

Allied Drive Home Buyer Education and Readiness Program

Details

The Allied Drive Home Buyer Education and Readiness Program will start with recruitment in April of 2012 and will conclude with a graduation of mortgage-ready home buyers in May of 2013. We will use industry standard home buyer education materials and curriculum; utilize content experts and partners; and make use of existing programs, where possible.

We have developed this program based on a WHEDA home buyer readiness program developed by Rita McCann-Walker and have enhanced it with input from many sources including, but not limited to, Angie Grim, Habitat for Humanity, Tom Conrad, City of Madison Section 8 Program, Bill Druliner, GreenPath Debt Solutions, Deb Neubauer, Financial Education Center, Marianne Morton, Common Wealth Development, Pastor David Smith, formerly of the Harambee Center, Karen Wells, WWBIC, Kate Sullivan, Dane County Housing Authority, Susan Day, AnchorBank, Terri Goldbin, City of Madison, several affordable housing lenders and others.

Recruitment: April 2012

- City is lead
- Introduce Mosaic Ridge and Home Buyer Education and Readiness Programs
- Set clear expectations –completing the Home Buyer Education or Readiness programs is NOT a guarantee that a participant will build or buy a house.
- Recruit potential home buyers (goal 40 interested and potentially viable households)
- If there is Wi-Fi access, we can set up appointments at the recruitment meeting or applicants can make appointments at a later date. Alternatively, we could have a signup sheet for those interested and initiate contact for the reviews from the GP office.
- Multiple sessions may be needed to reach the number of participants desired

Reviews: April 2012

- One-on-One credit and budget reviews take place
 - If the City can provide private space for counseling sessions, we could offer these counseling sessions on or near Allied Drive
 - Applicants meet with a counselor at the GreenPath Madison Center 802 W. Broadway #202 for a 60 minute appointment. There will be a list of documents needed.
- We will request that applicants provide the following:
 - Last month's paystubs or other proof of income for all in family
 - Rental history for 2011
 - 2011 tax returns and W-2s
 - Section 8 HAP estimate
- Counselors will pull credit reports, with the applicants' permission
- Written permission will be obtained to share information with the Screening committee
- Counselors will conduct standard GreenPath credit and budget review session with special emphasis on home ownership readiness

Counselors will fill out the Screening Tool (attached) for each applicant **Screening:** May 2012 (depending on recruitment success):

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- Director, with a group of affordable housing experts including City lending partner and possibly a WHEDA and/or a Habitat for Humanity representative, will review client files which will include the client's budget, credit report, proof of income, rental history and completed screening tool.
- Based on the above and the screening criteria developed by affordable lending group (attached) , the group will place each applicant into the following categories:
 - **Home Buyer Education and Counseling** - these families are mortgage ready individuals and will be referred to existing Home Buyer Education program provided by The Housing Center, a joint project of GreenPath and Project Home. **Home Buyer Readiness program** - These families need approximately 12 month mortgage readiness preparation. **Proposal anticipates 20 households.**
 - **Habitat for Humanity** – These families might qualify for Habitat for Humanity program but not **standard mortgages based on low** credit scores, low income but **<=15% DTI ratio**. *Confirm the DTI for Habitat Referred to Habitat for Humanity of Dane County.*
 - **Other programs** - Those who need a longer period of time or may never be eligible: referred to community agencies including GreenPath and Financial Education Center. A full list of referral agencies to which applicants can be referred will be developed by the Readiness Team

Notification of Status: May 2012

- All applicants will be informed by telephone of their status. Follow up appointments will be available for those who do not qualify for the program. Follow up letters with referrals will also be sent

Home Buyer Readiness Program: June 2012 through May 2013

- **Monthly education classes** for 12 months utilizing the NeighborWorks America “Realizing the American Dream” manual and curriculum. GreenPath will coordinate speakers and present content as will Financial Education Center and content experts. Classes will take place in the meeting room of Revival Ridge.
 - Initial focus will be on building and repairing credit, budgeting and savings, debt to income ratios, affordability
 - Remaining months will focus on WHEDA and HUD housing counseling requirements and project-specific issues:
 - Down Payment Assistance Programs
 - Options for building their home; working with a builder
 - Working with a REALTOR
 - Mortgage loan application process and forms
 - Home inspection
 - Closing process, costs
 - Other depending on project-specific issues

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- There will be monthly homework and reading assignments to keep participants engaged

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- **Coaching** (FEC's CHANGE program)
 - Coaches are volunteers, recruited and trained through the FEC's CHANGE program.
 - We may request help from the City and others to recruit mentors from the Allied Drive and surrounding area.
 - Volunteers will be recruited in April/May, trained in June and start coaching in July
 - Coaches do not give advice but offer support/motivation and accountability to participants
 - Each participant identifies one or two simple, specific and attainable goals and coach helps them stay on track
 - Number of meetings and preferred communication methods are determined by participant and coach. We would request at LEAST monthly but preferably weekly or biweekly contact.
 - By participating in FEC's CHANGE, potential home buyers will also be able to attend monthly meetings at FEC, in addition to our regular monthly education program.
- **Quarterly Credit Reviews** with GreenPath counselor to confirm that participants are on-track for successful completion of program or, at the very least, making progress.

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- **Individual Development Account (IDA)** (details attached): This resource MAY be available but requires funding not currently available. This program would be administered by WWBIC. It is hoped that the City or its lending partner might be willing to participate with matching grants of approximately \$600 per graduate. Costs TBA

| IDA COSTS | | |
|--|-------|----------------|
| <u>Savings goal per graduate</u> | | \$1,800 |
| Graduate portion | \$600 | |
| Lender/City portion | \$600 | |
| WWBIC/Federal Match | \$600 | |
| <u>Expected # of graduates</u> | | 10 |
| <u>1/3 private funding needed</u> | | \$6,000 |
| <u>Administration costs</u> | | unknown |

Post-purchase education and support is needed but is outside of the scope of this proposal