Housing Counseling Centers

In a Nutshell

First-time homeowners should understand the benefits and responsibilities of homeownership. Understanding budgeting and credit will lead to better-informed decisions about spending and borrowing. When trying to finance a home, homebuyers should be aware of high-risk loans and how the loan process works. Also knowing the right type of loan for your situation will lead you to make better borrowing choices.

The "How To"

Agencies and organizations should be trained to help residents make better-informed decisions about homeownership. Agencies should receive housing counseling training and become certified. Residents should enroll in a HUD approved homeowners course or certified homeowner program to help them make responsible choices about future homeownership. When taking out a loan for a home, homeowners should be aware of predatory lending, high-risk loans, and where their interest rates should be.

HUD Housing Counseling Program (HCS) provides training and funding to qualified organizations to support housing counseling activities. Congress appropriates HCS funds to HUD. Funds are then distributed to HCS organizations on a competitive grant process. Eligible applicants include grassroots, faith-based organizations, community-based organizations, nonprofits, or public housing authorities. Local county, city and state governments may participate but need not apply. Find HUD approved counseling centers here. Counseling agencies will comply with the Fair Housing Act and Civil Rights Act. Organizations who participate in the HCS must follow a few basic requirements:

Counseling must be offered and available to current and potential homeowners or tenants.

Counseling services may take place in an alternative location such as a client's home, a mutually acceptable location, or in an office. HCS should remain consistent with the agency's work plans. Counseling services should only be available in a limited geographic range that is approved in the work plan. HCS must abide by Civil Rights laws and Fair Housing laws. Beyond Housing offers HUD certified housing counseling, online training, and classroom training.

Pre-purchase/Home Buying

When thinking about homeownership, one must think about sources of mortgage credit, down payments, and federal and state assistance. Before purchasing a house is the time to learn how to management money. Classes are available for homeownership. For example, Clearpoint Credit Counseling Solutions offers 8 hour home buying courses.

Resolving or Preventing Mortgage Delinquency or Default

Information is available for budgeting and credit, consequences of default and foreclosure, restructuring debt, predatory lending, and more about finances.

Non-Delinquency Post-Purchase, including Improving Mortgage Terms and Home Improvement

Home management financial is available on the following topics, escrow funds, budgeting, refinancing, home equity, home improvements, utility costs, and energy efficiency. The OneSTL Universal Design tool can aid with home improvement upgrades. Other OneSTL tools that have additional information include the Home Improvement Guide and Home Improvement Loan Program. Clear Point Credit Counseling Solutions offers post-counseling services

Locating, Securing, or Maintaining Residence in Rental Housing

HUD provides rental and rent subsidy programs such as Section 8/Fair Housing Choice vouchers. State or local governments can provide other rental housing help. Beyond Housing's Service-Enriched Rental Housing Program connects rental families with services to support their needs within their neighborhood. The Service-Enriched Rental Housing Program provides opportunities for a variety of services such as parenting classes, summer camps, educational support, employment counseling and vocational assistance, and more.

Reverse Mortgage

A reverse mortgage is a mortgage product that pays a homeowner, loan proceeds drawn from accumulated home equity and that requires no repayment until a future time. Justine Peterson provides reverse mortgage counseling. You can also use the National Reverse Mortgage Lenders Association calculator to find out how much you will gain from a reverse mortgage.

Homeless Assistance

Homeless assistance can include resources for homeless shelters, emergency services, and transitional housing. The Catholic Charities Housing Resource Center offers housing counseling services that can prevent homelessness and can assist with current homeless populations.

Planning & Zoning

The National Industry Standard for Homeownership Education and Counseling believes in industry standards for homeownership counseling. High quality standards for practitioners, counselors and educators produce better understanding and success for homebuyers. The Code of Ethics and Conduct for Homeownership Professionals and application form are two standard documents that many Saint Louis region housing counselors have pledged to follow. The National Industry Standard for Homeownership Education and

Counseling Guide focuses on a six core features:

1. Competency-strong knowledge of homebuying process, money management and credit
2. Skills-communication and listening skills, adult education and facilitation skills
3. Training-minimum number of hours of training and certification
4. Operation knowledge-programs, fundraising, and marketing
5. Code of ethics and conduct-practitioners must sign and abide by
6. Performance standards-for delivery, curriculum, recordkeeping and reporting.

Additional features include:

- Assessing Homeownership Readiness -People should understand the benefits and responsibilities of homeownership. They should be able to calculate housing costs and their ability to pay for housing.
- Budgeting and Credit-Financial literacy helps people set financial goals and to understand their expenses over an extended time. Also, people should understand the importance of good credit and the implications of bad credit. They should know what a credit score is and how to achieve better credit score ratings.
- Financing a Home-Most people need to take out a loan when purchasing a home. People interested in purchasing a home should understand what a mortgage loan is, sources for mortgage loans, and steps in the lending process. Financial literacy can reduce the chance of predatory loans.
- Shopping for a Home-Shopping for a home includes knowing what type of house will fit your needs to the type of neighborhood will fit you and your family. While visiting homes, a first-time homebuyer needs to understand the importance of a professional home inspection and understand what professionals involved are saying. Escrow and the closing processes are important as well.
- Maintaining a Home and Finances-There are many costs associated with homeownership including taxes, insurance, maintenance, and repairs. New homebuyers need to know how to work with contractors and their insurance. Preventive maintenance can help reduce the long-term costs of owning a home.

Dollars & Cents

Prices for training credit counseling, and courses may vary by organization.

Fannie Mae

Make your home more affordable by using one of Fannie Mae's Making Home Affordable Programs. Fannie Mae's Home Affordable Refinance Program (HARP) helps homeowners refinance their mortgage. HARP can help change a policy to a fixed-rate, lower your monthly payment, and reduce your interest rate. The Fannie Mae Home Affordable Modification Program (HAMP) helps modify an existing loan to make monthly mortgage payments lower than 31% of a homeowner's gross (pre-tax) monthly income. HAMP could resolve a mortgage delinquency status with a homeowner's mortgage company.

Down Payment Assistance

Residents in the Saint Louis area can take advantage of assistance with their first down payment on the home. The 1st HOME Downpayment Loan provides 0% interest down payment loans to income-eligible homebuyers. Better Family Life's Down Payment Assistance Program offers education and coaching opportunities for financial and home ownership. Better Family Life offers up to $3,000 for down payment and closing costs. Better Family Life also offers a First-Time Homebuyer Program an da West End Home Repair Program (for

the 26th Ward). Community Action Agency of St. Louis County, Inc. also offers home downpayment assistance. Beyond Housing serves as an excellent resource, as well.

Measuring Success

In May of 2013, HUD concluded that housing counseling helps families prepare for homeownership and keeps families in their homes. Pre-purchase counseling and foreclosure counseling were effective. The Pre-purchase Counseling Study concluded that 35% of the study participants of 573 individuals had become homeowners 18 months after seeking pre-purchase counseling. The Foreclosure Counseling Study followed up with 824 people, 18 months after completing foreclosure counseling. This study found that about 75% of homeowners who have fallen behind on payments were able to obtain a remedy, retain their home, and became current on their mortgage.

Beyond tracking the numbers of those who receive counseling and certificates of completion from housing programs, measurements may include residential measurements and community measurements. Residential measurements will show how effective housing counselors and programs are. If not effective, revisit the program to find reasons why and adjust the program if possible. Reasons may be the duration of time one spends in the program or the contact between the counselor and participant after the program has ended.

Residential Measurements

- How many people found a home because of the program?
- How many people have stayed in their homes for the past 3 years?
- How many residents have had their homes foreclosed upon?
- How many residents' properties are delinquent?

Community Measurements

- Has the community seen an increase in property values?
- Have any businesses, services, or amenities moved into the neighborhood or increased in services?
- What is the amount of vacant properties?
- What are reasons for vacant properties?
- Are home repairs being neglected or are homes consistently in good condition?

Discover More

Neighborhood Stabilization Programs

Neighborhood Stabilization Programs help communities rehabilitate and resell foreclosed and abandoned homes to stabilize neighborhoods. The Neighborhood Stabilization Program offers properties for sale. All houses for sale in the NSP require housing counseling prior to the purchase. The NSP sets income limits such as 50% & 120% of HUD Area Median Income. The NSP even offers down payment assistance.

Renters Rights

Legal Services of Eastern Missouri's You and Your Landlord: A St. Louis Area Guide To Tenant Responsibilities and Rights discusses tenants' rights and responsibilities when signing a lease to an apartment or house. General tenant, general landlord duties, and agreements and conflicts can be found in this document.

Legal issues are also addressed, such as condemnation, lead poisoning, sale of the property, and landlord abandonment. The You and Your Landlord document gives helpful suggestions such as before signing a lease, read the lease and understand the landlord responsibilities and what is required of the tenant. Make sure to write down any changes made to the lease agreement. Take photos of rooms before move-in and after move-out. Know the responsibility of repair costs and deduct costs.

Some key points when moving out include:

- Take photos of all rooms and the outside of the unit
- Schedule a walk-thru inspection with the landlord
- Transfer all utilities out of your name
- Security Deposit return and issues that may arise with damages

Case Studies

Youth Education and Health in Soulard Partnership with Habitat for Humanity

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Description

In March of 2012 YEHS HUD Counseling Financial Coaching services and Habitat for Humanity collaborated to address the issue of a shortage of qualified applicants for Habitat homes. The barrier to qualifying for the program was due primarily to credit issues. YEHS agreed to provide credit counseling free of charge for Habitat clients that had been denied. Habitat sent letters to a select group inviting them to attend a financial literacy workshop and signed-up for one of on counseling to help them become mortgage ready. Three workshops were held with 19 attendees.

Ten families signed up for the program. Six families met their financial goals. One family is now working on building their home with a September 2013 closing dates. Some families are still in counseling. Some were satisfied with an increased credit score and others are currently working with Habitat.

Lessons Learned

With financial coaching, consumers can reach financial goals. With specific goals such as a house consumers are motivated and inspired to achieve.