



Habitat homeowner Ashlee participates in a 2017 financial training class with Habitat for Humanity of Greater Nashville in Tennessee.

The impact of homebuyer education and counseling on homeownership outcomes

Homeowners earning low incomes hold most of their wealth in their homes, and those with sustained ownership have higher wealth accumulation than comparable renters.¹ Given the central role of homeownership in wealth generation and intergenerational wealth transfer, a major driver of inequality in the U.S. today is the asset gap – the difference in assets, especially homes, between the richest and poorest segments of society. To help ameliorate this asset gap, organizations, like the

U.S. Department of Housing and Urban Development or HUD, require agencies to be certified by their standards to provide homebuyer education and counseling – especially to first-generation and first-time homebuyers, low- and moderate-income households, and households of color. There are multiple purposes for these homebuyer education and counseling, or HEC, programs, including building wealth for low-income households, addressing the racial wealth gap, and preventing the detrimental effects of home foreclosure.

This evidence brief:

- Summarizes research on the impact of HEC on homeownership outcomes.
- Highlights key factors of HEC programs that may sustain homeownership and financial stability, especially for people earning low incomes and homebuyers of color.
- Describes HEC programs offered by select Habitat for Humanity affiliates to improve the financial preparedness of homebuyers with low incomes.



Homebuyer education, financial counseling and financial literacy are interconnected components crucial for informed decision-making in homeownership and financial management.

- **Homebuyer education** focuses on specific aspects of purchasing a home, providing knowledge on the homebuying process, mortgage options and related responsibilities.
 - **Financial counseling**, offered as a complement to homebuyer education, involves personalized sessions that address individual financial situations and encompass areas like debt management and budgeting.
 - Both homebuyer education and financial counseling are applications of broader financial literacy, which covers a spectrum of skills, including budgeting, saving, investing and debt management.
- Together, these elements empower individuals to navigate the complexities of homeownership and make sound financial decisions in various aspects of their lives.

Pre-purchase HEC covers topics such as money management; selecting a home; options for financing; and avoiding scams, discrimination and inappropriate loans.

Post-purchase HEC, or loss mitigation counseling, most often addresses mortgage delinquency and default to help families stay current on their loans and avoid foreclosure. They may also cover home repair, post-purchase budgeting, and decisions about refinancing and reverse mortgages.

There are two main national standards that homebuyer education programs and counselors can apply: HUD via the HUD Housing Counseling Handbook and the National Industry Standards for Homeownership Education and Counseling, often referred to as the National Industry Standards, or NIS. In addition to ensuring the effectiveness

of homebuyer education programs, certifications and standards help signal the quality of such programs. While HUD and NIS cover similar topics in their prescribed curricula (see Table 1), one major difference is that the HUD-approved curriculum has an explicit emphasis on homebuyers’ and homeowners’ legal rights. Educating homebuyers to identify predatory lending practices can help them avoid risky mortgage products. Predatory lending practices can jeopardize the ability of homeowners to pay off their mortgages and can increase the risk of foreclosure.² Additionally, understanding one’s rights as a homeowner, especially when currently delinquent

or at risk of foreclosure, is important. Another major difference between the two is that NIS includes explicit standards for the post-purchase curriculum. HUD does not explicitly state whether its education standards are pre- or post-purchase, although they almost exclusively cover information that would benefit buyers before they purchase a home. In contrast, NIS has an explicit curriculum for buyers post-purchase.³ Unlike NIS, HUD’s HEC services do not encompass financial coaching or counseling, but HUD does acknowledge various forms of financial management education, with group formats being the typical mode of delivery.

Table 1: Homebuyer education curricula as mandated by HUD and NIS standards^{3,4}

HUD	NIS
<ul style="list-style-type: none">• Maintaining a home.• Budgeting and credit.• The homebuying process.• Fair housing.• Identifying and reporting predatory lending practices.• Rights for people with disabilities.• Renter rights.	<ul style="list-style-type: none">• Maintaining a home.• Budgeting and credit.• Assessing readiness to buy a home.• Selecting a home.• Financing a home.• Community involvement.• Avoiding delinquency and foreclosure.

HEC programs aim to increase sustainable homeownership by increasing financial literacy to improve mortgage readiness. The TIAA Institute-GFLEC Personal Finance Index study in 2022 found that, on average, U.S. adults correctly answered 50% of financial literacy questions, a decline from 2020. While financial literacy among Asian and White Americans were equivalent at 54% and 55%, respectively, Black and Hispanic financial literacy lagged at 37% and 38%, respectively. Most studies showed favorable results for program participants who tended to be younger at 35 years old or younger, female, low- to moderate-income, first-time, first-generation, and/or minority households. Participants who received financial education scored 14 percentage points higher on financial literacy measures compared with people who had received no financial education. People with very low levels of financial literacy were six times more likely to have difficulty in paying their bills on time and five times more likely to lack emergency savings to cover one month of living expenses.⁵

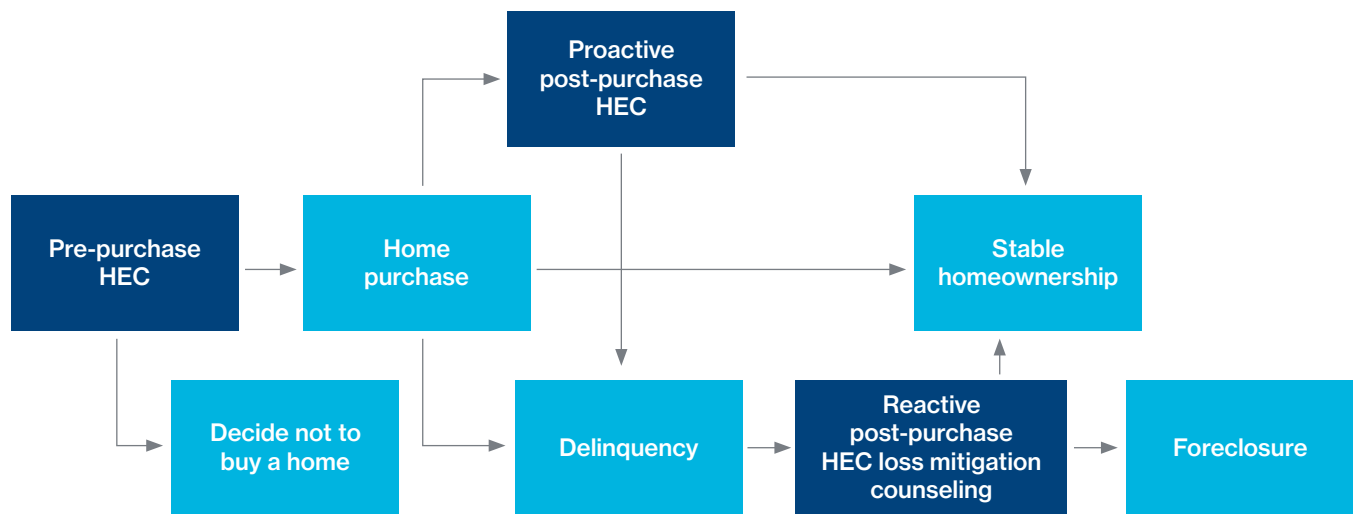
Ensuring financial literacy and sustainable homeownership through HEC can increase residential stability, which has been shown to improve childhood education outcomes, strengthen community ties, increase public and social engagement, and improve well-being.⁶⁻¹⁰ HEC can empower homeowners to avoid mortgages with high-risk characteristics, increase creditworthiness, budget to bring delinquent payments current, and better maintain their home to preserve equity. By helping people understand their readiness to purchase and giving those who choose to purchase the tools to find the most appropriate housing and mortgage, HEC is designed to promote the kind of responsible homeownership that stabilizes families and neighborhoods and reduces the risk of default to lenders.¹¹

Benefits of homebuyer education and counseling

HEC programs have shown significant success in promoting sustainable homeownership, reducing delinquency and foreclosure rates by 1-2 percentage points,¹² increasing financial literacy by 14 percentage points,⁵ and contributing to a 10% to 20% increase in household satisfaction compared with those who do not

participate in HEC.¹³ Programs are categorized as pre-purchase or post-purchase, depending on whether they occur before or after the homebuying process. Figure 1 depicts the timing of pre- and post-purchase homebuyer education as it intersects with the homebuying and homeownership process.

Figure 1: Timing of HEC in the homebuying and homeownership journey



Early stage homeowner delinquency rates, those 30-59 days past due, are the highest they have been since January 2020 and appear to be rising.¹⁴ However, studies show that financial literacy and pre- and post-purchase homebuyer education can mitigate the risk of delinquency in the short term and of foreclosure in the long term.¹⁵⁻¹⁷ Better educating potential homebuyers before they purchase a house lessens the risk that people will purchase housing that does not meet their needs or is unaffordable to them over the long term. Pre-purchase HEC empowers homebuyers to shop for more favorable mortgage terms, which reduces the chance of delinquency and foreclosure in the future. As demonstrated in Figure 1, pre-purchase education enables potential

homebuyers to understand their mortgage readiness and either work to improve their readiness with the help of financial counseling or decide to postpone or forgo homeownership.^{18,19} Studies have largely shown that pre-purchase education promotes sustainable homeownership via better mortgage selection, increased likelihood of purchasing a home, improved financial health and financial literacy, better neighborhood selection, lower short-term delinquency rates, and lower foreclosure rates among participants of HEC programs.¹⁸⁻²²

Households with low incomes have a lower likelihood of obtaining and sustaining homeownership than households earning high incomes, generally because of lower wealth, lower income capacity, poor credit history, unfavorable

mortgage terms, and declining property values in low-income neighborhoods.¹⁹ HEC can provide participants resources and the ability to assess their financial readiness, advocate for fair housing, and report predatory lending. Based on a follow-up survey between four and six years after random assignment to in-person or remote counseling or to a control group offered no counseling, participation in HEC resulted in a nearly \$500 decrease in credit card debt and a nearly \$5,000 increase in savings and investments. The impact on savings was higher among women, with those participating in HEC reporting approximately \$10,000 more in savings compared with study participants who did not complete the HEC program.²³

Tennessee's down payment assistance program mandated HUD-certified education for low- and moderate-income first-time homebuyers on pre-purchase and post-purchase topics, mostly in classroom settings. However, this education requirement was not enforced for the first half of 2002, allowing a comparison. Those who received homebuyer education were 10.7% less likely to face foreclosure by 2009 compared to 17.6% of those who did not complete HEC during the period in which the education requirement was not enforced. Those who received education were as likely to default as those who did not, suggesting that the primary effect of homebuyer education was helping homeowners address financial trouble.²⁴ Similarly, in a 2013 study of approximately 75,000 borrowers, 18,500 participants in NeighborWorks America's HEC programs were compared with about 56,000 nonparticipants using Experian credit reports and other records, focusing mostly on first-time homebuyers with modest incomes and employing a rigorous matching method. Participants in HEC, including both first-time homebuyers and repeat homebuyers, had a 33% lower rate of 90-day delinquency in the two years following their mortgage acquisition compared with those who did not participate in HEC.²⁵

Furthermore, the Indianapolis Neighborhood Housing Partnership, a HUD-approved HEC agency, provided a comprehensive pre-purchase program for low- and moderate-income households. Graduates meeting lender requirements were significantly less likely to default within 18 months of obtaining their mortgage – 5.8 percentage points less likely for those referred for private mortgages and 10.7 percentage points less likely for those qualifying based on nonpublic information. The study covered loans from 2005 to 2007, extending through the 2008 housing market crash.²⁶



Some comprehensive HEC programs require proactive post-purchase education. These programs often focus on maintaining financial stability, saving for future home repair expenses, and preventing delinquency and foreclosure. Even once a homeowner has become delinquent on their mortgage, reactive post-purchase counseling, also known as loss mitigation counseling, can prevent foreclosures and bring homeowners current on their payments in the short term.^{20,27} With additional individualized support from mortgage and financial experts, delinquent homeowners are more likely to meet other financial goals, such as saving for homeownership expenses, in addition to becoming current on their mortgage payments.²⁰

Research has not thoroughly examined the role of demographic factors, such as race and income, in homebuyer education program effectiveness. Although, a HUD study found that HEC does not narrow the disadvantages that Black and Hispanic prospective homebuyers face when they start the homebuying process,²³ as accessing financial education requires time and transportation and accessing a bank or specific financial products requires that homebuyers trust the institution. This indicates that a multipronged approach may be necessary to effectively help homebuyers of color trust and gain access to financial education and financial institutions.²⁸ A multipronged homeownership program should include pre- and post-purchase education focused on building financial literacy and capability, providing mortgage education, and teaching other relevant homeownership topics.²⁸

Key factors for improving homebuyer education and counseling programs to sustain homeownership, especially among people with low incomes

HEC before loan prequalification more effectively prepares homebuyers to prevent and cope with financial hardships.

- Pre-purchase education and counseling was most effective when accessed early in the homebuying process, about six to 18 months before a home purchase, ideally before pre-qualification for a loan. Homebuyers who receive early services are less likely to experience delinquency or foreclosure and are more likely to overcome delinquency when it does occur.^{4,11}
- Starting counseling early in the process gives potential homebuyers the opportunity to determine whether homeownership is a good option for them.¹¹
- One study that required a minimum of 11 hours of education, monthly one-on-one counseling and meeting lender underwriting criteria to graduate found 1.5% to 10.7% lower delinquency rates among participants after one year compared with those who did not complete the program.²⁹

Longer education and counseling programs were associated with greater financial benefits for participants.

- The length of pre-purchase education and counseling curricula varies widely, from two-hour group education to monthly one-on-one counseling over two years. The NIS recommends at least eight hours of education and counseling and considers programs offering less than four hours inadequate for homeowner preparation.⁴ While evidence exists that education and counseling program participants, regardless of length of participation, experienced similar benefits,²² this finding should not discount the potential improvements in credit scores, delinquency rates and debt ratios that long-lasting programs can provide.²⁹
- Relative to participants who received only a two-hour workshop, participants who received additional education on budgeting, credit, debt repayment and other key aspects of homeownership experienced a 16-point increase in credit scores, \$3,000 lower total debt for homeowners, and an average of two fewer delinquent payments.²²

HEC participants prefer in-person homebuying education and counseling during the homebuying journey, but remote services should also be provided, especially for those with scheduling and transportation challenges.

- One HUD report cited schedule conflicts as the reason 48% of participants did not complete the education program in the study. While schedule conflicts may still occur with remote instruction, they are a less frequently cited issue with this method.³⁰ Offering education remotely and asynchronously can reduce the possibility that schedule conflicts prevent a participant from completing a course.
- Most studies did not find any statistical difference between outcomes, such as delinquency or foreclosure rates, among in-person participants and those who received education remotely.^{18,20,31} This suggests that remote courses are viable and effective platforms for meeting the diverse needs of clients whose schedules may not readily allow them to participate in classroom instruction. Remote educational services can be accessed via telephone or computer, and public libraries can be a resource for those who do not have home internet or technology.
- Multiple studies highlighted the desire of prospective homebuyers to have in-person education and counseling.^{12,32} It may not be recommended for homebuyer education providers to eliminate in-person and classroom instruction entirely, because of participants' desire for these in-person opportunities and any potential advantages from in-person instruction.^{20,31}

Both voluntary and mandatory pre-purchase education successfully reduced delinquency rates.

- Participants in both mandatory^{12,31} and voluntary^{25,29} HEC programs experienced lower delinquency rates compared with homebuyers who did not participate in HEC.
- There is evidence that, when mandated to take pre-purchase mortgage counseling for high-risk loans, some households may opt for alternative loan options, indicating a preference against counseling but also acting as a deterrent for homebuyers considering risky loans.²⁹
- There is generally low awareness of homebuyer education opportunities unless they are obligatory, and real estate agents have little motivation to inform buyers about them. While many households would willingly and actively seek out homebuyer education programs, an “only when required” mindset dominates.³²

Programs with certified counselors are more effective.

- The effectiveness of HEC depends on the qualifications of instructors and counselors, which can vary widely. HUD and NIS standards provide structure and guidance to programs across the U.S. by including standards for the curriculum and the instructors. NIS requires that counselors attain 30 hours of training within 18 months of beginning their position and complete 10 hours of continuing education each year on the core content of the standards. HUD requires that counselors pass a 90-question certification test to achieve certification but does not have a minimum number of hours of training to sit for the exam.^{4,21}
- A study in Philadelphia, Pennsylvania, compared various homebuyer education courses, some with HUD certification. In evaluating participants' long-term housing satisfaction, the researchers found that clients who had HUD-certified housing education and counseling and whose education agency offered a broad range of services, were more likely to be satisfied with their housing choice after five years.¹³

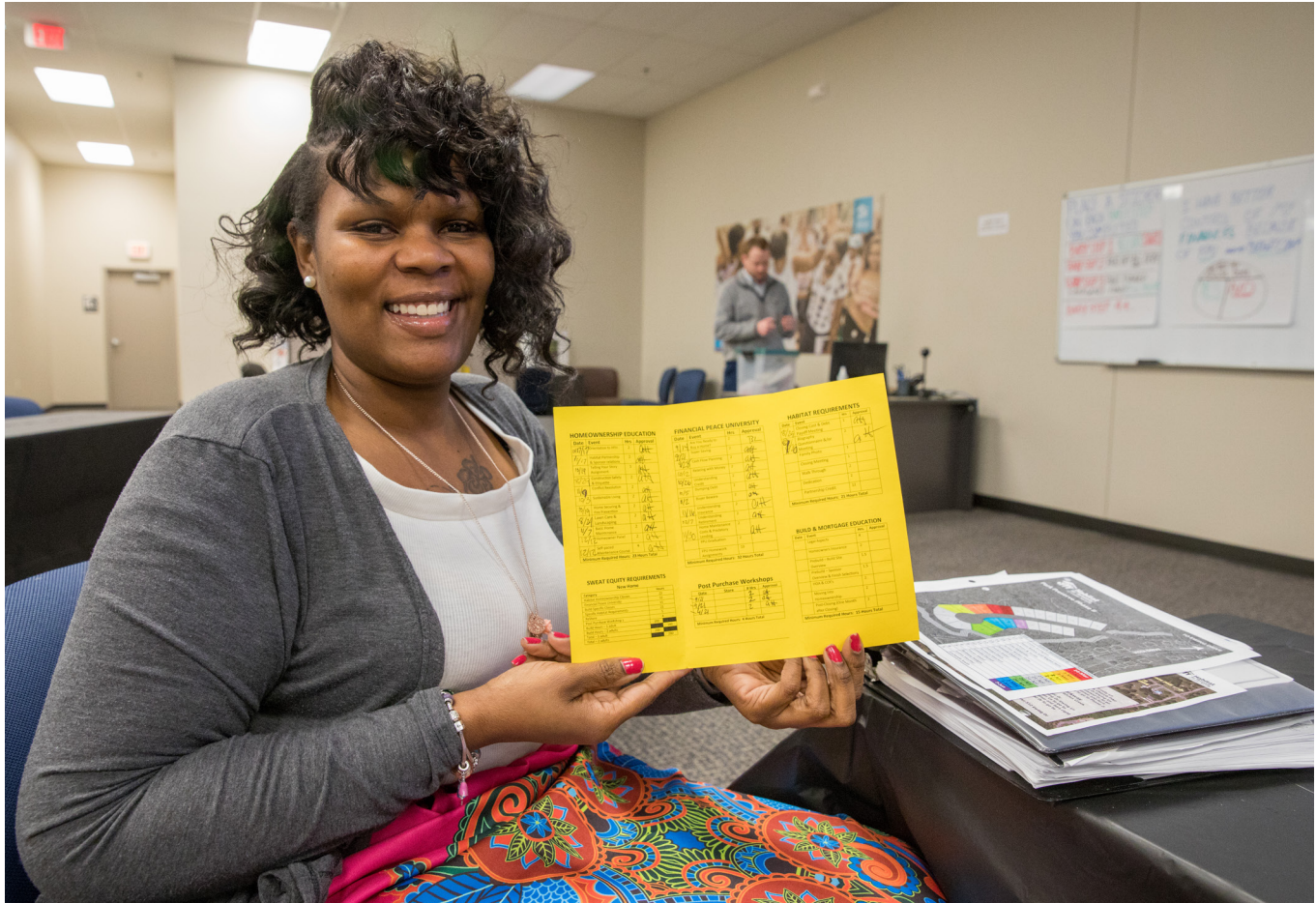
Requiring both pre- and post-purchase education can improve the financial sustainability of homeownership.

- Pre-purchase education promotes sustainable homeownership via better mortgage selection, increased likelihood of purchasing a home, financial health and literacy, better neighborhood selection, lower delinquency rates, and lower foreclosure rates among participants of HEC programs.^{18–20,22,33}
- HEC programs that included proactive post-purchase education, also known as loss mitigation counseling, had seven percentage points lower foreclosure rates among homeowners compared with all other loans. Those who completed HEC were more likely to overcome a first default, having 55% lower odds of their first default ending in foreclosure.^{12,24}

Loss mitigation counseling should be offered immediately after a borrower becomes delinquent.

- Quick, responsive interventions for delinquent borrowers can help prevent foreclosure, though there is mixed evidence on the efficacy of reactive post-purchase programs. In one study, 56% of clients were still in their homes and current on payments after 18 months.²⁰ Post-purchase content covered in HEC classes could influence awareness of options available for resolving defaults and about the availability of delinquency and foreclosure counseling.²⁴
- In another study, researchers found that foreclosure counseling enabled 71% of participants to become immediately current on their payments, but after about 12 months, this percentage dropped and fluctuated between 38% and 47%.²⁷

Highlights of Habitat for Humanity affiliates' HEC programs



All Habitat homebuyers must complete homebuyer education, but not necessarily counseling, before purchasing their homes. Although the length, structure and content of the homebuyer education programs vary across the network. Homebuyer education for Habitat homebuyers aims to improve the financial preparedness of homebuyers earning low incomes by addressing topics such as budgeting, credit, debt, saving, investing, planning, and preparing for emergency situations, as well as the logistics of Habitat mortgages. Habitat affiliates may offer the homebuyer education classes in house. In some cases, Habitat affiliates refer their future homeowners to other local Habitat affiliates, Habitat affiliate support

organizations or community partners to complete the required education. Community partners can also increase the availability of support services to Habitat and non-Habitat homebuyers and refer clients to the Habitat homeownership program.

The affiliates and affiliate support organizations highlighted in this section offer their own homebuyer education programs, tied to HUD standards or incorporating other homebuyer education curricula. These homebuyer education programs extend beyond programs generally offered by the average Habitat affiliate and include financial coaching, wealth building and additional support services to both future Habitat homeowners and

community members. Financial counseling and coaching differ in that financial counseling begins with a problem, whereas financial coaching begins with a goal set by the homebuyer with the purpose of enabling the homebuyer to make informed decisions (Figure 2). After each decision, homebuyers in financial coaching may either continue to seek further support from their coach or may maintain the financial behaviors necessary to achieve their goal. In one study, adults who participated in in-person financial coaching saved an average of \$550, reduced debt by \$1,800, decreased debt in collections by \$400, and experienced a 12-point increase in credit scores compared with those who were interested in financial coaching but were not offered services.¹⁶ Those who participate in financial counseling and coaching; however, may be systematically different from the general population because of their desire to access these resources. Further, program contents and delivery methods are heterogeneous, making it difficult to assess the effectiveness of each.

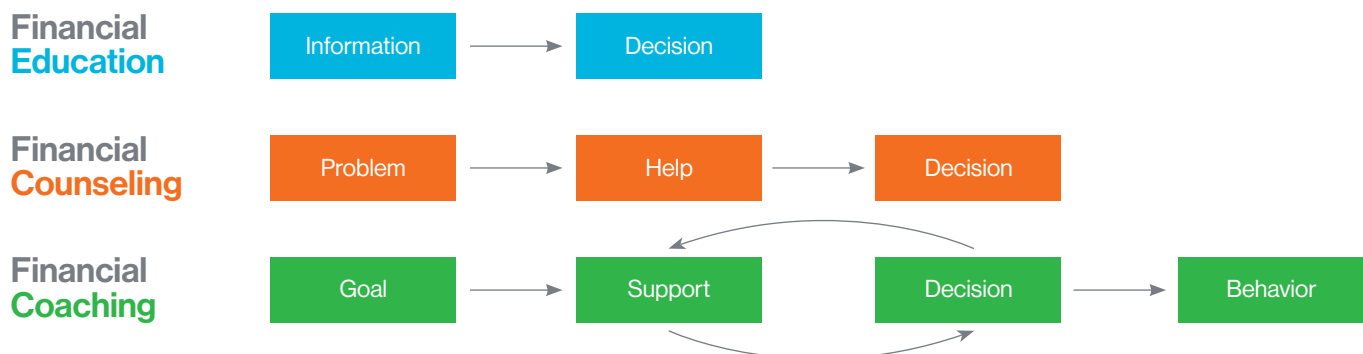
Provision of **financial education** typically happens in a group setting or online and can either be a one-time workshop or a curriculum that takes multiple sessions.

Financial counseling usually involves providing advice regarding specific, complex or unfamiliar financial topics to clients in one-on-one sessions. Financial counseling is also often used in response to a client crisis, problem or objective; for example, buying a home.

Financial coaching is distinguished from counseling in that it generally begins with the client's own goals with the aim to change long-term behavior to meet those goals.¹⁵

See also: [Figure 2](#)

Figure 2: Models of financial education¹⁶



Despite similarities in homeownership and delinquency rates, each affiliate and affiliate support organization offers different levels of service and tailors educational opportunities to meet the needs of the local community. Habitat Findlay/Hancock County moved beyond homebuyer education and offers one-on-one financial coaching through its Financial Opportunity Center, or FOC, based on the Local Initiatives Support Corporation's FOC model, and in partnership with a plethora of community partners (see Table 2). In response to the challenges imposed by the COVID-19 pandemic, Habitat York County expanded the financial literacy and financial coaching components of its homebuyer education services and

pivoted to offering both online and in-person education, which has helped ease barriers to participation. In recognition of the multiple factors that impact potential homeowners' financial well-being, Trinity Habitat modeled its program on the Financial Social Work curriculum that includes one-on-one financial coaching. It also built a model home in which home maintenance classes are held to help homeowners protect their investment once they close on their home. Habitat Michigan created its homebuyer education programs to be a resource for the affiliates around the state and to enable any Michigander to access virtual homebuyer education, including both pre- and post-purchase counseling and financial coaching.

Each of these organizations funds its programs differently. Habitat Findlay/Hancock County's FOC is fully grant-funded. Habitat York County's Financial Capability Program, or FCP, is mostly funded by the York County Community Foundation and United Way of York County. Trinity Habitat's program is funded primarily through donations and uses a savings and mortgage lending grant to expand its capacity. Habitat Michigan's homebuyer education services are funded by HUD, partially through the National Community Reinvestment Coalition, or NCRC, and NeighborWorks (See Table 3).

The intent of these case studies is to enable affiliates that are interested in beginning their own HEC program or expanding their current offerings to understand the potential structures, funders, considerations and opportunities that accompany that work. Below we describe first the housing environment of each organization and then the HEC programs and their duration, partnerships and results.

Table 2: County, state and national statistics for homeownership, delinquency, AMI and educational attainment (2022)

Table 2A: Hancock County, Ohio^{14, 35}

	Homeownership	Delinquency 90+ days	AMI	Educational attainment	
				High school graduate	Bachelor's degree or higher
Hancock County	69.6%	–	\$60,828	93.4%	28.0%
Ohio	66.0%	0.53%	\$61,938	91.1%	29.7%
United States	65.9%	0.48%	\$68,021	88.6%	32.6%

Table 2B: York County, South Carolina³⁶

	Homeownership	Delinquency 90+ days	AMI	Educational attainment	
				High school graduate	Bachelor's degree or higher
York County	72.3%	–	\$72,234	91.6%	35.9%
South Carolina	74.7%	0.47%	\$58,234	88.8%	29.8%
United States	65.9%	0.48%	\$68,021	88.6%	32.6%

Table 2C: Fort Worth, Texas area³⁷

	Homeownership	Delinquency 90+ days	AMI	Educational attainment	
				High school graduate	Bachelor's degree or higher
Fort Worth area	56.7%	–	\$73,545	83.5%	31.0%
Texas	62.4%	0.53%	\$67,321	84.8%	34.5%
United States	65.9%	0.48%	\$68,021	88.6%	32.6%

Table 2D: Michigan³⁸

	Homeownership	Delinquency 90+ days	AMI	Educational attainment	
				High school graduate	Bachelor's degree or higher
Michigan	74.0%	0.54%	\$63,202	90.5%	28.7%
United States	65.9%	0.48%	\$68,021	88.6%	32.6%

Table 3: Comparison of Habitat homebuyer education programs

	Habitat of Findlay/ Hancock County	Habitat of York County	Trinity Habitat	Habitat of Michigan
Program name	Financial Opportunity Center	Financial Capability Program	Habitat U	Housing Counseling and Education
Starting year	2021	2020	2021	2017
HUD-certified housing counseling agency	No, clients are referred to local agency	No	In progress	Yes
Homebuyer education curriculum	Dave Ramsey's Financial Peace University	Financial Social Work Curriculum	Financial Social Work Curriculum	Habitat for Humanity of Michigan's curriculum
Is there a financial coach on the staff?	Yes	Yes	Yes	Certified housing counselors provide housing counseling, education and financial coaching
Delivery method, virtual or in-person	In-person education and support services with online components (applications)	Both virtual and in-person	Both virtual and in-person	Primarily virtual but in-person upon request
Available to clients not in the Habitat homeownership program?	Yes	Yes	Yes, qualifying criteria applies	Yes
Average time spent in the program	12-24 months	24 months	10-12 months	Eight hours or more, depending on program components and individual needs
Community partners	Local Community Action Agencies, banks and social service agencies; Whirlpool	South Carolina Legal Services, financial advisers, local credit union	City of Fort Worth	Local financial institutions, legal aid offices, real estate agents, Michigan State Housing Development Authority
Funding	LISC, The Findlay-Hancock County Community Foundation; General Motors; ARPA; the local Alcohol, Drug, and Mental Health Services board	York County Community Foundation, United Way of York County, Habitat for Humanity International Advancing Black Homeownership capacity building grant	Unrestricted funds, Texas Department of Savings and Mortgage Lending	HUD, National Community Reinvestment Coalition, NeighborWorks, Michigan State Housing Development Authority, local banks/foundations
Individuals served in 2023	261	2,600+	68	5,367

Habitat for Humanity of Findlay/Hancock County

Affiliate description

Habitat for Humanity of Findlay/Hancock County serves rural Hancock County in northern Ohio. Hancock County has a population of about 75,000,³⁴ making this affiliate the smallest of those interviewed. Established in 1999, this intermediate-sized affiliate builds an average of four new homes each year, 57 since its founding. Habitat of Findlay/Hancock County has also completed 126 repair projects since its repair program began in 2014.

HEC at Habitat of Findlay/Hancock County

Habitat of Findlay/Hancock County offers homebuyer education through its Financial Opportunity Center, or FOC. The center provides free, in-person, individualized services to help with debt reduction, credit improvement and wealth building. In partnership with General Motors, Habitat Findlay/Hancock County expanded the FOC model of the Local Initiatives Support Corporation, or LISC, to a rural community and is the only Habitat affiliate with such a center. Previously, LISC focused exclusively on metro areas.

FOC offerings:

- Financial and employment coaching.
- Financial education and skills development.
- Online resource center with financial education and banking resources, digital literacy tools, and tax and student loan information.
- Credit building products, like Premier Bank's gateway loan.
- UNIFI lending library and affordable internet connectivity program.

LISC's mission is to integrate supportive services into trusted community organizations such as Habitat Findlay/Hancock County. The FOC model was a clear fit to allow the affiliate to fill evident gaps in services in Hancock County while improving homebuyer education and support. LISC and Habitat have common priorities – namely, to increase individual well-being through affordable housing.³⁹ The center focuses on empowering individuals to meet their basic needs by providing income support counseling, financial coaching and employment services, such as career coaching and workforce readiness training.

The affiliate underwent a rigorous vetting process by LISC to determine its capacity to implement and maintain the FOC model. LISC offers Habitat Findlay/Hancock County access to technical and training assistance through partnering organizations and funding to support the FOC. Dustin Fuller, Habitat Findlay/Hancock County's FOC manager, was hired by the affiliate to launch the center. In addition to Dustin, who is a financial coach, the affiliate's FOC has a second financial coach and a career coach, all of whom are trained through LISC-sponsored programs from the Center for Financial Security at the University of Wisconsin-Madison and others, and with financial coaching training from Central New Mexico Community College's Ingenuity program.

Habitat Findlay/Hancock County offers the FOC to the community regardless of interest in applying for the Habitat homeownership program. Any adult can access services from the center, which can become a pathway to apply for Habitat homeownership.

The FOC serves those who are homeless, jobless, and in recovery from substance abuse or other issues, in addition to those who are cost-burdened or living with relatives because of high housing costs. "We provide long-term individualized coaching to help people be successful however they define success," Dustin says, adding that about 70% of referrals to the FOC are through word-of-mouth. Before the FOC was implemented at the affiliate, only homebuyer education was provided – and only to those who were accepted in the Habitat homeownership program.

According to LISC, bundling financial coaching with employment and career counseling and other supportive services, such as providing access to food stamps, utilities assistance and affordable health insurance, leads to better wealth building for individuals in the long term than providing stand-alone services.³⁹ The goal of the FOC is to assist clients in increasing their earnings, reducing their

expenses, boosting their assets and building their credit. This is accomplished partly by making financial products more accessible to under-resourced populations. One such product is the Premier Bank gateway loan, which helps individuals establish a positive credit history through matched savings credit building. The FOC partnered with Premier Bank to help clients take out a \$300 loan, which was immediately transferred into a locked savings account into which they make monthly payments for one year. Monthly payments are matched 100% by LISC, conditional on timely payments. At the end of the 12-month loan period, clients receive \$300 in savings, \$300 of matched funds, and 12 months of on-time payments reflected on their credit report, which increases their credit score.³⁹

Based on the FOC model developed by LISC, Habitat Findlay/Hancock County also provides financial and employment coaching, financial education and skill-building classes, an online resource center that includes tax and student loan information, credit-building products, and access to Dave Ramsey's Financial Peace University courses. According to Dustin, "the FOC has the ability to adapt to the emerging needs of the community," and the affiliate recently launched an additional program called UNIFI. UNIFI enables Habitat Findlay/Hancock County to connect individuals with technology through a lending library of laptops, hotspots and iPads; assist with enrollment in an affordable internet connectivity program; and integrate technology into social service agencies where individuals previously had no internet access.

"The FOC can help anyone regardless of how 'life' has happened to them. We're the only program in the area to have that ability."

**– Dustin Fuller, FOC manager
Habitat of Findlay/Hancock County**

Habitat Findlay/Hancock County has not always had a standardized homebuyer education program. In 2021, the affiliate established the FOC using seed money from the Community Foundation for the Ohio Valley and additional partnership and funding from LISC; General Motors; the local Alcohol, Drug, and Mental Health Services Board, or ADAMHS; unrestricted donations from the community; and American Rescue Plan Act money.



Length of engagement

Most individuals interested in homeownership with Habitat of Findlay/Hancock County are connected to the FOC before they apply for homeownership. After beginning financial coaching through the FOC, clients can apply for Habitat homeownership if desired. The homeownership process at Habitat of Findlay/Hancock County can take 12 to 24 months after acceptance into the program. The affiliate accepts families at least one year before construction is expected to begin on their home to allow time to begin or continue working with the FOC to strengthen their financial stability and to complete sweat-equity requirements. Applicants for Habitat homeownership who were not previously connected with the FOC will first discuss the steps of the Habitat homeownership program with the family services coordinator, and at a subsequent meeting the coordinator connects the applicants to the FOC team. Individuals then begin financial coaching and are provided access to courses from Dave Ramsey's Financial Peace University. While completion of the Financial Peace University courses is a requirement for prospective homeowners, the FOC advises that all participants, regardless of intent to apply for Habitat homeownership, review the courses to supplement the financial coaching and education received from the FOC. Participants spend at least one year with the FOC before closing on their home. During that time, future homeowners will complete HUD-certified homebuyer education through a community partner. New Habitat homeowners also have monthly follow-up

appointments for 12 months after the purchase to ensure financial stability and lifestyle sustainability.

Community participants not wishing to apply for Habitat homeownership can access ongoing support from the FOC until they accomplish financial, work and other goals. Habitat of Findlay/Hancock County recognizes that success looks different for everyone, and they aim to develop relationships with each client to understand their needs and provide relevant services and education. Dustin adds that the FOC will help “get people out of survival mode and address basic needs” before they start the financial coaching process. Habitat of Findlay/Hancock County emphasized the importance of client participation in their education and overall success. If FOC clients “are passive about their involvement, usually, they are also passive about wanting to achieve their goals,” Dustin says.

Community partnerships

Habitat of Findlay/Hancock County has more than 20 community partners supporting the FOC through donations and by providing financial education and job training. In addition to partnering with a local Community Action Agency to provide future Habitat homeowners HUD-certified homebuyer education training, local banks provide financial literacy and education programs and encourage future Habitat homeowners to attend sessions as part of their homebuyer education process. In partnership with Whirlpool and major employers in the Ohio area, the affiliate launched WorkAdvance, which provides two weeks of job readiness training and a career coach to help address chronic joblessness and low-wage job histories and increase the stability of FOC clients and future Habitat homeowners. Even if homeownership is not the end goal for FOC clients, Habitat of Findlay/Hancock County will assist in connecting individuals to other community services and resources, including the center’s UNIFI program and Premier Bank’s gateway loan to help them accomplish their personal goals and achieve financial stability. Dustin says the FOC is built to “meet people where they’re at.” Along with community partners, the affiliate’s staff provide community support wherever it is needed, which includes meeting clients at local libraries and shelters and scheduling home visits to ensure services are accessible.

Results and planned progress

The FOC team is composed of a career coach, a financial coach and the FOC manager, who provides financial

coaching services. Dustin says the plan is to maintain full grant funding for the FOC to ensure that services can be offered without restriction. Habitat of Findlay/Hancock County also hosts an AmeriCorps VISTA member to support the work of the FOC.

In its first year of operation, the FOC helped over 650 individuals with 450 hours of coaching, increasing the average credit score by 32 points and the average monthly net income by \$706. Since then, Habitat of Findlay/Hancock County has seen continual growth in its clientele. Before the FOC was implemented, the affiliate served between two and four future homeowners per year through its homeownership program and completed an average of 15 critical home repairs per year. Of the 261 FOC participants in 2023, 18 families applied to the Habitat homeownership program. The FOC increased interest in the Habitat homeownership program and expanded services to non-Habitat clients as well.

“It’s been a great way to get more people interested in Habitat, and also have Habitat expand its impact beyond future homeowners and repair families,” Dustin says. Habitat Findlay/Hancock County has a waitlist for homes, where it previously had more homes to sell than eligible homebuyers. The affiliate and its FOC plan to keep the center fully grant-funded to ensure that all community member can access its financial and employment coaching services and homebuyer education resources to improve financial well-being within its service area.



Habitat for Humanity of York County

Affiliate description

Habitat for Humanity of York County is in Rock Hill, South Carolina, just south of Charlotte, North Carolina. It is a medium-sized affiliate serving a population of 282,000.³⁶ In 2023, it celebrated 35 years of service, during which it built 84 new homes and repaired over 229 homes.

Homebuyer education at Habitat of York County

In 2014, Habitat of York County introduced a homebuyer education program based on Habitat for Humanity International's recommended homebuyer education curriculum. This education program was offered only to families accepted into the Habitat program. In 2020, it was expanded to be available to the community and to include more rigorous financial literacy programming. The decision to launch a financial literacy program open to the community, now named the Financial Capability Program, or FCP, was in response to COVID-19 shutdowns and the inability to build affordable housing during the pandemic. The FCP has been so successful that the affiliate is planning to increase its staff in the next year to further grow the frequency and size of the now-monthly community financial literacy sessions. Three staff members are certified through the Center for Financial Social Work and oversee the FCP workshops; client action plans, or CAPs; and subsequent homebuyer education for those accepted into the Habitat homeownership program.

Amid COVID-19-induced construction delays, Habitat of York County launched a survey and a series of feedback sessions with participants in its homebuyer education program, including current Habitat homeowners, to gauge the utility of and understand the gaps in existing homebuyer education services. This enabled the affiliate to better understand the needs of future homeowners related to homebuyer and financial literacy education. The affiliate used this feedback to integrate additional educational components for those accepted into its homeownership program, and now provides a mortgage class to discuss the mortgage process, terminology, required county forms, and documents needed when closing on a home.

Habitat of York County also implemented hands-on construction training to educate future homeowners on the home building process and to assist with understanding the build timeline and sweat-equity expectations. This

training occurs on a Habitat construction site and allows future homeowners to walk through a nearly completed home with Habitat construction staff to understand basic household upkeep, maintenance of mechanical systems, and warranty items. This dedicated construction training time allows future Habitat homeowners to ask questions that will increase their knowledge and comfort levels as they earn construction sweat equity and prepare to move into and manage their own homes.

“Implementation followed by evaluation is my hope for our program and for the affiliate network. You can’t just think you’re doing a good job — you have to know.”

— **Dr. Stefanie Barnette**
Habitat of York County's chief operating officer

This affiliate has found success in tailoring its FCP workshops to appeal to different audiences. Some classes, like the Senior Cents workshop, are designed for individuals older than 60 to discuss budgeting, saving, end-of-life expenses, home repairs for home preservation and aging in place, assets, wealth-transfer, will creation, and assigning a power of attorney. Another affiliate-designed program, Piggy Banks to Paychecks, helps young people understand prioritizing wants versus needs when considering financial status, along with what a credit report is, how and why credit cards would be used, and what financial aid entails for school tuition. Youth programs at this affiliate are interactive and promote hands-on engagement with age-appropriate, financial literacy-focused games to yield positive learning experiences. Though FCP workshops are presented in person, Habitat York County aims to provide financial literacy education in many ways. The affiliate leverages social media to promote

financial literacy education through Finance Fridays posts on financial tips and fun facts.

The FCP at Habitat of York County is funded through the York County Community Foundation, and United Way of York County funds one full-time staff position to teach financial literacy sessions. Additional grants, including the Habitat for Humanity International Advancing Black Homeownership capacity building grant, supplement program costs.

Length of engagement

Habitat of York County does not restrict access to homebuyer education. All are welcome, and interested participants only need to pre-register to secure their spot. At the time of the interview, an upcoming financial capability workshop had been capped at 75 participants. Interested participants are directed to register for FCP workshops through the affiliate's website. After completing a workshop, participants can have individual meetings with a certified social worker on staff to create a client action plan, or CAP. Through these one-on-one financial coaching sessions, the affiliate helps individuals analyze their financial status and formulate individualized next steps to become eligible for homeownership – at Habitat or otherwise. Once both the FCP workshop and the CAP have been completed, clients will be invited to attend an orientation if they are interested in applying for Habitat homeownership. Both the FCP workshop and financial coaching sessions are held in person.

Those who choose to apply for Habitat homeownership will also complete additional required financial literacy and homebuyer education after being accepted into the Habitat program and before purchasing their home. Financial literacy courses are presented online and include 13 weeks of content that can be completed anytime within the first year after acceptance into the Habitat homeownership program. Each class has a dedicated topic, such as managing debt; avoiding money traps; using financial institutions to purchase a home; recognizing types of financial risk and choosing insurance; learning about job benefits; learning about the possibility of identity theft; and understanding saving, investing and taxes. Each class comes with handouts, individual and group activities, along with a take-home assignment to discuss with the rest of the family. Additional monthly classes assess move-in readiness and include home walk-throughs to help with understanding household upkeep. Both the 13-week financial literacy series and

the monthly homebuyer education are part of the Habitat homeownership program at Habitat of York County.

Participants spend an average of 24 months in the program, with the majority of homebuyer education being completed in the first 12 months. The second year of the homeownership program allows participants to complete other requirements, such as sweat equity, and prepare their home loan application and documents. Habitat of York County also provides optional support that begins immediately after the home purchase and includes online courses on credit counseling, estate planning, insurance, risk reduction, and how to be a Habitat ambassador or family mentor.

Community partnerships

The affiliate is supported by many community partners and industry experts, including individuals from South Carolina Legal Services, financial advisers, and professionals from the local credit union who provide quarterly financial literacy services. Dr. Stefanie Barnette, Habitat of York County's chief operating officer, emphasizes the importance of building relationships with the community. "Hearing the importance of financial education components from other partners and leaders is really important for families," she confirms. Habitat of York County maintains a relationship with its homeowners, requesting that they regularly speak to future Habitat homeowners about the importance of homebuyer education and discuss real-life examples of how they have used their financial literacy education after purchasing their home.

Results and planned progress

Habitat of York County has helped over 2,600 individuals with its FCP and has developed support services to advance homeownership for veterans, people over the age of 60, young people, women, Black families, and others. Between applying and closing on their home, Habitat homebuyers who completed the FCP reduced their debt by more than \$200, increased their credit scores by 100 points or more, reduced their monthly debt-to-income ratio by more than 13%, and increased their household wealth by \$7,200.⁴¹ Habitat of York County is increasing its staff to support the community demand for education opportunities.

Trinity Habitat for Humanity

Affiliate description

Trinity Habitat for Humanity is considered a very large affiliate and is the largest of those interviewed. It is located in Fort Worth, Texas, and serves Tarrant County – one of the state's largest counties, with a population over 2 million³⁷ – along with Parker, Johnson, Palo Pinto and Wise counties. Since its founding in 1989, Trinity Habitat has built 936 new homes and rehabbed over 1,700.

Homebuyer education at Trinity Habitat

In 2021, Trinity Habitat strengthened its homebuyer education program to align with the Center for Financial Social Work's curriculum. Kirstie Harper, senior director of family success at Trinity Habitat, is certified through the center. The curriculum includes resources for supporting clients in changing their financial behavior, along with interactive worksheets to improve financial health and well-being.⁴² Homebuyer education at Trinity Habitat includes a combination of virtual monthly financial literacy classes, one-on-one financial counseling, financial coaching for those whose goal is homeownership, and Habitat U group classes to qualifying participants. Habitat U offers a series of virtual classes on financial education and in-person community engagement components to Habitat and non-Habitat homebuyers. Habitat U participants must have six months of stable employment and residence, annual income of at least \$38,000 but less than 80% of the area median income, 55% or less debt-to-income ratio, completed financial literacy classes, and a scheduled one-on-one financial counseling session with Trinity Habitat's staff.⁴³ The affiliate also built a model home to provide a hands-on learning experience on home maintenance for current and future Habitat homeowners. The class includes topics such as how to handle minor plumbing, electrical and HVAC needs in order to minimize maintenance expenses and prolong the life of the home.⁴⁴ The development of these classes stemmed from an apparent need for additional education within the affiliate's current homeowner network. The affiliate worked to fill gaps in guidance on how to become homeownership-

ready and to address the abundance of inquiries about regular home maintenance concerns from Habitat homeowners. Trinity Habitat works with a local provider of HUD-certified housing counseling and is in the process of becoming HUD-certified itself.

Trinity Habitat funds its homebuyer education program primarily through donations. It was able to expand its capacity using a savings and mortgage lending grant that provided funding to hire a second staff member devoted to homebuyer education. That staff member also speaks Spanish, allowing the affiliate to reach a more diverse clientele.

Length of engagement

After acceptance into the Habitat U program, individuals begin monthly homebuyer education classes and monthly one-on-one counseling and coaching. Each financial literacy class is one hour long and is offered virtually. During the virtual one-on-one sessions, a financial counselor meets with the client to review their financial history and develop an individualized action plan that establishes the financial goals needed to become a successful homeowner. The goal is for every client to reach homebuying readiness within 10 to 12 months, though some clients reach this goal within 30 days. Each subsequent monthly one-on-one counseling session ensures that clients are meeting financial goals and addresses their individual credit, debt management, budgeting and saving needs. To become mortgage-ready, clients also attend a combination of in-person and virtual classes offered by the affiliate through Habitat U.

“Homebuyer education results in better-prepared homeowners whether they purchase through Habitat or through the open market.”

– Kirstie Harper
senior director of family success, Trinity Habitat

The topic of each weekly class varies but focuses on different financial literacy or community engagement topics.

To graduate from Habitat U, participants are required to complete 20 hours of homebuyer education. Habitat homebuyers, however, have a more rigorous time commitment and must complete homebuyer and financial literacy education, monthly one-on-one financial counseling sessions, the home maintenance course, and the HUD-certified housing counseling with an external partner before they are deemed mortgage-ready.

Trinity Habitat recognizes whether participants have the capacity to successfully attend required education and counseling sessions. Those who are unable to complete the requirements are withdrawn from the program but permitted to reapply for homeownership in the future.

“People are comfortable with the affiliate since they have an ongoing relationship through the classes,” Kirstie says. “The affiliate can be more educated on what clients need based on [the] relationships built.” She adds that Habitat homebuyers have a lot of trust in Trinity Lending Company, the affiliate’s in-house lender. Most clients completing the program with the goal of homeownership do choose to apply for a mortgage with Trinity Lending Company and become Habitat homeowners.

Community partnerships

In addition to partnering with a local HUD-certified housing counseling agency to provide services to its clients, Trinity Habitat partnered with the city of Fort Worth to present a community engagement class. This initiative helps families locate resources and increases community awareness. The class discusses crime in the community, conflict resolution, and safety topics in addition to providing a community calendar of events. In the future, Trinity Habitat hopes to develop relationships with other community partners, such as financial institutions, to help provide homeownership and financial literacy education to the community.

Results and planned progress

Homebuyer education offered at Trinity Habitat has grown substantially and has led to the hiring of additional staff members to both manage the program and teach. The affiliate still foresees a need to hire additional staff members to increase marketing and outreach to continue to grow the program.



Trinity Habitat measures success primarily by tracking the number of people interested in the program, those already in the program, and graduates of the program. At the time of the interview, 434 individuals had submitted attendance questionnaires, 210 had started Habitat U, and 88 had graduated. The staff at Trinity Habitat reported seeing better follow-through from families since they are required to complete a more robust education program than was previously required at this affiliate. “Families turn documents in on time, which then rolls over to paying their mortgage on time” Kirstie says.

Habitat homebuyers “become part of our Habitat family, and that’s what I like about this program.”

— Nakia Smith
homebuyer success manager, Trinity Habitat

Habitat for Humanity of Michigan

Affiliate support organization description

Habitat for Humanity of Michigan is an affiliate support organization that works with 46 Habitat affiliates in the state and provides HUD-certified housing counseling and education services across the entire state. Habitat Michigan has supported affiliates in building and repairing homes since 1993 in the state of more than 10 million people.³⁸

Homebuyer education at Habitat Michigan

Before Habitat Michigan became a HUD-certified housing counseling agency in 2017, it offered individual financial coaching to families referred from local affiliates. Most Habitat affiliates with limited capacity referred their prospective homebuyers to non-Habitat-affiliated housing counseling agencies in the area, creating a challenge in maintaining communication with families interested in the Habitat homeownership program. Consequently, Habitat Michigan launched standardized homebuyer education classes and housing counseling services to assist those Habitat affiliates in Michigan with limited capacity to deliver HEC. Furthermore, Habitat Michigan provides rental housing counseling and homeless support services to the community. Sue Ortiz, chief programs officer at Habitat Michigan, explains that “the program is not limited to only Habitat families. Anyone can come to take classes and are not required to then apply for a Habitat home.” There are no prerequisites to participate in counseling services through Habitat Michigan, and the organization charges participant fees for the homebuyer education class with a follow-up appointment at \$35, financial education workshop series at \$5 per class, and pre-purchase counseling at \$40 per person or \$50 per couple. Habitat Michigan also offers a lender-referred homebuyer education class for those with a loan in process or for those wishing to apply for down payment assistance at \$75. Depending on individual circumstances, potential homebuyers can request fee waivers.⁴⁵

Habitat Michigan receives funding directly from HUD and additional HUD funds through the National Community Reinvestment Coalition to support its HEC programs. The organization also receives funding from the Michigan State Housing Development Authority, depending on availability. Additional funding comes from local banks, insurance companies and foundations. Bank partners often help deliver presentations about the homeownership process from a lender’s perspective and sponsor financial education classes.

“Providing housing counseling and education can help facilitate prepared homebuyers who are knowledgeable about the responsibilities of homeownership. ... This makes the decision more well-informed and intentional for the affiliate and for the families we are privileged to serve.”

– Sue Ortiz
chief programs officer, Habitat Michigan

Length of engagement

Virtual financial education classes are offered three times a week, two hours each class. Virtual homebuyer education classes occur twice a month and consist of two three-hour classes per series. The homebuyer education series includes an opportunity for families to hear from partnering professionals, such as financial institutions and real estate agents. The virtual classes occur in a group setting, followed by a two-hour individualized follow-up session. Prepurchase counseling sessions involve creating a budget, discussing housing affordability, and creating an action plan with a certified housing counselor. Housing counselors also provide financial coaching during these sessions based on individual circumstances. The length of engagement can vary from a single appointment to years of ongoing engagement, depending on client needs. Habitat Michigan also offers virtual post-purchase counseling and financial coaching upon request to continue working on budgeting, credit and debt management and to provide tips on home maintenance, refinancing, home repair financing, escrow and other topics. Foreclosure prevention is also a post-purchase service available through Habitat Michigan. Though the

majority of education and counseling interactions are virtual, Habitat Michigan provides in-person classes upon request and will tailor content to support the needs of local communities. For example, a staff member traveled to teach money management and banking terms to clients of the Child and Family Services Agency, which houses underserved youths age 17 to 21. Opportunities like this have helped Habitat Michigan grow from serving 11 families before 2016 to serving thousands per year.

Community partnerships

Michigan State Housing Development Authority has been a great support in building Habitat Michigan's homebuyer education and counseling program and keeping resources current. Sue reflects on the value in monthly meetings among providers of housing counseling: "Keeping connection going throughout the state is critical for ensuring that everyone is well-connected and can communicate about challenges they're having, new resources, and to make sure they're doing their best to meet the needs of consumers in Michigan." Habitat Michigan is also a member of NeighborWorks, which is a network of nearly 250 community development and affordable housing-centered nonprofits across the United States. NeighborWorks provides grants, training, technical assistance and resources to the network. Habitat Michigan is also a part of the NeighborWorks Sustainable Business Initiative, which supplies it with a free customer relationship management system to track and report client engagement data.⁴⁶

Partnerships with Habitat affiliates have helped Habitat Michigan support those who wish to be HUD-certified by providing training and resources. The experience has been beneficial to most affiliates that participated in the process, but one affiliate decided to stop offering HEC services because the service did not pay for the cost of operating the program. This is a reality for affiliates to consider. Having diversified funding is an important factor because HEC programs often cost more than the funding received.

Results and planned progress

As a HUD-certified housing counseling agency, Habitat Michigan has eight housing counselors on staff delivering weekly virtual courses and pre- and post-purchase counseling. Additional staff members manage client intake and program management. The organization has helped to drive a pipeline of potential future homeowners to Habitat affiliates in Michigan. In 2017, its first year, the affiliate served 209 individuals. It has since grown substantially, serving 1,720 people in 2022. Habitat Michigan attributes part of its ability to provide better services and stay in contact with its participants to having organized data. It recommends the same for Habitat affiliates seeking to improve their HEC services, because good data and tracking can promote additional funding. Participants also complete evaluations intermittently during their housing counseling and coaching experience to help Habitat Michigan understand how people are experiencing their services. The evaluation is developed from the Consumer Financial Protection Bureau well-being questionnaire to gauge pre- and post-class feelings of satisfaction and financial security.⁴⁷

Conclusion

HEC programs play a crucial role in promoting sustainable homeownership, reducing delinquency and foreclosure rates, and enhancing financial literacy. Homebuyers who complete HEC are less likely to enter delinquency or foreclosure and are more likely to overcome a delinquency than those who do not complete HEC. This evidence brief outlines key factors for implementing or improving HEC programs within and beyond the Habitat affiliate network, including timing, duration and service delivery mechanisms. The case studies illustrate how HEC services can be effectively adapted to meet local community needs. Each affiliate and affiliate support organization interviewed provides a unique iteration of HEC, including elements of financial coaching. The methods of delivery vary by affiliate, and education sessions can be offered through group classes and workshops like those at the FOC at Habitat of Findlay/Hancock County, the FCP at Habitat of York County, Habitat U at Trinity Habitat, and the HUD-certified HEC provided through Habitat Michigan. Individualized counseling and financial coaching sessions are offered based on client needs and are offered virtually or in person depending on the organization. Those that do offer in-person financial coaching, like Habitat of Findlay/Hancock County, travel within their community to ensure their services are accessible. These organizations reflect Habitat's mission to bring people together to build homes, communities and hope by offering support services to more than just those accepted into Habitat homeownership programs, and they wholeheartedly embrace the individual needs of their communities. Overall, sustained investment in inclusive HEC programs is imperative for fostering responsible homeownership and addressing economic disparities. This evidence brief offers the following suggestions based on HEC literature and the experiences of three Habitat affiliates and one affiliate support organization:

- **Pre-purchase homebuyer education should occur before loan qualification so that participants can make an informed decision about their readiness to buy a home.** If homebuyer education occurs later in the homebuying process, participants may have

already made a commitment to buy a specific home without full knowledge of the financial implications or their ability to manage those responsibilities. If homebuyers are not yet mortgage-ready, the skills they learn in the prepurchase course can also be applied to paying down debts to achieve mortgage readiness.

- **Longer programs, especially when coupled with individualized counseling, can lead to better outcomes for participants.** While the literature does not identify the optimal length of the homebuyer education programs, NIS recommends at least eight hours. Additionally, coupling prepurchase group education and counseling has notable effects on delinquency rates.
- **Affiliates should prioritize a one-on-one educational counseling or coaching component as part of pre- and post-purchase education.** Habitat of Findlay/Hancock County specifically noted that building rapport with clients of the FOC, regardless of their intention to purchase a Habitat home, enables their success. If your affiliate offers only homebuyer education, consider expanding your services to include individualized, one-on-one homebuyer counseling and/or financial coaching if you have the capacity to do so.
- **HEC participants prefer in-person homebuying education and counseling at some point in the homebuying journey, but remote services should also be provided, especially for those with scheduling and transportation challenges.** Multiple studies highlighted the desire of prospective homebuyers to have in-person education and counseling. However, scheduling conflicts were the most common reason for participants to not complete homebuyer education courses. Remote pre- and post-purchase homebuyer and financial education is as effective as in-person homebuyer education and improves access to educational services.¹⁷
- **HEC should be delivered by HUD-certified counselors or those with equivalent training.** The impact of HEC relies on the qualifications of instructors and counselors, a factor that can vary

significantly. HUD and NIS standards play a crucial role in establishing consistency and guidance for programs nationwide, encompassing standards for both curriculum and instructor qualifications.

- **Loss mitigation counseling should be offered as soon as possible after a borrower becomes delinquent.** Research shows that quick, responsive interventions for delinquent borrowers can help prevent foreclosure. HUD suggests that loss mitigation counseling include determining the reason that the homeowner is behind on payments, contacting the mortgage investor if they want to stay in the home, and analyzing options based on the homeowner's financial circumstances. Mortgage servicers should provide necessary loss mitigation application forms upon request, and those applications are required

to be reviewed promptly by the Consumer Federal Protection Bureau's mortgage servicing rule.⁴⁸

- **Pre- and post-purchase education and counseling should be offered as a package.** Prospective homebuyers and homeowners benefit strongly from programs that offer pre- and post-purchase HEC. Homeowners who participate in pre-purchase HEC are less likely to enter delinquency and/or foreclosure. Proactive post-purchase HEC is effective in reducing the likelihood of delinquency and foreclosure, reducing the need for loss mitigation counseling. In addition to expanding proactive post-purchase education, swiftly refer delinquent homeowners to loss mitigation counseling; the sooner homeowners receive this education and counseling, the more likely they are to become current on their mortgage payment.

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