at baseline).
- Higher levels of student loan debt, coupled with higher levels of savings and investments and lower levels of credit card debt.
- No difference on impacts in terms of delivery method (i.e., in-person or remote).

Offering homebuyer education and counseling did NOT result in:

- Any detectable impact on average credit scores between the treatment and control groups (other than for the subgroup impacts).
- Any detectable impact on 60-day delinquency or any other measure of loan performance.
- Any relative improvements for African American or Hispanic study members

LONG-TERM FOLLOW UP SURVEY FINDINGS

Most valuable thing homebuyers learned ...

- Personal finance best practices (19.8 percent)
- All the costs of homeownership (15.7 percent)
- The process and costs of getting a mortgage (13.9 percent)



Challenges or Obstacles during the home search or purchase process ...

- Lack of affordable housing (18.1 percent of purchasers)
- Lack of a down payment (11.2 percent of purchasers)
- The complicated mortgage process (11.0 percent)



Most study participants purchased a home (77.1), average 9.1 months.

After purchase, home repairs (26.6 percent) or “no obstacles” (56.6 percent), but many (65%) experienced at least one hardship in the last 12 months.

IMPLICATIONS

- Capitalize on the positive subgroup findings by **expanding the reach of the current program** to serve **more women and younger adults**.
- Education that **enhances financial skill and skill-building** through **case studies, simulated decision-making, or experiential learning** is more **likely to be effective** than the **knowledge transferring** intervention that **this study tested**.
- **Subgroup findings imply greater customization of education**, like **more interactive education, tailored to the individual's specific experiences** could be more effective.
- In-person and remote impacts do not differ so a **move toward remote** might be an **easy and cost-effective way to reach a broader set of people**.
- Long-term followup **survey findings** provide **key data** about the **homebuying process** and the **obstacles to buying a home** that can **shape HEC curriculum**.



IMPLICATIONS CONTINUED

- ***Favorable subgroup impacts*** reveal ***an opportunity to test program improvements*** for other subgroups.
- **Embrace study findings**, incorporate **lived experience**, and **focus groups** to ***understand what elements*** of counseling and education could be ***changed or improved***.
- **Capitalize on opportunities to reimagine HEC** to **reduce the influence of structural barriers**, like **racial and ethnic disparities** in **savings** and **credit scores** that **impede homeownership** and **wealth-building**.
- Study findings can ***inspire solutions that go beyond HEC***:
 - ***First-generation downpayment demonstration***,
 - ***Restorative housing reparations***, and/or
 - ***Reforming credit and appraisal practices to eliminate discriminatory impacts***.



PARTICIPANT FEEDBACK



Woman homebuyer, May 2021:

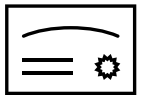
“I participated in the study in 2015 and am now in the process of purchasing my first home! The course and materials were really helpful ...The study was great, though. Helped me figure out I was not ready to buy and take the steps I needed.”

“For me it was getting my finances in order and saving more money. Student debt was a large part of that calculus. I was planning on waiting a few more years until I qualified for student loan forgiveness, but since I've just got 2 years left, and was able to save all of that money during the pandemic without the monthly payments, I decided to go for it now. Especially with interest rates so low. But mostly having more savings so that [I could] purchase more home and felt comfortable with being able to deal with any other expenses that would arise.”



HUD HOUSING COUNSELING PROGRAM UPDATES

- **HEC** for this study *provided between 2014 and 2017.*
- **Pre-purchase counseling, coaching methodologies** and **financial education tools** have **evolved.**
- **Recent accomplishments** include:
 - 1) Achieved **full certification** of housing counseling professionals as mandated by Congress.
 - 2) Implemented **innovative pre- and post-purchase counseling programs** focused on providing **culturally sensitive** and **linguistically appropriate services** to reach **underserved demographic** groups.
 - 3) Launched a **new set of grants** to partner with **Historically Black Colleges and Universities (HBCUs)** and **Minority Serving Institutions (MSIs).**
 - 4) Implemented a **social media** and **outreach campaign** to reach the next generation of homeowners.
 - 5) Embraced **new modalities** and **technologies** for providing **high impact counseling services.**



NEXT STEPS

- Report Publication – July 27, 2022
- Additional COVID-19 Analysis – Final Report analyzing administrative data through July 2022, expected mid-2023.





Bank of America's Community Homeownership Commitment

Maria Serravalle
Bank of America

Community Homeownership Commitment \$15 Billion through 2025

Support education and community partner engagement efforts

\$15B Community Homeownership Commitment Program *(April 2019 – May 2022)*

- \$9.2B in affordable lending, which includes \$446M in employee lending
- 35,000 homebuyers including 1,700 employees
- \$339M in down payment & closing cost grants including \$14M to employees



With one of the most generous grant programs in the industry, we offer **up to \$17,500** in combined down payment and closing costs grants (the grants are not a loan, so you don't have to repay them). Bank of America grants may also be combined with externally provided home buying assistance.

Low down payment loans

Affordable Loan Solution®
3% down payment with lower cost mortgage insurance at a competitive rate

FHA loan
Government loans with flexible credit and income guidelines insured by the Federal Housing Administration

VA loans
Government loans with flexible credit and income guidelines; helps active service members, veterans, and their surviving spouses become homeowners

Down payment and closing costs assistance

America's Home Grant® (AHG)
Lender credit up to \$7,500 toward nonrecurring closing costs²

Down Payment Grant (DPG)
Up to 3% of purchase price or up to \$10,000, whichever is less in select markets

[Down Payment Center](#)
Online tool displaying Bank of America, state and local down payment and closing costs programs

Expert advice, guidance and strategic relationships

Community Lending Officers (CLO)
Deliver our value proposition to underserved clients and communities

[Bank of America Real Estate Center®](#)
A Bank of America search tool for grant-eligible properties

[First-Time Homebuyer Online Edu-Series](#)
Online videos (English & Spanish) for first-time homebuyers on affordable mortgages, down payment, closing cost grants and five steps to home buying

National and local strategic relationships With nonprofit housing counseling agencies and multicultural trade groups





Wells Fargo Strategies with Housing Counseling Agencies

Nicole Williams
Wells Fargo

Wells Fargo Strategies with Housing Counseling Agencies

Customer Relationship Management (CRM) Tools



Dedicated internal database with ≈3,100 housing counseling agency contacts

Education and Feedback



- Educational webinar series
- Video newsletters
- National nonprofit satisfaction survey

Fee-for-Service



Provide financial support to HUD participating housing counseling agencies to assist our mortgage customers with loan modification submissions

Continued Education



Supported hundreds of HUD-certified housing counselors to receive continued education via the NeighborWorks Training Institute (NTI)

Since March **2020**, Wells Fargo has **provided more than \$40 million** in grant funding to national nonprofit housing and legal assistance organizations in support of housing counseling, renter stabilization, and eviction avoidance and **more than 320,000 renters and homeowners** will have been helped through the effort



Industry Insight and Response Panel

Industry Insight and Response Panelists

- Terry Carr, Senior Program Advisor to the Deputy Assistant Secretary, HUD Office of Housing Counseling
- Christine Windle, Director, Community Outreach, National Association of Realtors
- Bruce Dorpalen, Executive Director, National Housing Resource Center
- Linda Davis-Demas, Vice President of Housing, BALANCE and Co-Chair, Coalition of HUD Housing Counseling Intermediaries
- Gregory McDonald, Advisor, Affordable Lending, Fannie Mae



Questions and Answers



Housing Counseling Training Digest

- [Visit the Training Digest on the HUD Exchange](#)
 - **August 9-11, 2022:** Office of Housing Counseling 2022 Community Conference

Office of Housing Counseling



- Find us on the [HUD Exchange Housing Counseling Page](#)
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Office of Housing Counseling

Thank You For Attending

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