

Foreclosures Underscore Need for High-Quality Financial Education and Counseling

by *Kenneth D. Wade*



*Kenneth D. Wade is NeighborWorks®
America's chief executive officer*

Since its founding in 1978, NeighborWorks® America has been on the forefront of creating and sustaining affordable housing opportunities for homeowners and renters nationwide.

A central component of our work is to educate those we serve on the complex issues of personal finance, usually but not always as a prelude to homeownership. Financial education creates opportunities for lower-income families to enter the financial mainstream and build wealth so they can become financially self-sufficient and move up the economic ladder.

Financial education is one of the key steps on the path to homeownership, and the NeighborWorks® network has a strong track record of preparing buyers for the responsibility of homeownership. Prepurchase education has become even more important given the complexity of financial products available today, notably mortgage products that carry greater risk. While many of these products play an important role in the financial marketplace, it's essential that consumers fully understand the true cost of the loan over time.

Unfortunately, many homeowners have not taken advantage of prepurchase assistance and now find themselves struggling to keep up with their mortgage payments. With foreclosures rising steadily, NeighborWorks® America and its partners have launched a national foreclosure prevention campaign in partnership with the Ad Council. The campaign urges financially distressed homeowners to call a national foreclosure intervention hotline, 888-995-HOPE, to receive financial counseling and, when necessary, be connected to a local NeighborWorks® organization for face-to-face assistance. This campaign is vitally important to preserving the gains that have been achieved in homeownership in recent years, particularly in lower-income communities that may experience a concentration of foreclosures that undermines their stability.

NeighborWorks® America recognizes the vital role that homeownership counselors and educators play in building strong communities. The National Industry Standards for Homeownership Education and Counseling, released in May following a two-year development process staffed by the NeighborWorks® Center for Homeownership Education and Counseling, unify the industry on the issue of education and counseling standards. The new standards encourage excellence and consistency that will benefit clients and the communities in which they live.