

FMCRC ASSETS and HOPE Initiative



Florida Minority Community Reinvestment Coalition

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FMCRC Community Development Tool Box

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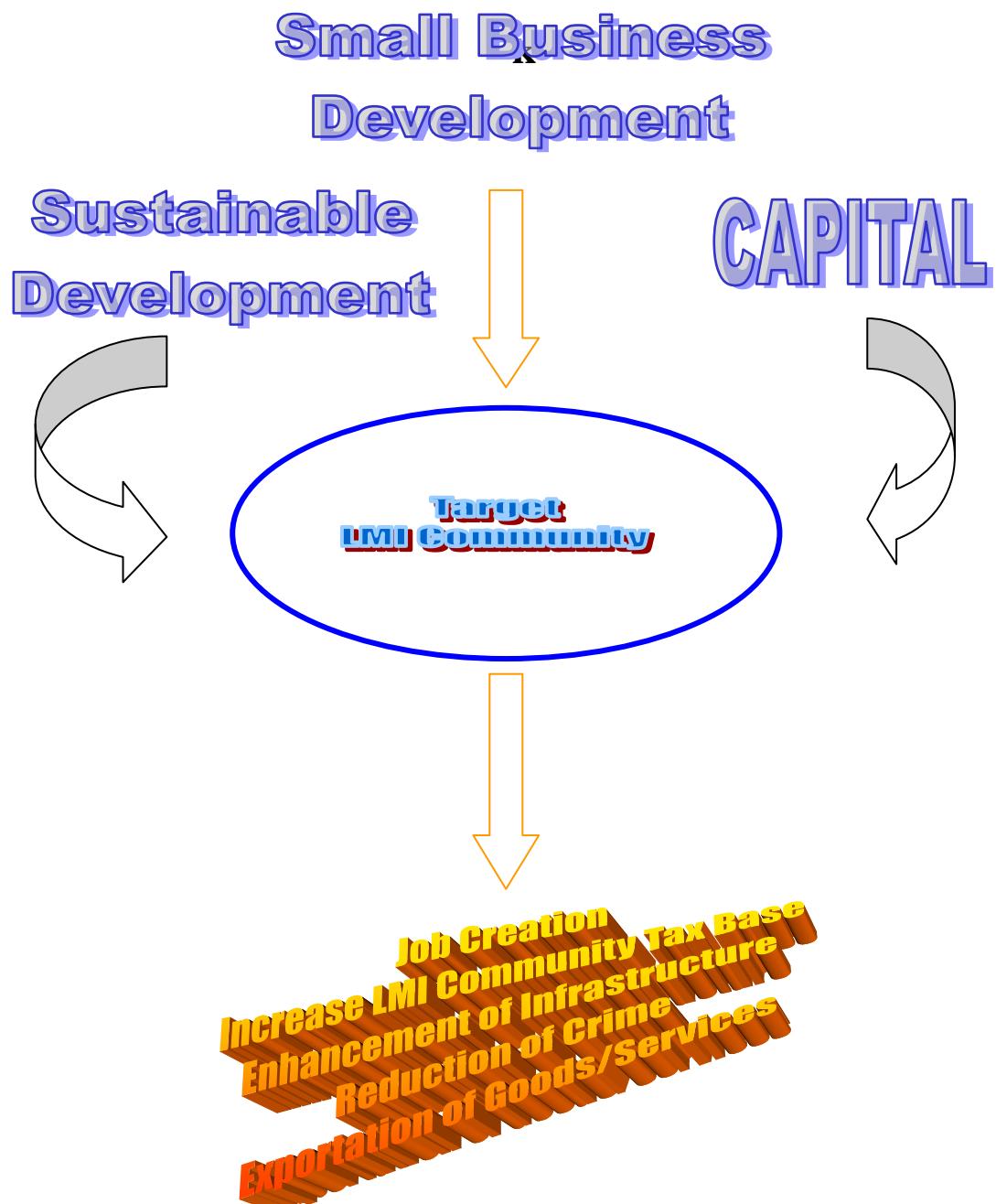
Home Ownership Counseling Program

*A Model To Assist Your Organization Develop
A Home Ownership Program*

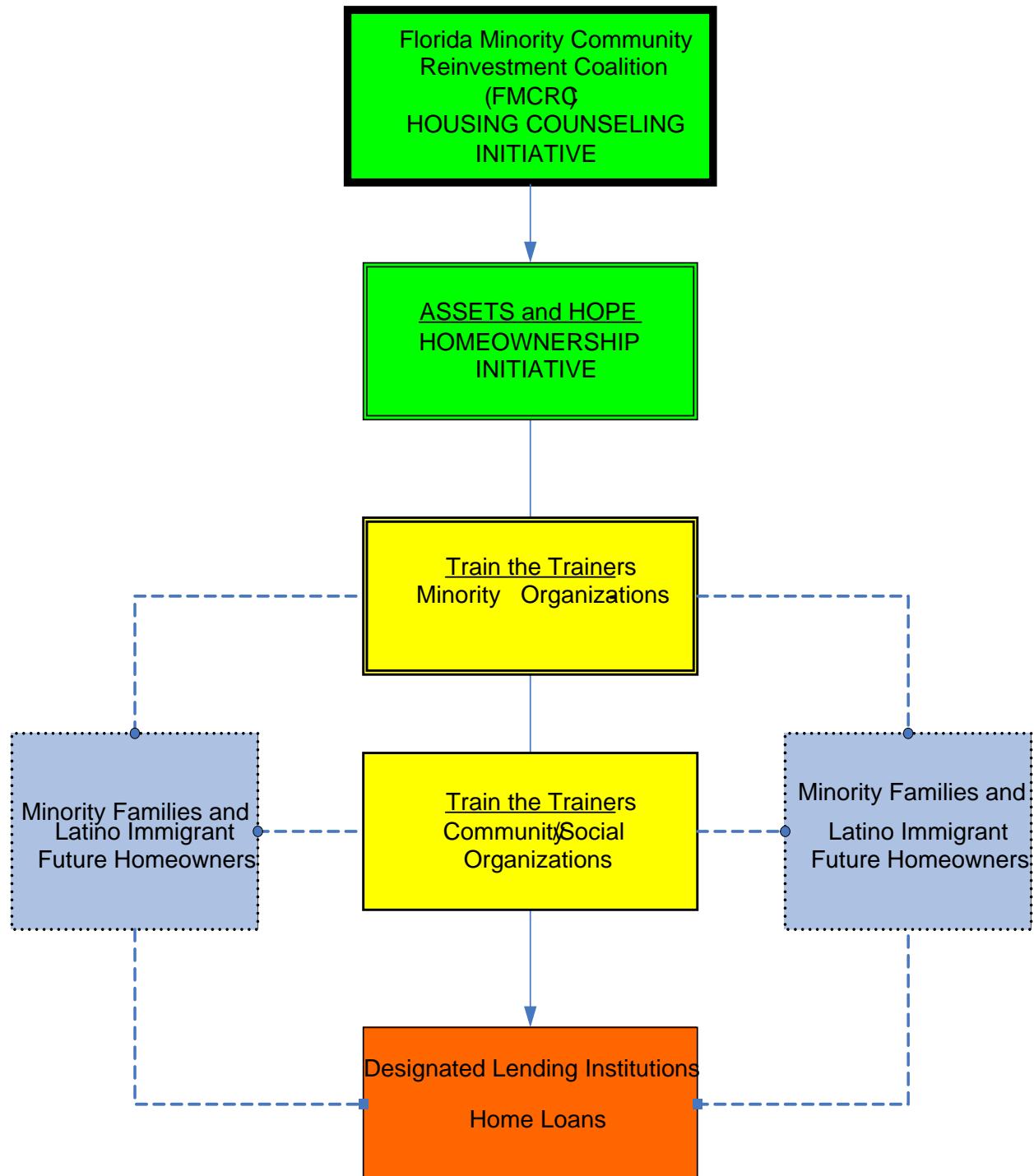
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Community Economic Development For Profit *Holistic* Approach



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Need: *More than half of Minority home buyers report that one of their chief barriers to homeownership is finding a trustworthy adviser who can guide them through the home buying process*, according to a study released at the National Association of Realtors(R)' annual Conference & Expo.

Conducted by the Tomas Rivera Policy Institute of the University of Southern California, the survey of 1,400 Mexican Americans in Atlanta, Houston and Los Angeles showed that at least 1.5 million Latino households will buy homes by 2010. But the report indicated that the housing industry could help another 700,000 families become homeowners by providing minority renters with bilingual outreach, counseling and access to innovative mortgage products.

Though homeownership is always one of the highest goals among most immigrant families, the survey showed that the lack of trusted sources of information is a key barrier to homeownership facing Minority families. Other obstacles include unfamiliarity with the mortgage process, saving for a down payment, and finding a trustworthy adviser.

Despite the minority community's rapid growth, the report warns that Minority homebuyers face several special hurdles to home buying, especially getting accurate information about qualifying for a mortgage and buying a house. Specifically, the chief difficulties anticipated by respondents who plan to buy within the next five years were a lack of familiarity with the mortgage process (64 percent), saving for a down payment (53 percent) and finding a trustworthy advisor (53 percent).

This model has been designed to bring education and awareness to organizations about the services that are needed in today's minority market. The **ASSETS and HOPE** initiative will help to meet the need for minority and Latino immigrants to have "trusted sources" for their Housing counseling needs. People from many minority cultures believe that the only place they can get trusted information is from the source they trust most; their local faith-based organization (Church) or their local minority-run organization, where they feel that because they will be able to communicate in their own language they will get the right guidance, mentoring, support, and honest answers they need to become "well informed" homebuyers.

"Homeownership is often considered the first step to wealth creation for a family," said Dr. Harry Pachon, president of the Tomas Rivera Policy Institute. "The minority community in the United States is projected to increase at record levels over the next few decades. It is essential that policymakers, real estate professionals, community groups, and business leaders find new and innovative ways to reach this market and help bridge the home buying information gap."

The report's findings are timely because of the minority community's explosive growth and strong desire for homeownership. An example of this is, based on current projections, the Latino community is expected to account for 31 percent of the nation's household growth between 2000 and 2010, making it the fastest growing minority group. At the same time, the new report says 84 percent of Latino renters "strongly" desire to buy a home and 55 percent plan on buying in the next five years.

Housing Counseling is much more than it used to be. Many areas are ignored or not seen as "client needs" because the client is facing a situation that has nothing to do with the immediate purchase of a home or the imminent loss of one. The purpose of this information is to teach minority run community, and faith-based organizations in a "train the trainer" format so that they too can serve their clients in areas other than buying a home or preventing the loss of one.

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Federal support for public housing developments and affordable housing initiatives are in jeopardy; low-income families and individuals in subsidized, private housing developments are at risk of being displaced. Moreover, young minority families with children cannot afford a home of their own; senior citizens are at risk of losing their long-held homes, Latino immigrants with ITIN's do not qualify for federal/government down payment assistance programs, and federal housing grants are shrinking at a rapid pace.

Conversely, housing choices are becoming more complex. On one hand, you have private developers buying up land and HUD homes which, in turn are not sold in an "affordable housing" price bracket, and on the other hand you have Federal assistance programs losing ground.

Taking Charge of the Changes

So what will we do? How will we continue serving the underserved minority communities throughout Florida? Given the changes in new federal policy, the answer is clearly NOT to rely more on federal subsidies and grants. The answers lie in the services provided at the local level by local minority run community, and faith-based organizations.

Organizations that are not open for "housing counseling business" will have to become proactive in their communities; take on the challenge of helping to empower and educate minority families and Latino immigrants. The very same families and individuals that used to call for assistance or questions once in a while, now call for more immediate and pressing issues than how to buy a home or how to save their home from foreclosure.

On the positive side is the fact that real estate financing is changing. There are new players, financing tools, underwriting guidelines and methods, and new loan performance data. Just as the real estate and lending fields are changing, so too are our communities as our Minority and Latino immigrant population expands. The need for organizations to take on the role of Housing Counselors and Homebuyer Education providers is on the rise, and those that are already performing these services must take a hard look at the services they provide and ask themselves some serious and often-times hard questions.

In order to effectively help Minority families and Latino immigrants meet their housing needs, housing counseling agencies, faith-based organizations, and public and private sector businesses must keep up with the latest developments in affordable housing, and specifically, housing counseling.

INFORMATION: In Florida's multicultural landscape, new and rural Latino immigrants are relatively invisible. Moreover, public and private institutions in the state harbor stereotypes that restrict these immigrants' ability to create collective identities and assume a place at the "multicultural table." Whether they are dealing with sprawling, car-dominated suburbs or isolated, impoverished rural fields, new Latino immigrants have to contend with many issues; one of which is the in-ability to "wealth build" because of the lack of "legal" status in Florida.

The most serious hurdle facing these Latino immigrant communities in Florida is the lack of a "**traditional**" Social Security Number. Because their legal status has not been determined, they are assigned an **Individual Tax Identification Number (ITIN)**. This ITIN allows immigrants to pay federal income tax on income they earn in Florida. However, this ITIN closes doors for this viable working population in terms of homeownership that are otherwise open to immigrants with some form of legal status. Some of the barriers to homeownership for Latino immigrants are the lack of sufficient down payment/closing cost monies, homebuyer education taught in Spanish, and re-training in financial literacy, all of which makes homeownership possible. While those with legal status and/or traditional social security numbers can qualify for government programs, those with an ITIN that do dare to seek assistance cannot get this assistance through

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the standard down payment assistance and housing counseling programs that are available through local administering agencies.

It is estimated that there are 40 million Immigrants in the United States, and that one third of that number are Immigrants of Latin descent. It is also estimated that the number of immigrants will grow by 1.7 million a year.

HOUSING COUNSELING PROGRAM MODEL

STEP I

Counseling includes addressing employment issues, i.e. job placement, re-training in new career if needed, credit and debt resolution as well as financial literacy, and purchasing assistance. The organizations goal is to offer services to low-to-moderate income Latino families. The following segments combined, will require approximately 77 hours, on average, for all staff preparation, counseling, and administrative functions with follow-up meetings on an as needed basis per participant. Active “reading between the lines” by the counselor is key in this segment; particularly with the Latino culture; as part of the inbred dynamic is for families not to discuss, share, or otherwise state their problems to non-family members. It is here where the counselor can cultivate and establish a strong counselor-client relationship that will help the counselor in the guidance of the client.

Component -I) Income-Credit Management

- Identification of Short-term/Long-term Goals i.e. purchasing a home, starting a business
- Identification of Income/Sources
- Employment Needs, i.e. Job Placement, Re-Training, >Sustainable Income
- Credit Management & Debts - Problems/Solutions
- Financial Literacy – Money Management
- Create “Action Plan” for homeownership

In this segment, the counselor reviews credit reports with active participation by the participant. An analysis of debt and its effect on the affordability of a home is also reviewed. Identification of their individual short and long-term goals is key in implementing their plan.

Component -II) Financial Literacy

- Employment – History/Stability >Sustainability
- Income – Qualified/Verifiable/Self-Employed/SSN/ITIN
- Debt – Ratios/Affordability
- Credit – Trustworthy/Risk Factors Eliminated
- Financial Literacy – Savings/Checking –Debit Cards
- Loans/Assistance
- Homebuyer Education Classes

This segment requires the often-slow process of executing the “plan.” This includes debt reduction and credit repair. Time required will vary with the nature and size of the individual’s problems and financial resources. Participants will receive support throughout this process, which includes phone monitoring, meetings, and individual counseling or referrals as needed. When a participant has completed their “plan”, the participant will be registered to attend the Homebuyer Education Classes, which is the **fourth component** that will further prepare them for the purchasing process.

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Component -III) Home Purchase/Pride of Ownership

- Special Programs/Loans/Assistance
- Mortgages - Fixed/ARM/Rates/Fees
- Lenders/Brokers – Banks/Mortgage Companies
- Loan Products – FHA/VA/Conventional, A, B, C papers
- Real Estate – Buyers/Sellers/Transaction Agents
- Contracts – Making offers, Home inspections, Contingencies
- Closing – Understanding settlement statements, Closing costs
- Financial Literacy – Acquiring “new” Bills and Paying them.

Once the status of “qualified” is achieved, participants may choose to wait on the purchase of a home. For many, the success of becoming financially literate and fixing their credit may be their ultimate goal.

Those participants who do purchase will be encouraged, and supported via the **Foreclosure Intervention** program that will promote their “pride in homeownership” while allowing them the necessary time to become adjusted to being “new” homeowners. A **Counseling Plan/Log** will be put in the file for demographic purposes and to serve as an accomplishment-measuring tool. The support and monitoring will actively continue for a two-year period.

HOMEBUYER EDUCATION CLASSES

STEP II

The **Homebuyer Education Classes** are the **fourth component**; the classes are primarily geared to assist the underserved minority communities (the classes should also be available in English as needed). There will be no cost to the attendees for the classes. A light lunch should also be served to attendees free of charge. **All class components, materials, and curriculum will be in Spanish.**

Component -IV) Class Schedule/Duration

The Organization will hold classes on a once-a-month basis for residents. Class dates will be determined and scheduled by the Organization. The classes will always be on a Saturday, and the hours for classes will be. 9:00 a.m. to 4:30 p.m. Attendees will be given a **Certificate of Completion** at the end of the class. This certificate allows those who can get government assistance meet the requirement of the down payment assistance programs.

Guest Speakers

From time to time, the Organization will invite guest speakers to participate on a volunteer basis in the various components of the class. These guest speakers will be or Bi-lingual so that they too can provide information in Spanish to the attendees.

The guest speakers may include but are not limited to: Lenders, Realtors, Home Inspectors
Insurance Agents, Property Appraisers
County Staff/Down Payment Assistance

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There will be the following requirements for guest speakers wishing to participate in the classes:

- Guest speakers will be on a **rotation basis**, thus allowing for new and fresh perspectives from speaker to attendees from month to month.
- Guest speakers will only speak on their area of expertise in **General Terms**.
- Guest speakers may **not** in any way, imply, promise, or guarantee any service(s).
- There will be **no** solicitation of business from guest speakers to attendees.

Class Topics/Curriculum

The participants will be required to attend the **Homebuyer Education Classes** when a counselor finds that they have reached the status of “Qualified.” The counselor will then register the participants for the class immediately following his/her findings. The classes are designed to re-enforce what participants are learning through their individual one-on-one counseling in the **Housing Counseling** program.

The class curriculum will include but is not limited to the following topics:

- Individual Tax Identification Number – Is it good for anything?
- Buying vs. Renting – Are you ready?
- Credit – Are you Financially Fit?
- Selecting the Right Home for your Family – What to look at/for.
- Knowing the Difference – Real Estate/Sellers, Listing, Buyers Agents.
- Qualified or Approved – Which are You?
- MIP, PMI, ARM, LTV – Know the Lingo.
- Ready, Set, Go! – Shopping for your Loan.
- Settlement Statements – Where is your Money?
- Foreclosure – Stop it before it Starts!

FORECLOSURE INTERVENTION PROGRAM

STEP III

The Organization will provide individual, post-purchase counseling, to participants who successfully complete their homeownership “plan”, and purchase a home. This counseling service is being carried out to insure the continued success of each new homeowner and assure mortgage lenders as well as any government organization offering a guaranteed loan that said loans to your Organization’s participants are lower risk than those of the population at large due to a continuing support system of monitoring, education, and intervention.

The following services will require approximately 61 hours, on average, for all staff preparation, counseling, and administrative functions with follow-up meetings on an as needed basis per participant.

Program Goal: Foreclosure Intervention

- Monitor and provide counseling services and/or assistance to participants who have successfully purchased a home. While the active monitoring period will be for a two-year period following the purchase of the home, assistance and intervention will be available indefinitely.
- Identify financial problems early enough to effect a preventative response.
- Address employment issues, i.e. job placement, re-training in new career if needed.
- Provide the availability of individual counselors for in-office and/or telephone counseling.

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- To provide participants with options to foreclosure (as necessary and where possible), and information regarding the long-term results of each option on their future financial and credit situation.
- Provide intervention, if and as necessary with a lender on behalf of the participant to result in a work-out plan involving forbearance, repayment, and/or restructuring of the loan.

Counseling Continuum

Bi-Monthly Meetings: Participants will be invited and encouraged via mail/phone to participate in bi-monthly meetings, where homeowners can exchange information, ideas, and share lived experiences that will further act as a support system to first-time homebuyers. Such meetings will be facilitated and monitored by a counselor who will assist in putting information into perspective.

Bi-Annual Workshops: Participants will be invited and encouraged via mail/phone to participate in bi-annual workshops. The workshops may include but are not limited to such things as: basic home repair/maintenance, predatory lending practices, and any other workshops that are deemed appropriate for first-time homeowners. These workshops are to be facilitated by a counselor but occasionally and whenever possible guest speakers will be the presenter of the class/topic being taught. Also whenever feasible these workshops will be designed to engage homeowners to actively participate in a hands-on capacity.

Phone Intervention

Direct contact will be established for each participant resulting in a phone call from a staff member. The frequency of contact will be established and based on risk factors that may have been brought forth through the bi-monthly meetings and/or by the participant actively seeking our assistance via phone or mail. This will further help to reduce the risk of a foreclosure due to such things as job loss, illness, debt ratio, and level of assistance; a subjective decision made by staff regarding the risk based on previous knowledge of the participant and their special circumstances, **i.e.** a participant who expresses concern regarding the loss of employment at the bi-monthly meeting. The contact will attempt to keep the lines of communication open, allowing the participant to seek assistance or advice in a casual manner.

Intervention Counseling

As needed, the Organization will make available qualified counselors to offer assistance and/or intervention toward the goal of preventing a foreclosure action and saving the participants home. It is the goal of the program to recognize and eliminate serious problems through a system of course adjustments and continued recognition of debt management. However, unpreventable problems may arise as a result of job loss or disability.

These more serious problems are also addressed as part of the **Foreclosure Intervention** program. Intervention may be necessary on behalf of the participant with a lender to affect a workout plan or other solution intended to resolve the crisis as quickly as possible.

Assistance Continuum

The monitoring of participants will end two years from the date of purchase. However, advice, assistance, and financial counseling for any financial problem that threatens ownership of the participant's home will always be available upon request by the Organization's participant. A **Counseling Action Plan** will be put in the file for demographic purposes and to serve as an accomplishment-measuring tool.

This **Foreclosure Intervention** program is designed to insure continued success of these new minority homeowners and provide them with a two-year support system as a foundation upon which to build a successful future.

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Organization's Mission and Description: The Florida Minority Community Reinvestment Coalition (FMCRC), a nonprofit 501 (c) (3) organization was founded in 2003 in partnership with the Greenlining of California. Our mission is to empower low-income and minority communities by attracting investments for health, education, homeownership, employment, and minority entrepreneurship using a holistic advocacy approach. Our core strategy is to identify market-based growth opportunities in minority communities through research, education, policy development/advocacy and programs that will lead to a paradigm shift in the approach of inner-city community economic development for minority communities of Florida. FMCRC advocates utilization of the For-Profit model in building self-sustainability within both minority communities and organizations. The For-Profit model builds is centered on asset acquisition for both minority families and organizations.

FMCRC is an organization dedicated towards improving the quality of life for low-income and minority communities in Florida. Understanding that our communities are often unheard in major policy debates, FMCRC works to ensure that the needs of these communities are addressed proactively and positively in major policy discussions. Together with our diverse [coalition](#), we actively represent these interests with major corporations, educational institutions, special interest associations, and government officials.

FMCRC's view of advocacy and public-policy is that the above programs are all interrelated and should be dealt with through a comprehensive approach. Among the tools that FMCRC will use to achieve its mission are leadership development, community organizing, research, policy-analysis, litigation, negotiation, media relations, traditional civil-rights tactics and education. In essence, FMCRC is an advocacy oriented think-tank that organizes, educates and encourages equitable public-policies for low-income and minority communities of Florida. The ultimate goal of FMCRC is to increase low-income and minority participation in policy-making that results in equitable policies that will improve the quality of life for all minority communities in Florida. FMCRC's strategy revolves around 6 central programs and projects:

1. Leadership Development & Education
2. Community Reinvestment
3. Sustainable Development within minority communities
4. Health
5. Consumer protection
6. Financial/Home ownership literacy education for minority families