



# **Homebuyer Education: Individualized financial education for a major life purchase**

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**THE OHIO STATE UNIVERSITY**

EXTENSION



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# Key Takeaways



# 1

Explore the effectiveness of **financial education at the point of key life events** like a home purchase.

# 2

Understand how **effective partnerships** provide access to clients for effective education.

# 3

Learn how to create a **structure that supports just in time educational encounters** for persons preparing to purchase a home.

# Financial Education at Key Life Points

Launching from family home

Coupling

Higher Education or Training

Job Change

Move

Divorce

Family Additions

Retirement

Medical Event .....



# Housing Education

Rent/Tenancy

Home Purchase

Foreclosure

Home Equity Loan

HELOC (home equity line of credit)

Refinancing

Today ... focus on first time homebuyer program



# Financial Education for First Time Homebuyers

## Credit

- Credit Scores

## Mortgage Process

## Savings

- Emergency Funds

## Foreclosure

## Post Purchase

- Maintenance
- Early Payments

## Spending Plan/Budget



# Effective partnerships ... provide access to clients for effective education

Federal Partners

Statewide Agencies

Local Organizations



# Effective partnerships

## Federal Partners



Consumer Financial  
Protection Bureau



State Agencies

Local Organizations



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# Effective partnerships

Federal Partners

Statewide Agencies



**Department of  
Agriculture**



Local Organizations

# Effective partnerships

Federal Partners

State Agencies

## Local Organizations



# Mutually Beneficial Partnerships

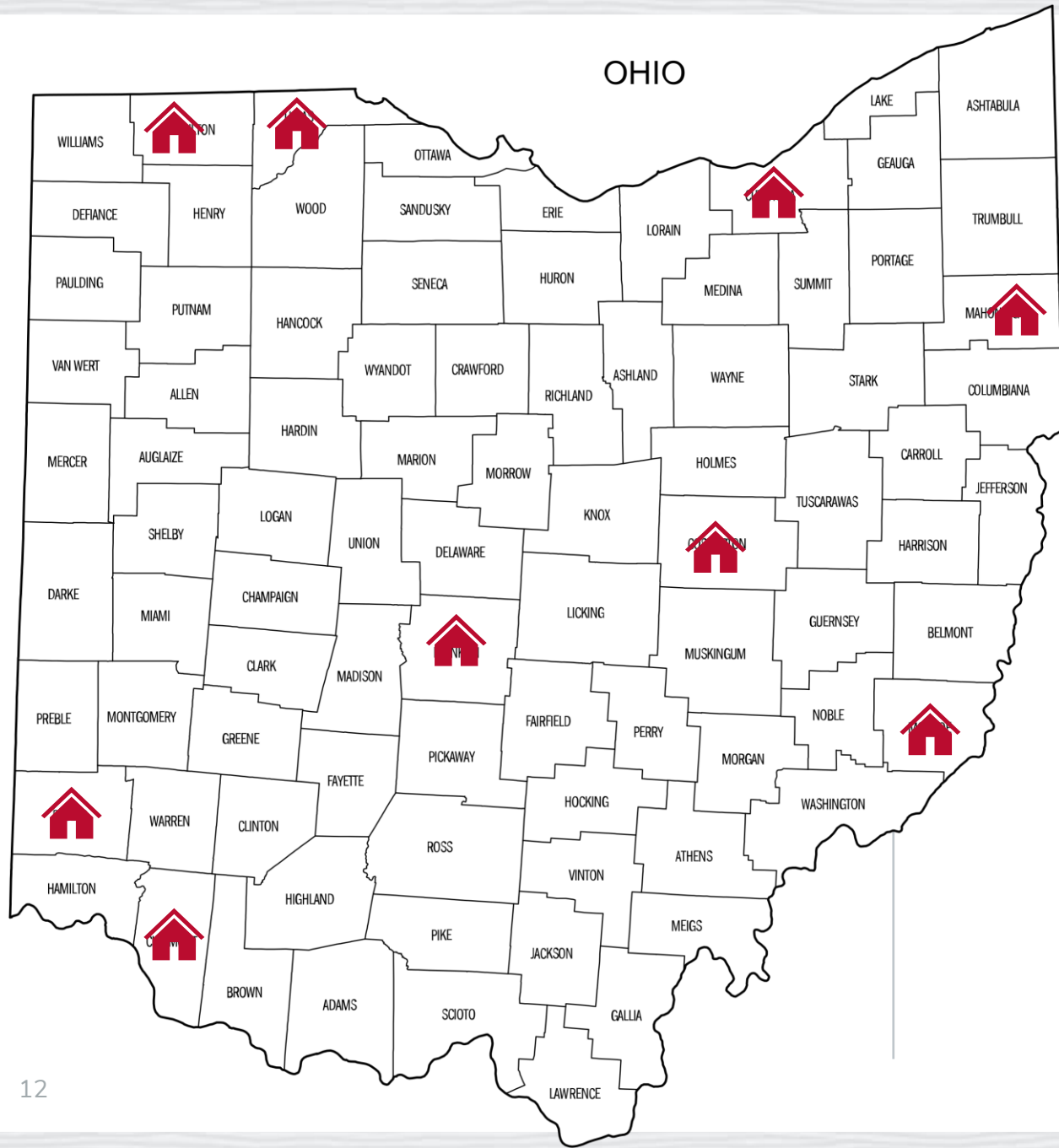
## Partners

- Have a referral system
- Know that their clients have the basic understanding of the transaction
- Rely on the credibility of the educational team
- Alleviate their staff from additional time coaching/training

## Homebuyer Education Team

- Direct work with clients facing a key life event
- Reduced recruitment efforts
- Higher impact outcomes





# Homebuyer Education Team

- Since 2010
- Family and Consumer Sciences and Community Development staff
- Team includes State Specialist, State finance specialist, 10 county educators
- 9 sites with HUD approved homebuyer educators
- Can serve anyone purchasing a home in Ohio

# Home Purchase and Education Process



# The Counseling Session (Phone call)

## What the counselor receives from the partner organization:

- Name (co-borrower)
- Address
- Mortgage Amount
- Interest Rate
- Credit Score
- Copy of monthly budget

## What the counselor asks when calling:

- Where are you in the purchase process?
- Who will be living in the home?
- Will this be your first time living independently?
- How is this housing situation different from where you have been living?

# Meet the Buckeye Family

## What we know:

- Name: Chris Buckeye
- Mortgage Amount: \$171,000
- Interest Rate: 7.125
- Review monthly budget
  - low dollar amounts listed
  - remaining budget balance

## Starting the phone call:



- The appraisal was just completed
- Two adults and one child living in home
- Right now, we rent an apartment, looking forward to a home and a back yard!

# Buckeye's Monthly Budget

## LOW DOLLAR AMOUNTS LISTED

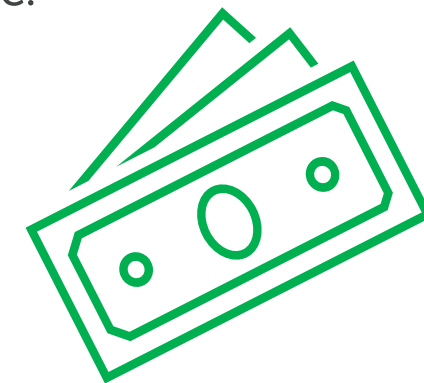
### Examples:

- Utilities
- Food – Groceries
- Food – Dining out/delivery
- Personal Care
- Entertainment
- **Discuss:** financial realities (dining out, streaming, vacations, hobbies, haircuts, products, nails, etc.)

## REMAINING BALANCE AT END MONTH

### Example: \$800

- **Ask:** is this realistic?
- **Discuss:** Goals, Investment, compound interest, debt reduction, savings, etc.





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**To personalize your financial plan,  
you need your own data. Invest the time  
now for a better payoff later.**

Manage Your Money, OSU Extension

”

# Personalized financial education

If ...	Then ...
✓ Low dollar attributions in budget (ie. Grocery, entertainment, personal care)	Discuss financial realities (dining out, streaming, vacations, hobbies, haircuts, products, nails, etc.)
✓ Remaining budget balance	Goals, Investment, compound interest, debt reduction, savings
First time budgeting or “mental” budget	Tracking, Counting Your Money Calendar, Spending Plans, Eight Easy Exercises
Multiple debts/loans	PowerPay, Avalanche and Snowball debt reduction
Adding a family member	Encourage time for discussion, sharing values, deciding allowances, adding budget items
Budget shortfall	Wants vs Needs, tracking accountability
No savings or emergency plan	Automate savings, 10% saving strategies
Maintenance planning	Short and long term maintenance funds for home
Later life transitions	Preparing for retirement, fixed income, Medicare threshold

# Completion:

## Follow up Email (“termination” email)

- All participants receive follow up email with:
  - certificate of completion
  - contact information for the housing counselor (local extension office)
  - resources (links) related to specific topics



# Email to Buckeye Family

Dear Buckeye Family,

Congratulations on completing your online homebuyers test and consultation. Attached is a copy of your certificate of completion. A copy has also been uploaded to your OHFA Account.

In our conversation I mentioned a budgeting tool called Eight Easy Exercises for Financial Fitness, I've attached it for you to look over. In addition, I mentioned the debt reduction website called Power Pay, it can be found at this site: <https://extension.usu.edu/powerpay/> You will need to make an account, but it is free and worth the effort to build a plan to reduce debt.

If you have any questions about budgeting or using these resources, please don't hesitate to contact me. I would appreciate it if you could please take a moment to let me know your satisfaction with the homebuyer call by filling out this brief survey: <https://go.osu.edu/FCHomeEval>

There is an Ohio State University Extension office in every county. Your local county might have information and programs of interest as you live in your new home. A list of county offices can be found here <https://extension.osu.edu/lao#county> .

If you have any other questions, you can find my contact information below. OSU Extension is here to help!

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# Let's chat ...

- What is your moment of impact?
- What are you doing to help them envision their future success?
- How are you helping meet needs with practical tools and resources?

# References

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**go.osu.edu/afcpehomebuyer**

- Power Point
- Resources
- References

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