

4 HOMEOWNERSHIP EDUCATION

Knowledge about homeownership and the home-buying process is the best starting place for families who want to buy a home of their own. Through the efforts of the Blueprint Partners, home-buying and housing counseling will be targeted to minority families and communities, including immigrant families with limited knowledge of English. Some Blueprint Partners will work to enhance the ability of housing and real estate professionals to understand and meet the housing needs of an increasingly diverse clientele. To reach our goals, some Partners will work directly in the communities while others will make alliances with faith-based and other local groups to make housing counseling available. Through housing counseling, families will become aware of the importance of budgeting, how their credit history can help or hurt their chance to receive a mortgage loan, and steps they can take to improve their credit rating. Families – especially new immigrant families – will learn how to establish credit, and every family will understand the dangers of predatory lenders and how to avoid becoming victims – paying outrageous home loan interest rates and fees, or losing their homes through outright fraud. Equally important, the Partners will use their education and counseling efforts to help families learn about mortgage loan availability, housing discrimination, their rights under the law, and how to report housing discrimination should they illegally be denied the opportunity to buy a home.

COMMITMENTS

BUSH ADMINISTRATION

“Education is key. Studies show that consumers who understand the home-buying process are more likely to buy a home they are happy with and less likely to be taken in by predatory lenders. So we are significantly boosting the budget for housing education.”

— HUD Secretary Mel Martinez

Department of Housing and Urban Development

Homebuyer Education a Separate Program with More Funding:

While grassroots organizations are key in educating families about the particulars of home-buying in their communities, the Bush Administration believes that the federal government must be committed to helping Americans overcome the knowledge barrier to homeownership.

COUNSELING





AFFORDABILITY

The Administration is making housing counseling a separate program within HUD for the first time. The FY2003 budget calls for \$35 million for counseling services – a 75 percent increase over the previous level.

A Partnership to Move Families into Homeownership:

The Office of Public and Indian Housing at HUD is working with the *FDIC* and several national not-for-profit organizations to educate and counsel residents of public housing and participants in the Housing Choice Voucher program in the areas of finance and homeownership.

The HUD and FDIC Money Smart partnership links low-income individuals and families to financial education and self-sufficiency programs through Welfare to Work (WtW), Family Self-Sufficiency (FSS), and Resident Opportunity and Self-Sufficiency (ROSS).

WtW is a nonpartisan partnership that includes federal participation from HUD, the *Department of Health and Human Services* and the *Department of Labor*; the Administration estimates that it will assist over 46,000 families annually. More than 225,000 families will be assisted using FSS and more than 125,000 families through the ROSS program.

PARTNERSHIPS

Department of Education

No Child Left Behind:

The Department of Education is working within the No Child Left Behind legislation and other programs, as well as with the *Department of the Treasury*, to develop initiatives that enhance financial literacy. Such programs will provide the next generation of adults with the understanding to make good decisions related to savings, spending, and borrowing.

Federal Trade Commission (FTC)

Helping Consumers Spot Predatory Lenders:

The FTC has taken an active role in educating vulnerable consumers to spot abusive-lending practices, avoid unscrupulous lenders, and complain if victimized by lenders.

HOMEOWNERSHIP INITIATIVES

The FTC has developed a series of publications, launched dedicated Web sites, and worked with numerous federal agencies to develop and disseminate consumer-friendly materials in both English and Spanish.

The agency will continue to develop ways to help first-time homebuyers have a safe and secure path to the American Dream.

Department of Treasury

Panel Discussion Series:

This initiative consists of several panel discussions about financial-education topics. Each panel discussion will include participants who represent community, industry, and consumer groups directly affected by the discussion topic.

The topic of the first Panel Discussion was "Integrating Financial Education Concepts into Core School Curricula: Opportunities/Obstacles." Subsequent issues and topics may include basic savings, homeownership, retirement planning, and credit management.

White Paper:

A white paper summarizing the effective methods and opportunities for integrating financial education into the core school curricula, as discussed and outlined during the first OFE Panel Discussion, will be distributed early fall 2002. The paper will offer "off-the-shelf" materials for teaching financial education.

Bank on Your Schools:

This initiative is a partnership between high schools in low- and moderate-income areas and financial institutions. It encourages financial institutions to open student-operated centers in these high schools. This allows students to get hands-on experience running a bank or credit union, in conjunction with a classroom instruction on financial issues. The Office of Financial Education (OFE) is working with the trade associations representing the financial services industry to implement this program.

Interagency Working Group:

OFE will inventory and coordinate existing financial-education programs with representatives from other federal government agencies. This will provide opportunities

EDUCATION

EXPERIENCE

for partnerships among the various agencies and identify ways to complement, rather than duplicate, each other's efforts. In addition, OFE will provide a catalogue of these materials that will be available on the OFE Web site.

ENTERPRISE FOUNDATION

"Education is a critical component of increasing ownership throughout America. Financial education, housing counseling, how to help people understand that there are unscrupulous lenders. And so one of the things we're going to do is we're going to promote education, the education of owning a home, the education of buying a home throughout our society."

— President George W. Bush, June 17, 2002

Enterprise provides operating support, training and technical assistance to grassroots groups to expand homeownership all across the country. Many of the Foundation's local partners provide homeownership counseling and financial education to low-income people. For example:

*In **Denver**, Enterprise and its partners in the "Housing Development Project" have provided more than \$5 million in operating grants to community-based organizations, which have developed 3,800 new for-sale homes and rental apartments, and have provided homeownership education and counseling to 1,000 low- and moderate-income families. Many of the community-based groups also participate in the "Savings Plus" Individual Development Account savings program, which has helped 400 families become homeowners. More than 60 percent of the participating families are minority, with average incomes under \$36,000 (37 to 44 percent of area median income).*

*In the **Texas and New Mexico Colonias**, meantime, Enterprise is assisting TEJAS Community Credit Opportunities, Inc., in making mortgage credit and counseling available to low-income residents seeking to buy their first home. Enterprise is working with other community-based groups in the region to increase homeownership counseling, lending and home repair.*

*Finally, on the Cheyenne River Reservation in **Eagle Butte, S.D.**, Enterprise resources are helping Oti Kaga, Inc., expand its staff and activities. The group is a non-profit Native American affordable housing developer that offers credit counseling and homebuyer education to low-income homeowners and loans for down-payment and closing costs.*

Enterprise will continue to pioneer such innovative approaches. Overall, Enterprise will provide homeownership education – including homebuyer counseling, community group training, and technical assistance – to 7,500 low-income people and community-based groups.



FANNIE MAE

Fannie Mae will make its first-time homebuyer and financial literacy materials, as well as *Home Counselor Online*, available at no charge to any counseling organization to enable them to increase efficiency, track clients, and more effectively manage case loads and reporting functions to HUD.

More information: Home Counselor Online is an Internet-based application that enables housing counselors to produce affordability analyses that will help clients determine their financial readiness for homeownership. Home Counselor Online is offered to all of Fannie Mae's housing partners. Since its launch, 323 organizations including faith-based groups, community-based groups, and minority and women-owned lender shops have been trained to use it.

PROFESSIONALS



Fannie Mae will further expand its relationships with community-based and faith-based partners, adding at least three additional partners to support homebuyer and mortgage product information through community-based networks. It also will establish outreach and partnerships with at least 100 churches, synagogues, mosques and other faith-based institutions.

More information: Fannie Mae's community-based and faith-based initiatives establish strong links between the company, these organizations, and the housing community. The faith-based initiative at Fannie Mae was launched in October 2000. Outreach efforts to 100 partners are currently underway.

Fannie Mae has special partnerships with national organizations such as the National Urban League, the National Council of La Raza, ACORN and others that facilitate the delivery of home buying information to residents and connect these groups' members and customers to conventional mortgage lenders who offer the most flexible mortgage products that Fannie Mae supports. We are a leading partner in the "With Ownership Wealth" (WOW) initiative led by the Congressional Black Caucus Foundation to help create 1 million new African-American homeowners. WOW starts in every community with a concerted outreach and education effort that Fannie Mae is supporting through our community partnerships and Home Counselor Online.

Fannie Mae will develop and provide to lenders and others "model" marketing kits in different languages for specific mortgage products aimed at new borrowers.



More information: Fannie Mae works with lenders to provide comprehensive marketing strategies that are effective in reaching targeted minority and/or immigrant markets. This includes development of marketing materials in languages suited to lenders' respective markets. Fannie Mae has produced non-English language marketing kits in Spanish, Polish and Korean. In 2001, more than 7,000 marketing kits were distributed to lending partners.

FEDERAL HOME LOAN BANKS (FHLBANKS)

The 12 FHLBanks pledge their ongoing support for making homeownership a reality for 5.5 million minority families by the end of the decade. The FHLBanks are the largest source of private sector grants for affordable housing in the country, with projected grants in 2002 of \$240 million. In addition, the FHLBanks are the dominant provider of wholesale funds for their member financial institutions, with more than \$470 billion in loans currently outstanding to community lenders.

The FHLBanks have been active supporters of homebuyer education, especially in conjunction with their regional first-time homebuyer programs. The FHLBanks pledge to evaluate these initiatives on an ongoing basis and to modify them as necessary to promote the availability of homebuyer education for minority families. The FHLBanks will actively work with their members and housing partners, as well as reach out to community-based and faith-based organizations, to expand the reach of homeownership counseling for minorities. Homeownership counseling is critical not only to promote the purchase of homes by first-time homebuyers, but also to help new homeowners plan for and successfully manage the responsibilities of homeownership.

FREDDIE MAC

Representing a team effort with mortgage lenders, nonprofit housing and community organizations, and other industry leaders, *Catch the Dream* is Freddie Mac's contribution to making the dream of homeownership a reality for millions more of the nation's minority families. The 25 *Catch the Dream* initiatives are designed to dismantle barriers and create opportunity along the entire process of becoming – and staying – a homeowner.

Freddie Mac's approach begins with dismantling intangible barriers to homeownership, such as misinformation about the home-buying process, mistrust, and fear of rejection. Seven of Freddie Mac's *Catch the Dream* initiatives address the need for greater "Homeownership Education."

Dispel the Myths:

The first step in turning aspiration into homeownership is to dispel the myths that homeownership is unaffordable or too difficult to attain. Freddie Mac will undertake a homeownership information campaign in select areas involving leaders within the minority community. Using multiple media, the campaign will showcase families who were successful in obtaining the home of their dreams.

Toolkits and Kiosks:

Homebuyer information is important – but it has to be accessible. Working with our lender partners and other market participants, Freddie Mac is creating attractive, locally based marketing opportunities, such as multi-lingual homeownership toolkits and computer kiosks with touch-screen access and consumer-friendly content.

Trusted Intermediaries:

Recognizing that many families pursue their dream of homeownership working with organizations they trust, Freddie Mac is providing homebuyer information and other resources to national nonprofit minority organizations and community-based nonprofits.

Tools and Technology:

Community-based housing-counseling organizations play an increasingly critical role in helping families navigate the homeownership process. To support these organizations, Freddie Mac is furnishing nonprofits across the country with new technology, such as CounselorMaxSM and other tools, to manage growing caseloads and help prepare borrowers for homeownership.

Faith-Based Solutions:

Faith-based institutions are an important source of homebuyer education and counseling services. Freddie Mac is working with local faith communities and national religious organizations to develop strategies that can be replicated nationwide.

CreditSmart EspanolSM:

Understanding how to build and maintain good credit is a critical component of effective homebuyer education. Building on our highly acclaimed CreditSmartSM





financial-literacy campaign, Freddie Mac in 2002 will launch a Spanish-language curriculum designed to address the unique credit concerns of Hispanic consumers.

Don't Borrow Trouble:

To ensure that families steer clear of abusive predatory-lending scams, Freddie Mac in 2003 will expand the reach of our award-winning Don't Borrow Trouble consumer-awareness program. Currently operating in 14 cities, the program is under development in 10 more, reaching more than 70 million people with its anti-predatory-lending message.

HABITAT FOR HUMANITY INTERNATIONAL

Since its founding in 1976, Habitat for Humanity has recognized the importance of homeowner education and has incorporated it into its program of building decent, affordable housing for those who do not qualify for mortgages in the conventional market. Habitat for Humanity homeowners typically have incomes between 25 percent and 50 percent of area median income. Habitat for Humanity has equipped the homeowners of the 42,000-plus homes that it has built in the United States with the knowledge and skills they need to be successful homebuyers.

Habitat for Humanity is committed to:

- Providing homeowner education to each of the 27,800 new families that will buy a Habitat home in the United States by 2005. Approximately 20,800 of these families will be minority homeowners.
- Providing ongoing support to Habitat for Humanity homeowners after move-in and continuing to nurture the homeowners throughout the life of the homeowners' no-interest mortgage.
- Continuing to require that Habitat for Humanity homeowners contribute "sweat equity" by helping to build their own houses and the houses of others. Sweat equity is instrumental to homeowner education because it not only teaches the skills needed to maintain a house but it also nurtures homeowner involvement and investment in their local communities.
- Continuing to work with communities in which Habitat for Humanity homeowners reside to combat potential NIMBYism that minority and low-income homeowners might encounter.



- Continuing to educate youth about housing issues, homeownership, the home-buying process and housing finance through Habitat for Humanity's 719 college and high-school campus chapters in which 35,000 students participate, including minority youth enrolled in historically black colleges and universities.
- Training the next generation of housing leaders through Habitat University and stimulating thinking about poverty as it relates to housing, including the need to increase homeownership in minority communities.

LOCAL INITIATIVES SUPPORT CORPORATION (LISC)

LISC is pledging to:

- *Provide Section 8 homeownership training to 1,500 public, private, and community leaders.*
- *Provide housing development training or technical assistance to 1,000 public, private, and community leaders.*
- *Provide mortgage-finance training to 1,000 public, private, and community leaders.*
- *(If the homeownership tax credit is enacted), Provide training to 1,500 public, private and community leaders on its use.*



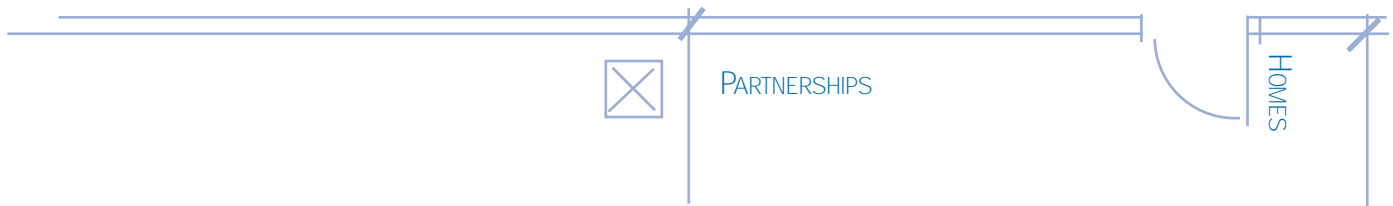
COUNSELING

MORTGAGE BANKERS ASSOCIATION OF AMERICA (MBA)

MBA will launch its "Stop Mortgage Fraud" campaign in Spanish. "Stop Mortgage Fraud" is intended to combat predatory lending by educating consumers about their rights in the mortgage lending process, the common signs associated with predatory lending, and regulatory agencies they can contact for assistance. The campaign includes a toll-free telephone number and a Web site for distributing the information. Many of MBA's members are active participants in the campaign.

MBA will develop a relationship with three national community organizations to help promote access to Stop Mortgage Fraud materials. MBA also will establish a relationship with key homeownership counseling organizations in several markets to promote the campaign. MBA will also work with its member firms in those markets to promote related outreach/partnership efforts.

REAL ESTATE



Timeline: MBA plans an official announcement of the campaign in October 2002. Partnerships with local homeownership education and counseling groups will be secured periodically over the initial 12 months: approximately five partnerships the fourth quarter of 2002, five more the first quarter of 2003, and five more the second quarter of 2003.

NATIONAL ASSOCIATION OF HOME BUILDERS (NAHB)

Working with its local homebuilding associations, NAHB is pledging to conduct an ongoing series of local seminars designed to educate government officials, planners, community activists, consumers, and representatives of the housing industry on how to overcome the barriers to minority homeownership. These seminars will address the availability of capital and financing for minority families, as well as barriers to housing production. They would also feature examples of successful housing programs.

Timeline: NAHB's federation will conduct six local seminars by September 2004.

NATIONAL ASSOCIATION OF HISPANIC REAL ESTATE PROFESSIONALS (NAHREP)

NAHREP has recently completed the development of a professional certification curriculum. The courses were created to assist real-estate professionals to more efficiently and effectively serve Hispanics and other minority consumers. The training will include information about other organizations and their commitment to the "Blueprint for the American Dream".

Timeline: NAHREP will commit to certifying 500 professionals in 2003 and 1,000 professionals per year until 2010.

NAHREP will continue to participate in the creation and dissemination of technology tools, such as CounselorMax, that empower organizations and individuals involved in housing counseling. CounselorMax increases the workload capacity of housing counselors by as much as 100%, allowing more consumers to enjoy the benefit of homeownership education. NAHREP will also support the development of new technologies that make the process of serving minority homebuyers a more cost effective proposition for real estate brokers, mortgage lenders and other housing professionals.

NAHREP has recently created a foundation, which will focus a large portion of its activities on consumer education targeted at Hispanics and other minorities. The NAHREP Foundation will develop and distribute educational materials to thousands of individuals and families.

NAHREP will continue to organize and promote special events such as its Hispanic Marketing Conference, where housing professionals, corporations and government officials will congregate and discuss new innovations in the effort to promote homeownership opportunities to minorities.

NATIONAL ASSOCIATION OF MORTGAGE BROKERS (NAMB)

As a leader and expert in first-time homebuyer programs, NAMB pledges its commitment to assist President Bush create 5.5 million new minority homeowners by the end of the decade. NAMB is comprised of more than 15,000 small-business owners and/or mortgage professionals that originate more than 60 percent of all mortgage loans in America. Mortgage brokers work hand-in-hand with Fannie Mae, Freddie Mac, and the large mortgage-insurance companies to offer impeccable service, expertise, and access to the newest and most effective affordable-housing programs, including FHA and VA.

NAMB is committed to hosting its First Annual National Housing Fair in Washington, D.C., in March 2003 to give first-time homebuyers the opportunity to address the fears, hopes and concerns of the home-buying process. The event will include mortgage professionals and experts who can discuss the availability of affordable-housing programs, strategies for obtaining a down payment and responsible credit repair. At this event, NAMB will unveil its educational booklet, *Are You Prepared to Head Down the Road to Homeownership?* NAMB believes this will complement the homebuyer seminar kits its members already use to promote neighborhood-housing seminars for emerging markets and first-time homebuyers.

NATIONAL ASSOCIATION OF REAL ESTATE BROKERS (NAREB)

NAREB is a national organization for African-American and other minority real estate professionals dedicated to promoting fair and equal housing opportunities for all Americans.

United around the theme "Democracy in Housing," the association is committing to:

- Actively promoting recruitment of 2,000 minority professionals in all aspects of the real-estate industry, including residential sales and brokerage, appraisal, affordable-housing development, and property management.
- Providing continuing education for 3,000 licensed real-estate professionals with emphasis on course related to industry diversity and expanding minority homeownership.



- Educating over 5,000 consumers on the benefits of homeownership and the home-buying process.
- Organizing 15 national and regional conferences, housing fairs and other public forums to promote homeownership opportunities and educate more than 3,000 members of the public on the home-buying process.

NATIONAL ASSOCIATION OF REALTORS (NAR)

NAR is pledging to:

- *Sponsor the 2003 Home Ownership for Everyone (HOPE) awards. The event will take place in May.*
- *Create and host a central data bank of national affordable-housing programs and mortgage products on the Internet. The database will be tested by some of NAR's State Associations and local boards in September 2002. It will be unveiled during NAR's national convention in November 2002.*
- *Partner with local housing counseling agencies for cross-referrals for minority homebuyers.*
- *Certify, over the next 10 years, 2,500 real-estate professionals annually under the REALTOR® At Home With DiversitySM program.*
- *Develop, over the next 2-5 years, homeownership partnership programs with Fannie Mae, Freddie Mac, national organizations representing "public servants," the National Association of Counties, and the U.S. Conference of Mayors.*
- *Work with selected local REALTOR® associations to sponsor an annual homebuyer fair marketed to minority communities. NAR is committed to this annual fair at least for the next five years.*

Other homeownership education projects in which NAR has a stake include:

- *On October 19, 2002, NAR is helping the Chinese American Real Estate Professionals Association (CAREPA) host a home-buying seminar for the Chinese American community in the San Gabriel Valley area (near LA).*



NATIONAL CREDIT UNION ADMINISTRATION (NCUA)

Through NCUA's "Access Across America" initiative, which focuses on creating economic empowerment for people from all walks of life, the federal agency is best positioned to empower America's nearly 10,000 credit unions, with more than 80 million members, to provide outreach to serve the underserved and facilitate partnerships between credit unions and community organizations for developing affordable housing initiatives.

In support of the President's initiative on minority homeownership, the NCUA will continue to work with credit unions in bolstering their ability to provide financial education. The NCUA will facilitate the partnering of credit unions with other organizations providing homeownership and financial education to better educate their members on the issues surrounding the responsibilities of homeownership as well as their financial responsibilities in maintaining the home.

Credit unions have historically provided financial counseling to their members, but, with partnering opportunities, credit unions can augment that counseling to improve the overall financial well-being of the member. The NCUA has recently provided information to credit unions concerning the FDIC's Money Smart Program, and continues to work with Neighborhood Reinvestment Corporation to share opportunities between credit unions and the NeighborWorks Organizations.

PROMOTE

NEIGHBORHOOD HOUSING SERVICES OF AMERICA (NHSA)

NHSA is pledging to expand on its long-term success in promoting business models both for NHSA and its business partners. These models have as a core strategy lending to borrowers at their ability to pay and providing post-purchase services to increase the success ratio of the new borrowers served.

NEIGHBORHOOD REINVESTMENT CORPORATION (NRC)

NRC is pledging to:

- Provide housing counseling assistance to more than 650,000 families over the next decade, 380,000 of who will be minority households (or 59 percent of the total families counseled).

ASSISTANCE





- Provide "Training for Trainers" to 10,000 homebuyer education trainers in the industry over the next decade through national and regional trainings.
- Work toward the involvement and placement of community volunteers in local NeighborWorks® organizations across the country, to work on homeownership education and outreach activities specifically focused on minority populations.
- Work to translate existing housing counseling materials into other languages (particularly Spanish) and, as appropriate, develop new materials focused on outreach and education of minority families.
- Provide specialized training – through the Neighborhood Reinvestment Training Institute and/or other venues – to volunteers and other outreach workers on strategies for effectively expanding homeownership among minority populations.
- Work with other partners to develop a public service announcement (PSA) targeted to minority families – including those who may have been previously rejected for home mortgage financing.
- Determine, with other partners, the feasibility of having the PSA (and other collateral materials) direct interested families to a 1-800 number – with calls channeled to the various partners in this Initiative.
- Promote an increased focus on outreach and service to minority families by its affiliated network of NeighborWorks® organizations.

SEARS, ROEBUCK AND CO.

In response to President Bush's call to address the homeownership crisis in America, Sears, Roebuck and Co. has created the "Sears American Dream Campaign." The five-year, \$100 million commitment will make homeownership and continued home maintenance possible for millions of Americans who might otherwise not be able to share in that dream.

During its first year, the "Sears American Dream Campaign" will become a national sponsor of the 65 existing and 10 new NeighborWorks Homeownership Centers across the country. Sears' support will help these centers offer a wide range of educational services, products, and training necessary to purchase, renovate, maintain, and manage a home.

The Sears American Dream Team, made up of the company's employee and retiree volunteers, will also be mobilized to support the campaign's efforts. Beyond 2002, the "Sears American Dream Campaign" will sponsor grassroots education campaigns and local and national advocacy efforts.