

Potential Opportunities Created by New HMDA Data

Many financial institutions are concerned less with class action suits than with the potential appearance of differential pricing by race, income or location. This reputation risk is exacerbated for lenders who provide more innovative loan products in underserved areas to riskier borrowers. Community development practitioners will have new opportunities to form partnerships with lenders to address issues of pricing higher-risk mortgages. An alliance with community-based organizations can help lenders to build trust in the community, as well as provide additional oversight into lending practices. Lenders may also be willing to commit to borrower counseling, assuming the counseling service can be delivered in a timely and cost-efficient manner.

One result of HMDA data could be an increasing emphasis on providing borrowers other options for accessing loans, particularly with more competitive fees. This might prove a powerful market niche for nonprofit mortgage broker models.

New HMDA data will shine a new light on credit access patterns in underserved communities. Analyzing these data provide new opportunities, while also re-affirming old challenges. To the extent community development groups can work with lenders to integrate appropriate lending and borrower education, both the industry and consumers potentially benefit. ■

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Endnote

¹ See www.stlouisfed.org/hmdaregcamendments/default.html

Financial Fitness Course for Educators Goes Online

NeighborWorks® America and State Farm® Insurance are launching the development of an online financial fitness course for educators to help keep pace with the growing demand for community-based financial literacy education.

The online courses will not immediately replace the classroom courses, but will give new trainees in the program a baseline knowledge required to succeed in the course. It will also allow certified educators to continually update and sharpen their skills with online courses devoted to new developments and some of the more complex trends in mortgage and other loans.

“The need for more accessible, personalized, financial literacy education and counseling has never been greater,” said NeighborWorks® America CEO Kenneth D. Wade.

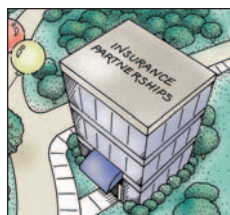
“This will help us keep pace with the growing demand at our National Training Institutes for more courses to certify financial literacy educators.”

“State Farm and NeighborWorks® America have a tremendous opportunity to meet the financial literacy needs of more people than ever before,” said Clayton Adams, State Farm Insurance vice president for community development. “Through standards-based financial education, State Farm will be able to help people to make informed financial decisions.”

The Web-based financial fitness course for educators is an outgrowth of the NeighborWorks® Center for Homeownership Education and Counseling. ■

Reaping Big Dividends with Home Safety Improvements

BY CLAUDIA ASKEW



On Long Island, Christina Hayes of Freeport, a single mother of two, tapped into NeighborWorks® Insurance Alliance-related financing and turned her newly purchased home from a nightmare to an heirloom.

Hayes, who has worked as a secretary for the same company for 25 years, purchased the house in 2000 with a high-interest, subprime mortgage. She bought the house “as is,” and it was in very bad shape. Peeling lead paint covered every room. There was no insulation. The front stoop was leaning to one side. The windows were “from the beginning of time,” according to Hayes. The upstairs was so cold that she and her family could not sleep there. Safety hazards were everywhere.

She heard that the **Community Development Corporation of Long Island** (CDC-LI) might be able to help her improve the condition of her home. Through its participation in the NeighborWorks® Insurance Alliance, CDC-LI offers grants and loans to improve home safety.

Hayes qualified for a grant through CDC-LI's Weatherization, Rehabilitation and Asset Preservation (WRAP) program. The CDC-LI grant made possible extensive repairs to the house. It removed all the lead paint, insulated the house, put in weather stripping, installed carbon monoxide detectors and smoke alarms, repaired the front stoop and sidewalk, updated the electrical and heating systems, and more.

“This is a great example of the value NeighborWorks® Insurance Alliance provides to homeowners and their communities,” said Clayton Adams, State Farm Insurance community development vice president. “Not only did this home become insurable, more importantly it became safer, less expensive to manage, and enhancing the quality of life for its owners.”



Christina Hayes

COURTESY CDC-LI

Other Benefits

Because of her home's reduced risk from all the repairs, Hayes is able to save significantly on her homeowners insurance. She also received insurance counseling at CDC-LI to increase her knowledge of exactly what kind and how much insurance she needs to protect her investment.

Safety is not the only thing that's improved as a result of the renovations. Hayes was able to refinance from a 10.25 percent loan, with monthly payments of \$1,680, to a fixed 6 percent mortgage, with a monthly payment of \$1,370. In addition, after the weatherization work, her gas bill has been cut in half, saving her hundreds more a month.

With all the money Hayes is saving, she's able to make additional improvements. She attended CDC-LI's home maintenance training, for instance, where she learned to do an impressive amount of the work herself. "I bought some new cabinets and a kitchen sink," she said, "and my brothers and I put them in. Also, the porch flooring wasn't built right originally, and I want to redo it myself."

Hayes' success is inspiring others. Since her house was renovated, a neighbor has renovated his house too. And Hayes is also encouraging friends to become homeowners. "I tell them if I can do it, they can do it, and now they're all saving and trying to buy homes," Hayes said.

Hayes' house now is a safe place to for her family to live in, and it provides stability for their future. "I'll never sell this house. Now I can leave it to my children," said Hayes. ■

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ANNOUNCEMENTS

NeighborWorks® Campaign for Home Ownership Ohio Foreclosure Prevention Meeting

More than 160 people participated in an Ohio Foreclosure Prevention Stakeholder's Meeting, sponsored by NeighborWorks® America and the Federal Reserve Bank of Cleveland, on February 3 in Columbus.

Speakers included Paul Poston, director of NeighborWorks® America's Great Lakes District, researcher Mark Duda, and Bruce Gottschall of Neighborhood Housing Services of Chicago. Afternoon roundtables discussed potential statewide solutions to the challenge of rising foreclosures in Ohio. Ohio currently has the highest foreclosure rate in the nation. Paul Poston is working with Ohio NeighborWorks® organizations on the issue.

Housing Choice Voucher Trainings

Under a technical assistance contract with the U.S. Department of Housing and Urban Development, NeighborWorks® America has been providing a two-day "Managing a Successful Housing Choice

Voucher Program" session at NeighborWorks® Training Institutes. It's also been taking the session on the road. In January, 80 public housing authority (PHA) participants in Los Angeles attended a session. In February, at least 50 PHA participants attended a session at the NeighborWorks® Regional Training Institute in Denver. In March, two sessions were offered in Dallas for 150 participants.

Financial Fitness Accomplishments

During the period January 1, 2001, to December 1, 2004, 43 reporting organizations in the Financial Fitness Program reported the following accomplishments: 21,474 enrollees; 15,174 graduates; an average of 12 contact hours per participant; participants' average income is \$23,488; their average age is 33; 78 percent are renters; 77 percent are low- or very low-income households (less than 80 percent of the area median); 62 percent are female; 33 percent are African-Americans; 22 percent are Latino or Hispanic; and 9 percent are active in an individual development account (IDA) programs.

Campaign Membership Meeting

The NeighborWorks® Campaign for Home Ownership held a membership meeting at the NeighborWorks® Executive Director Symposium in Austin, Texas, on March 22 to discuss homeownership trends and implications for the network. More than 75 executive directors attended. Steering Committee Chair Charles Rucks (Springfield NHS) opened the session, with Vice Chairs Martina Guilfoil (Inglewood NHS) and Marianne Garvin (CDC of Long Island) playing key facilitation roles.

Doug Dylla, NeighborWorks® America's manager of homeownership, provided a PowerPoint show on key trends affecting homeownership (a copy has been posted on www.nw.org). A panel of four executive directors, Tony To (HomeSight), Roy Nash (NHS of Waco), Bruce Gottschall (NHS of Chicago), and Sheila Rice (Montana Homeownership Network), shared successful strategies for promoting homeownership in their regions.