Participants will:

- Explore post purchase relationship for the homeowner and for the affiliate
- Understand risk areas for each stakeholder relationship
- Gain experience through Q and A
- Share practices that work

2 Phases of Support

Pre-Purchase Support
- Sweat Equity
- Pre-purchase education
- Preparing for closing

Post-Purchase Support
- Continued practical education
- Assistance with delinquency
- Crisis referral
- Mortgage Payoff

Homeowner Support:

Pre-Purchase Support
- Sweat Equity
- Pre-purchase education
- Preparing for closing

Post-Purchase Support
- Continued practical education
- Assistance with delinquency
- Crisis referral
- Mortgage Payoff
HFH Myth:
When we build a house with a family, all their problems go away.

What are the realities of owning a home for the first time?

House is sold – relationship changes

HFH holds a mortgage to secure their asset, no more required meetings with homeowner.

Consider the risks this holds for each: the homeowner and the affiliate?

Where are they now?

• Homebuyer is now a Homeowner
  • Reality of homeownership has set in
• Education may be several months in the past
  • Home repair
  • Financial preparedness
• Children may have changed schools
  • Transition for parent and child
• Homeownership brings different challenges
  • Additional stress
New Relationship – risks to the homeowner

- Predatory lending – Pay-Day lenders; Car Title loans; Early Tax Refunds etc.
- Expenses increase – utilities for a home is generally more costly then an apartment
- Unkempt property – time consuming home maintenance, so not done
- Identity theft – mail solicitation with sufficient info can be stolen from mailbox
- Fear of not being successful

New Relationship – risks to the affiliate

Less control over the process

- Regular meetings with homeowner ceases – making it difficult to address issues immediately
- Asset deterioration – can bring property values in the neighborhood down; asset may no longer be valuable
- HOA leadership – affiliate must lead or hire management at the expense of the homeowners
- Lost money and time if homeowner is not successful
- Delinquency – loss of unrestricted funds; may reduce ability to serve more families

Proactively Combat Risks

Develop a Post-Purchase Support Program

Goals:

- Long-term homeowner/borrower success
- Maintain positive communication with the Homeowner
- Homeowner empowerment
Proactively Combat Risks cont’d

Develop a Post-Purchase Support Program Cont’d

• Market it throughout pre-purchase program
• Focus services/classes on the risks identified for your community
• Touch base with new homeowners about 3 to 4 months post closing
• Offer services/classes to entire community
• Engage community partners – faith-based organizations, schools, other nonprofits, public services etc.; build a community network

Examples of Post Purchase Classes / Programs

Protecting the Affiliate & Homeowner:

• Homeowner Financial Responsibilities
  ▪ Maintaining good credit, budgeting, staying on track
  ▪ Understanding escrow (e.g. insurance and taxes, surplus, shortage).
• Foreclosure prevention
• Good Neighbor Attributes
• Leadership Development
• Yard Beautification & Seasonal Upkeep
• Resume writing
• HOA support
• Others??

Examples of Post Purchase Classes / Programs cont’d

Ongoing Home Maintenance Support:

• Homeowner Support Hotline
  ▪ General guidance on Maintenance/Basic Repairs
  ▪ Warranty services
  ▪ Resource list for competent contractors
• Home Maintenance Classes
  ▪ Hands on classes focusing on common issues reported by current homeowners. E.g. Leaking faucets, frozen pipes, sheetrock repair, seasonal maintenance, deck building or repair, or other small projects.
• Homeowner Tool Library
• Other??
Examples of Post Purchase Classes / Programs cont’d

Appeal to all household members:

- Youth
  - College Planning Courses for children of Habitat homeowners
  - How to apply for college/university
  - How to seek funding for education,
  - Choosing a major and a career, or general guidance on preparing for freshman year.
- Money management for youth
- Cooking Classes

Senior Classes
- Elder Abuse – Seniors are vulnerable
  - Scams and red flags to identify them
  - Physical, emotional, and sexual abuse
  - Financial abuse, predatory lending, repair fraud, etc.
- Retirement planning
- Wills and Estate Planning

Examples of post Purchase Classes / Programs cont’d

Engage Donors and Community Groups

- Fire Safety – fire dept.
- Maintaining a safe & healthy home – EMS
- Student Scholarships – donor funded
  - CPR – local health care professionals
  - Finances for Teenagers – bank / credit union
  - Insurance – Insurance Broker
    - Wills and Estate Planning - attorney
    - Others??

Examples of Post Purchase Classes / Programs cont’d

Civic Engagement
- How to appeal taxes
- Voter registration
- Participate in local government

Community Involvement
- Homeowner led group at community events, festivals or fairs.
- Neighborhood yard sale
We build strength, stability and self-reliance through shelter.

**Homeowner Empowerment - Leadership Opportunities for Homeowners to become advocates for affordable homeownership.**

- Homeowner Advisory Committee
- Neighbor to Neighbor Program - Healthy Community – increase safety and health
- Advocacy/Speaking Engagements
  - Training on public speaking and advocacy
- Others?

**Examples of Post Purchase Classes / Programs cont’d**

**Relationship Building:**
- Habitat family reunion
- Concrete & Cocktails/Mocktails
- Family events
  - Game Night
  - Movie Night
- Encourage homeowners to take an active role in organizing or hosting these events

**How to Increase attendance for Classes / Programs**

Communicate with the homeowners
- Newsletters
- Post flyers or notices of upcoming events in the affiliates office or other location frequented by homeowners
- Talk to them about upcoming events in the office or on the worksite
- Post Upcoming classes or events on Facebook or other social media or neighborhood sites
- Others??

**Examples of Post Purchase Classes / Programs cont’d**
Delinquency

Definition of Delinquency

“Delinquency” is a period of time during which borrower & borrower’s mortgage loan obligation are delinquent

- Begins on date periodic payment sufficient to cover principal, interest, & escrow (if applicable) became due & unpaid, until such time as no periodic payment is due & unpaid
- Delinquency is not affected by any grace period servicer may offer before charging a late fee

Dealing with Delinquencies – Loss Mitigation

- Affiliate staff must be trained and aware of requirements – policy, laws etc.
- Homeowner and affiliate representative/servicer work together towards a solution to avoid foreclosure and mitigate an affiliate’s loss.

Loss Mitigation Options:
- Home retention options (ex. Forbearance, payment plans).
- Non-retention options (ex. Deed In Lieu, Sale).
Foreclosure/Bankruptcies

When all else fails...

- Foreclosure is permitted - HFHI policy 24
- We strongly recommend that the affiliate engage a local attorney that is experienced with bankruptcy and the foreclosure law and procedures of your respective state.
  - Must know your state laws.
  - Attorney should also review your policies and procedures prior to you needing them.
  - Bankruptcy attorneys have far more resources and options.
  - Consider alternatives to foreclosure when appropriate but be prepared to foreclose if necessary.

Controlling Delinquencies

- Begins with homeowner selection
  - Establish underwriting guidelines
  - Credit report must be reviewed by trained personnel
  - Only borrower/co-borrower income is used to determine affordable mortgage – NOT the household’s
- Comprehensive pre-purchase financial training, which should include:
  - Understanding credit scores
  - Setting financial goals
  - Importance of saving
  - Developing a budget
  - Rebuild or build credit - the importance of paying bills on time

Controlling Delinquencies cont’d

- Defined Servicing Practices
  - Board approved policies (required by US Policy 24) and procedures
  - Consistent application of servicing practices
  - Trained staff: have a succession plan for these roles
  - Prompt corrective action as per policy – send delinquency letter and follow-up with phone calls
  - Report to consumer reporting agencies
  - Monitor mortgage receivable / delinquency - create a monthly report that captures this data. Utilize data to refine current program.
Post Purchase Support

Helps homeowner to be successful
• Breaks the cycle of poverty
• Wealth generation
• Pride of ownership
• Community wide network
• Foreclosure avoidance
• Homeowner empowerment

What are you doing for post purchase support?

What is something you can take away from this presentation?

Contact Us
If you have questions or need additional information:
Affiliate Support Center
Monday to Friday 8:00am to 8:00pm
ussupportcenter@habitat.org
1-877-434-4435

Disclaimer: This material is for informational purposes only, I am not a lawyer, and this should not be considered legal advice. You should seek appropriate counsel to obtain advice for your own situation.