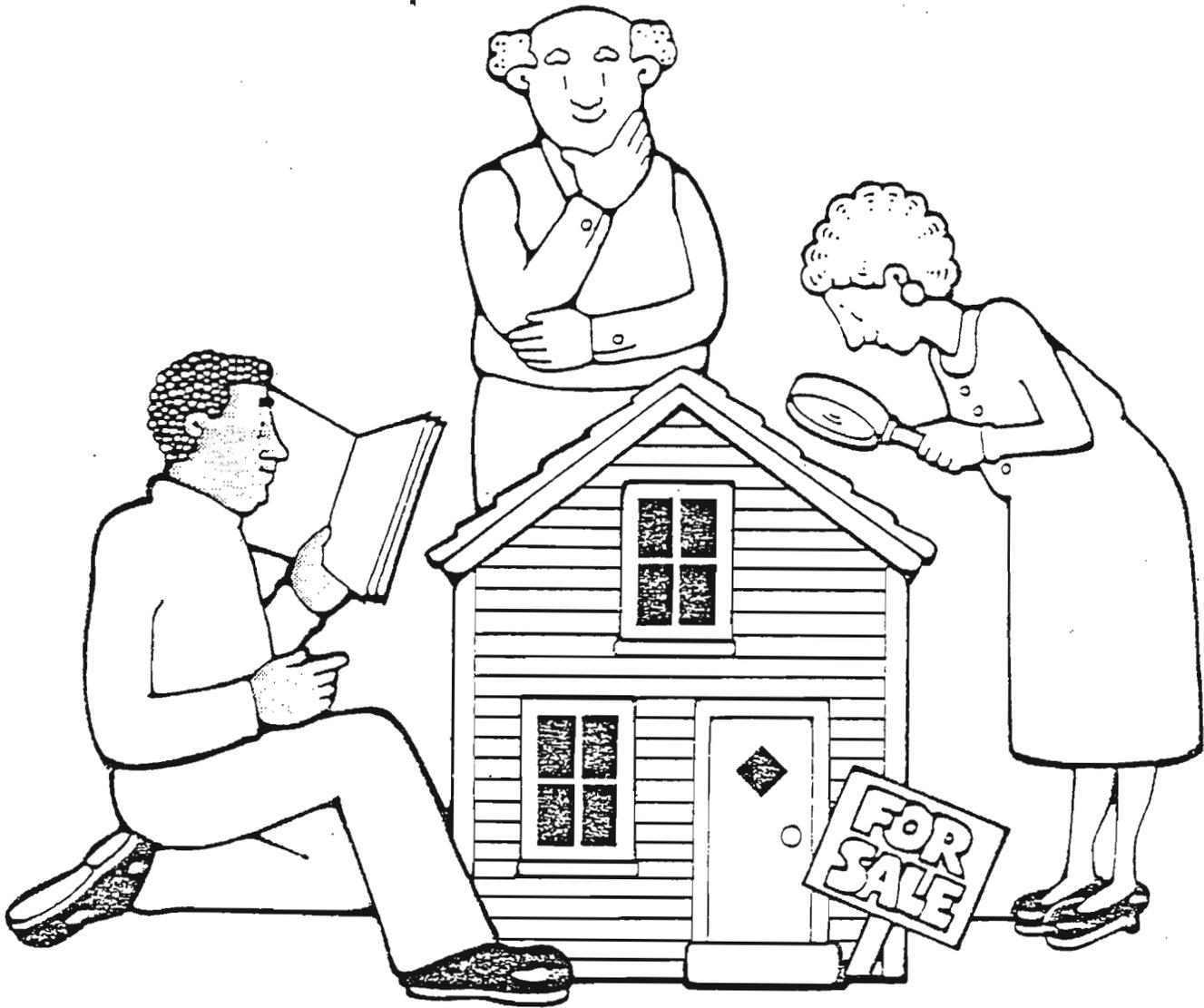


ORIGINAL

PREPURCHASE COUNSELING CURRICULUM



PREPURCHASE HOMEOWNERSHIP COUNSELING DEMONSTRATION

A research and demonstration contract conducted for the
U.S. Department of Housing and Urban Development
Office of Policy Development and Research

by

Abt Associates Inc.
Cambridge, Massachusetts

June 1978



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FOR THE
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A research and demonstration contract conducted
for the U.S. Department of Housing and Urban
Development, Office of Policy Development and
Research

By

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June 1978

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INTRODUCTION

This curriculum manual has been prepared for you, the counselors involved in the Prepurchase Homeownership Counseling Demonstration. The manual's primary purpose is to guide you in the preparation and delivery of counseling services to first-time homebuyers enrolled in the Demonstration.

This manual is divided into four sections. The Introduction provides a brief description of the background and purposes of the Demonstration, the design of and objectives for the prepurchase counseling program and the principal features of the counseling curriculum itself.

Section 1 presents the detailed counseling curriculum for Demonstration participants receiving group counseling only.

Section 2 presents the detailed counseling curriculum for Demonstration participants receiving both group and individual counseling.

Section 3 presents the detailed counseling curriculum for Demonstration participants receiving individualized advocacy counseling.

The distinctions in the counseling methods to be used across the three groups are explained in the Introduction.

The Prepurchase Homeownership Counseling Demonstration

Mortgage default and foreclosure among low- and moderate-income homeowners with mortgages insured by the Federal Housing Administration (FHA) is a major problem. The problem is serious both in terms of its harmful consequences for the families and neighborhoods involved, and in terms of its costs to the FHA insurance fund (in excess of \$650 million in 1977). In addition, many first-time homeowners who may not have defaulted in their mortgage payments or been subject to foreclosure, have nonetheless experienced a number of problems with the houses they have bought and the neighborhoods they live in.

In light of these problems, the U.S. Department of Housing and Urban Development (HUD) is conducting a demonstration program to learn whether prepurchase homeownership counseling can reduce the rate of mortgage default and foreclosure among FHA-insured and subsidized mortgagors and increase the ability of first-time homebuyers to deal effectively with the problems of homeownership.¹

The Demonstration will focus on the effectiveness of prepurchase counseling among low- and moderate-income homeseekers who typically apply for FHA mortgage insurance and/or mortgage interest rate subsidies in four major insurance programs: 203(b), 221(d)(2), 223(e), and 235(i).

The results of the Demonstration will provide answers to the following policy questions:

whether prepurchase counseling, delivered by existing HUD-approved counseling agencies, reduces the incidence of delinquency and default for low- and moderate-income homeseekers in various HUD-assisted homeownership programs;

what specific types of counseling (e.g., group, individual, advocacy) are most effective; and

what specific curriculum elements (house and neighborhood selection, budgeting, getting a mortgage, home maintenance, etc.) contribute most to the cost-effectiveness of counseling.

These answers will provide guidelines for the recommendations that HUD must make to the Congress concerning the design, scope, and cost of a potential national program of prepurchase counseling.

The Prepurchase Homeownership Counseling Demonstration will be conducted by HUD-approved counseling agencies in three locations: Philadelphia, Atlanta, and Phoenix. The enclosed Prepurchase Counseling Curriculum (PCC) describes that information and assistance you must be prepared to provide to homeseekers enrolled in the Demonstration, and how that information and assistance is to be delivered.

¹ A number of programs for default and delinquency counseling have been successfully implemented around the country. However, intensive counseling provided to homebuyers before purchase and designed to prevent problems before they arise has not been fully tested or frequently used.

The Counseling Program

Four variations. Four basic counseling variations will be tested in order to determine which type of counseling is most cost-effective in preparing homebuyers for successful homeownership and in reducing mortgage default and foreclosure.

Group I: Group Counseling Sessions: Demonstration participants in Group I will be offered approximately 7 hours of counseling in groups of 6 to 10 people at a time. Each of the three counseling sessions will last about 2½ to 2¾ hours. Participants will also receive the Homebuyer's Information Package.

Group I participants are clearly different from Group IV (see below) inasmuch as they are offered direct face-to-face contact with counselors in addition to the Homebuyer's Information Package. The counseling program for Group I participants is distinguished from that for Groups II and III in that no individual counseling is to be provided.

Group II: Group and Individual Counseling. Demonstration participants in Group II will be offered the same 3 sessions of group counseling together with the additional opportunity to meet with you individually between or after the sessions. However, counselors are not permitted to take any initiatives or action on behalf of Group II participants. Participants in Group II will receive the Homebuyers Information Package.

Participants in Group II are provided the same group session curriculum as for Group I with the additional availability of individualized follow-up assistance as requested by the homebuyer to deal with specific problems or issues. One-on-one sessions will involve only the provision of information, advice, and referral; counselors will not act as the "buyer's agent" (for example, helping arrange financing or inspecting a house). The counseling program for Group II thus represents the middle

ground between an exclusively group-sessions approach (Group I) and a full advocacy, "buyer's agent" counseling approach (Group III). It is expected that, on average, about three hours of one-on-one counseling will be provided to each Group II participant in addition to the 7 hours of group counseling.

Group III: Individualized Advocacy Counseling. Participants in Group III will be offered intensive one-on-one counseling sessions as needed and requested by the homebuyer. In addition to the information, advice, counseling and referral services to be offered during the counseling sessions, participants will be afforded the opportunity to have prospective homes inspected and to have the counselor's direct help throughout all phases of the homebuying process. Participants will receive the Homebuyers's Information Package. There will be no group sessions.

Group III represents the most intensive form of counseling offered in the Demonstration. It is expected that, on average, participants will receive about 17 hours of one-on-one counseling assistance. Counselors will be permitted to act as the "buyer's agent" in helping to resolve difficulties or oversee the various steps in the homebuying process. Counselors may, at the request of the homebuyer, take whatever action seems appropriate to deal with problems as they arise. However, under no circumstances is the counselor to represent him or herself or act as a legal representative of the prospective homebuyer.

Group IV: Non-Counseled Group. Participants in Group IV are those who will not be offered any direct counseling. They will, however, receive the Homebuyer's Information Package (see page 6), and their progress in buying and owning homes will be monitored throughout the Demonstration period. You, as counselors, will have no contact with these participants.

Irrespective of the counseling group to which participants are assigned, all homebuyers in the Demonstration will be:

- offered referral services for dealing with specific housing and nonhousing problems they may encounter during the counseling period;
- given a listing of referral resources in the local community which is provided in the HIP;
- guaranteed uniform and complete access to anti-discrimination services should they encounter discrimination in the process of looking for or buying a home (including securing financing).

Counseling Objectives. While the approaches to prepurchase counseling will differ across all four counseling Groups, the services offered to homebuyers participating in the Demonstration are all designed to achieve a common goal: To prepare the first-time homebuyer for successful homeownership both in terms of their satisfaction with the houses and neighborhoods they have chosen and in terms of avoiding delinquency, default, and foreclosure. Within this general goal, the services provided to all four Groups are designed to achieve several specific objectives:

- to address the concerns the counselees bring to the counseling sessions about purchasing a home;
- to enable homeseekers to make correct decisions about homebuying and to recognize when they need to get help in making those decisions;
- to motivate counselees, when appropriate, to review and reevaluate homebuying decisions they may have already made;
- to provide an understanding of the process and basic transactions that take place in purchasing a home and maintaining it;
- to build buyer skills in every important area of the homebuying process and in maintaining a house after occupancy;
- to provide information counselees need--or ways to secure that information--in every important area of the homebuying process and in maintaining a house after occupancy;
- to create awareness that all decisions regarding the purchase of a house should be made in terms of their long-range implications for budgets, equity, delinquency, and default;

- to help counselees anticipate possible problems in purchasing and maintaining a house and identify solutions to them;
- to provide assistance in the event a counselee encounters discrimination in his or her efforts to purchase a house and/or secure financing for the house;
- to inform counselees of the nature and availability of other sources of assistance which they can turn to, including making independent and on-going use of the HIP;
- to help buyers to become as independent and competent as possible to deal effectively with all aspects of the homebuying process and with subsequent homeownership both for their present house and for any future houses they may purchase.

The Prepurchase Counseling Curriculum (PCC)

Contents of the PCC. Following this introduction, the PCC is divided into three sections, one for each of the counseling Groups I, II, and III. Each section describes how the counseling is to be conducted for its counseling Group. However, to avoid repetition, information regarding the conduct of the group counseling sessions is found only in the section describing the Group I curriculum (see pages 19-74). Therefore, counselors conducting sessions with Group II participants must refer to Section 1 for the group counseling procedures which they are to use with their Group II participants. Similarly, information regarding the conduct of the one-on-one counseling sessions, although these sessions will be part of Groups II and III, is provided only in the section describing the II curriculum (see pages 75-82).

The Homebuyer's Information Package (HIP) is packaged separately and, as noted, is to be used with all the counseling Groups. The HIP will be a valuable adjunct in all three counseling Groups addressed in PCC, as well as for the controls in Group IV, because:

- it contains much of the same information which participants will learn during the counseling sessions and therefore provides a useful review of what was learned--or what may have been forgotten.
- it provides considerable additional information which there may not be time to cover during the counseling sessions.

- it has appendices which provide information that is specific to the local community in which the participants are seeking to buy homes.

The HIP should be integrated into the PCC in three ways:

- participants may consult pertinent sections of the HIP during counseling sessions.
- participants can use the worksheets in the HIP during the counseling sessions.
- participants can read pertinent sections of the HIP after a counseling session or in preparation for the following one.

One set of slides on "Selecting a House" has been developed for use with counseling variations I, II, and III. The narrative for the presentation is provided in the PCC section for counseling Group I on pages 42a-42f.

Using the PCC. It is important that you become thoroughly familiar with the different counseling techniques to be employed with all three counseling variations. Therefore, you should read each of the following sections carefully several times, so that you can understand fully the differences between the three counseling approaches.

Knowing these distinctions is necessary because, if the Demonstration is to be successful and provide valuable information about which counseling approach is most effective, it is essential that you use only those counseling approaches which are described for the particular Group you are counseling and no others. For example, if you are counseling Group I participants, you must not provide individual counseling. If you are counseling Group II participants, you must not provide "advocacy" counseling (for example, you may not accompany the participants to a house inspection or provide direct assistance in negotiating a purchase agreement with a real estate broker or seller).

The only way to find out whether one counseling approach is better than another is to keep each approach separate and distinct from the rest. If you (for example) were to provide individual counseling to Group I participants, it would not be possible to determine at the end of the Demonstration whether counseling homeseekers in small groups, without any individual counseling, was more effective than one-on-one counseling.

On the other hand, it is important for the sake of the Demonstration that the participants within each counseling group are provided with the same level of services. This means, for example, that participants in Group III must all be offered the same opportunity to have their home inspected prior to purchase, to have your assistance in obtaining financing, or to have you present at the closing, if the participants so choose. It also means that the same information and counseling assistance you provide to participants during one series of group sessions must also be provided to participants in other group sessions.

In summary, it is very important that you be consistent in your approach WITHIN each counseling variation, and that you maintain the distinctions BETWEEN the three variations throughout the Demonstration.

In addition, you should also become thoroughly familiar with the HIP so you know exactly what information the participants should be learning. You may find it helpful to underline key information in the HIP to help you during the counseling sessions to remember what specific topics to cover and so that you can point out to the homebuyers precisely where in the HIP they can get additional information about the issue you are addressing or can review what you have been discussing.

Handling Counselee Problems. It is possible that some of the participants in Groups I and II may ask for or require a type of help you are not allowed to provide to their particular Group. (For Group III, of course, you may provide all the help they need apart from legal advice.) This may occur with Group I participants who request some individual counseling or with Group II participants who might request some direct action on your part in dealing with other housing actors.

When this happens, you of course will want to enable these homeseekers to secure the assistance they need; however, you must observe the guidelines of the Demonstration and avoid providing "any" services not called for in the Prepurchase Counseling Curriculum.

There are two ways you can handle this potential conflict between the needs of the counselees in Groups I and II and the requirement that the two counseling approaches be kept distinct:

1. See if the participants' needs can in fact be met in the counseling approach to which you are limited. For example, if a participant in Group I requests individual help in determining how much he or she can afford to pay for a house, you should seek to provide this assistance only in the context of a group activity during one of the group sessions. If a participant in Group II asks you to go with him or her to negotiate a purchase agreement, you must only provide the help he or she needs during an individual counseling session (with no one else present). With all three Groups you can always refer participants who need additional information to appropriation sections of the HIP.
2. You can refer the counselee to other counseling agencies or to other sources of assistance in the communities for the additional help he or she needs. However, it is important that you record all referrals (what assistance requested, to whom referred, results of referrals, etc.) so that there will be a clear record of the assistance provided to each participant.

It is critically important for the success of the Demonstration that you provide only that form of counseling assistance called for in the Counseling Curriculum. If you do not follow the guidelines in this Curriculum, your actions could be detrimental to the successful implementation of a national program for Prepurchase Counseling.

Dealing with Other Housing Actors. You may find that, from time to time, you are contacted by various housing actors, such as lenders or brokers, asking about the Demonstration or the client.

You may briefly describe the Demonstration and refer the caller to the On-Site Coordinator for a fuller explanation if necessary. However, you should never provide any personal information regarding a client which

would in any way compromise the confidentiality of the counselee-counselor relationship. If any such information is provided, it must be done only with the prior knowledge and consent of your client.

Adaptation to Local Circumstances. While it is essential that you not vary the counseling approaches for any of the three counseling variations, you may want to adapt some of the counseling activities or information to reflect specific housing conditions in the local community. For example, if escrow agreements or deeds of trust are common financial arrangements in the communities in which your participants are seeking to purchase homes, you may want to spend more time on these variations of homebuying than you would if some other terms of financing and closing procedures are more prevalent. In other words, you may want to change some of the content of your counseling sessions if that is necessary given unique local conditions. But the way in which you deal with the topic should not change. Thus, counseling topics may vary a little, but the counseling methods cannot vary at all.

There are two ways you can make sure that what your counsees learn is relevant to local housing conditions. First, each section of the HIP has an appendix which provides some of the community specific information you will need to have in order to provide effective counseling. Second, you, as professional housing counselors, should assume the responsibility to have at your disposal information (or ways to get that information) about local variations in homebuying practices and opportunities so that you can pass this information on to your clients if they need it.

Participant Involvement and the Prevention of Dependency Relationships.

The PCC has been designed with the goal of actively involving all Demonstration participants in the learning process. An attempt has been made to stimulate homebuyers to do as much of their own problem solving and decision making as possible, rather than having them rely on counselors to do the work for them.

There are two reasons this strategy is important. First, most people acquire new information and skills best if they are actively involved in the learning process, not passive recipients of information, advice, and

assistance. Second, participants who solve their own problems develop the competence and self-reliance to do so again in the future and therefore may not need the services of a counselor later on when they run into other problems associated with homeownership--or with buying another house.

Despite the effort to make participants self-reliant, once the counseling process is completed it may be difficult in some cases for counselors and clients to terminate the counseling relationship since there may be a tendency for some homeowners to contact their counselor for assistance in dealing with post-occupancy problems. All participants must be made aware at the outset that counseling provided by the agency for this Demonstration is solely prepurchase counseling and, further, that the agency is not obligated to provide additional, ongoing post-purchase assistance as a part of the Demonstration after May 1979. This does not mean, however, that participants who have purchased a house and run into difficulties later on will be denied access to the assistance they require. Such help, if provided, would be offered as part of the "normal", post-purchase counseling services of the agency as a HUD-approved counseling organization.

SECTION 1

COUNSELING CURRICULUM FOR GROUP I

Group Counseling

SECTION 1

COUNSELING CURRICULUM FOR GROUP I

- group sessions only
- no individual counseling
- three 2½-hour sessions
- 6-10 enrollees per group

The program for the first counseling Group consists of three group sessions lasting 2½ hours each. The groups will have from six to ten enrollees in each. There is no individual or one-on-one counseling in this counseling variation.*

The counseling will normally take place over a three-week period, with the sessions spaced about one week apart, depending on the nature of the group members' activities between sessions (for example, searching for houses for sale, inspecting houses, negotiating purchase agreements) and the convenience of the participants. However, the content of each session will probably not correspond directly to the precise stage of each group member's homebuying effort. For example, one participant may telescope the process of identifying a neighborhood and house and signing a purchase agreement into the first week, while another participant may have yet to locate a desirable house after four weeks.

Advantages of Group Sessions

Group sessions for providing prepurchase counseling present many unique learning opportunities which you can capitalize on:

- They make peer learning possible: members of a group can help each other learn about how to buy a home. Sometimes people are more influenced by what their peers tell them than they are by what a professionally trained person recommends.

* See pages 8-9 of the introduction for a discussion of what to do if a participant needs additional help beyond what you can provide in a group setting.

- They promote the open exchange of many different viewpoints and critical evaluation of all of them: there is always someone who has a different opinion, experience, or concern which is worth considering.
- Group discussions enable participants to realize that they are not alone or "strange" in their concerns and problems; their apprehensions and needs are shared by others.
- They impress upon participants that their opinions, experiences, and information about buying a house are important and therefore encourage self-confidence and self-reliance.
- Groups present opportunities for developing awareness of alternative attitudes and feelings about buying and owning a house which participants may consider condescending or threatening when expressed by a counselor.
- Group discussions are often more stimulating and keep participants' interest in the subject at hand better than individual counseling sessions.
- They often relieve the counselor of the role of "bad guy", always questioning the homebuyer's motives or correcting his or her misinformation. Participants can criticize each other regarding the wisdom of their intentions and the thoroughness with which they are going about buying a house.

Leading Group Sessions

You should keep several considerations in mind as you conduct your group counseling sessions:

1. Establish cohesiveness right away by having the participants introduce themselves to each other and use first names when addressing each other (unless clients are uneasy with the use of first names). Call participants by name yourself. Socialize during the coffee breaks. Show a sense of humor. Encourage dialogue among the members. Seat everyone in a small circle to enhance the exchange of information and ideas.
2. Stimulate and maintain meaningful discussion by involving all members and encouraging them to address comments to each other, as well as to you.
3. Be careful to deal only with issues that are relevant to the entire group (but try not to ignore totally specific needs of individual participants).
4. Generalize, when possible, from specific individual cases to principles that apply to all homebuyers.

5. Recognize when an individual is monopolizing discussion for too long and learn how to refocus the discussion on group concerns without offending the long-winded participant.
6. Make full use of the Homebuyer's Information Package (HIP) for specific information, worksheets and between-session reading.
7. Vary your counseling role to suit the topic and the occasion. Here are some of the roles you will want to adopt at different times during the counseling:
 - initiating--proposing tasks or goals, defining a group problem
 - seeking information or opinions--requesting facts, soliciting expressions of values
 - giving information or opinions--offering facts, expressing beliefs about a matter before the group
 - clarifying and elaborating--interpreting ideas or suggestions, indicating alternatives
 - gate keeping--helping to keep communication channels open
 - encouraging--being friendly, warm, and responsive to others
 - standard setting and testing--testing whether the group is satisfied with its procedures or suggested procedures
 - summarizing--pulling together related ideas and opinions

Your major task as group leader will be to use the techniques listed above to (1) initiate and maintain discussion, (2) keep discussion focused on the topic, and (3) make sure key issues are covered.

A detailed counseling curriculum follows that indicates what topics you are to cover for Group I participants, what objectives you should seek to achieve, and how the information and assistance is to be provided. The major portion of the curriculum is devoted to describing the counseling activities or exercises to be implemented. An outline of the curriculum precedes it to provide you with an overview of the entire counseling process.

COUNSELING CURRICULUM FOR GROUP I
Group Counseling

Outline

SESSION I INTRODUCTION TO HOMEOWNERSHIP

- A. Needs/Concerns Assessment (15 minutes)
- B. The Program (30 minutes)
- C. Decision to Buy: General Issues (30 minutes)
- D. Decision to Buy: Choice of Neighborhood (20 minutes)
- E. Decision to Buy: Choice of House (30 minutes)

SESSION II THE HOMEBUYING PROCESS

- A. Housing/Neighborhood Choice Reviewed (30 minutes)
- B. Purchase Contracts (30 minutes)
- C. Financing the House (45 minutes)
- D. Closing (15 minutes)

SESSION III POST-OCCUPANCY

- A. Moving In and Dealing with Initial Problems (25 minutes)
- B. Financial Management (60 minutes)
- C. Maintenance, Repair, and Improvements (30 minutes)
- D. Summary of Sessions (15 minutes)

SESSION I

INTRODUCTION TO HOMEOWNERSHIP

A. NEEDS/CONCERNS ASSESSMENT
(15 minutes)

Information and Ideas
to be Learned

1. Assessing homebuyers' baseline needs
2. Identifying homebuyers' immediate concerns

Counseling Objectives

1. To focus limited available counseling time on meeting homebuyers' real needs--avoid wasting time on topics they already know and skills they already have.
2. To address immediately any urgent concerns homebuyers have and address later, other, less pressing concerns.
3. To motivate participants by involving them immediately in the shaping of the program--providing them with a sense of "ownership" and active involvement.

Materials Needed

- blackboard or flip chart

Counseling Content

Activity #A-1
15 minutes

YOU AND THE PARTICIPANTS TOGETHER IDENTIFY THE GROUP'S MOST URGENT NEEDS AND CONCERNS ABOUT PURCHASING A HOME.

▶ Ask the participants to verbalize WHAT THEY FEEL THEY NEED TO KNOW MOST URGENTLY in order to purchase the home they want and be successful homeowners. What are their concerns about the purchase? As the participants indicate their needs and apprehensions, record them on a blackboard or flip chart. Keep a running tally of how many participants express concern about each aspect of homebuying and homeownership so that you will know WHICH WORRIES ARE MOST WIDESPREAD among the group. If necessary, stimulate the expression of needs and concerns by mentioning specific major homebuying and homeowning procedures and activities and asking the group if anyone does not

feel capable at the moment of handling these steps. You might ask, for example, "Do you feel you know how to get the best possible terms for a mortgage?" "Do you feel you know how to inspect a house?"

▶ Once these concerns are listed on the blackboard or flip chart, reach agreement with the group about WHICH ONES ARE MOST PRESSING AND WHICH, IF ANY, NEED IMMEDIATE ATTENTION. For example, if several participants are on the verge of signing purchase agreements, you may want to treat this step in the homebuying process during this first counseling session rather than during the second session where you would normally address it.

Inform the group that any needs or concerns you do not plan to address during this first session you will be treating later in one of the two other sessions. Point out, also, that just as you have done in this opening activity, you are PREPARED TO ADAPT THE PROGRAM to meet the needs and concerns of the participants and that they should feel free to express their needs and concerns at all times. Temper this comment, however, by emphasizing that given the LIMITED AMOUNT OF TIME AVAILABLE during the group counseling sessions, you will be able to address only those needs and concerns which are shared by several members of the group.

B. THE PROGRAM
(30 minutes)

Information and Ideas
to be Learned

1. Overview of homebuying process
2. Content (number and description of sessions, etc.)
3. Other available resources:
 - How to use Homebuyer Information Package (HIP)
 - Other resources

Counseling Objectives

1. To enable homebuyers to understand fully--therefore constructively involve themselves in--the goals and content of the program.
2. To build confidence among buyers that the counseling will enable them--with proper participation on their part--to make wise purchase decisions.
3. To increase participant's interest in future counseling sessions and motivation to attend them.
4. To inform buyers of the nature and availability of other sources of help they can tap during the homebuying process.

Materials Needed

- copy of HIP for each participant
- blackboard or flip chart
- list of major steps in homebuying process on blackboard or flip chart
- list of major program topics on blackboard or flip chart

Counseling Content

Activity #B-1
HIP pp. 1-6
15 minutes

*PRESENT AN OVERVIEW OF THE HOMEBUYING
PROCESS, INCLUDING KEY TERMS*

▶ Referring to a pre-developed flip chart or writing on a blackboard,
REVIEW THE HOMEBUYING PROCESS from start to finish--from the decision to
consider buying a home to maintenance, repair, and home improvements.

Encourage questions from the participants about the steps and their sequence.

Spend extra time reviewing those steps which are often ignored or misunderstood by many homebuyers, including:

- examining reasons for not buying
- assessing implications of neighborhood choice for housing values
- carefully inspecting prospective homes and securing assistance for doing so
- accurately computing anticipated monthly homeownership costs for prospective homes
- shopping for the best possible financing
- becoming familiar with the extra costs of closing and moving in
- developing and adhering to a realistic family budget after home purchase

It is important to point out to the group that most of these steps have SIGNIFICANT LONG-RANGE IMPLICATIONS for the homebuyer which must be anticipated.

▶ Stress why it is important to understand the SEQUENCE OF THESE HOMEBUYING STEPS--that certain activities must--or should--precede others. For example, inspecting a home must be done before signing a purchase agreement. It is critical that the participants understand not only what all the steps are in purchasing a home but also that some of the steps have to take place before or after others if homebuyers are to identify, purchase, and be happy in the home they want.

▶ Review the definitions of the key terms in the homebuying process (use the DEFINITIONS in Section 8 of the HIP). These definitions are not mere rote exercises but represent important concepts the participants must grasp if they are to understand the homebuying process. However, there are too

many definitions to go through all of them. Review at least the following:
MORTGAGE, PURCHASE AGREEMENT, APPRAISAL, FHA (VA) INSURANCE, DEED (TITLE),
AND DEFAULT/FORECLOSURE.

Activity #B-2
10 minutes

OUTLINE THE CONTENT OF THE COUNSELING PROGRAM AND REVISE IT, IF NEEDED, TO ACCOMODATE THE NEEDS AND CONCERNS ABOUT HOMEBUYING EXPRESSED EARLIER BY THE PARTICIPANTS.

▶ Referring to an outline on a flip chart or blackboard, describe what the CONTENT OF THE COUNSELING PROGRAM will be, including:

- number and length of sessions
- when they will meet
- what will be discussed at each session
- the expectation of active involvement by the participants--not just passive listening to you

Note that YOU WILL NOT BE AVAILABLE FOR INDIVIDUAL COUNSELING with the participants, but that if they have pressing problems which are not being adequately addressed in the counseling sessions you can refer them to additional sources of assistance. In addition, indicate that the Homebuyers Information Package provides further help for buying a home.

▶ In light of the needs and concerns the group expressed about buying a home, CONSIDER WHETHER THE CONTENT OF THE SESSIONS SHOULD BE REVISED to treat earlier than you anticipated any pressing needs or concerns the participants have expressed. On the one hand, learners sometimes cannot concentrate on the topic at hand if they are distracted by other important concerns; on the other hand, it is desirable to try to preserve the sequence of topics treated in the counseling program since they parallel the natural progression involved in buying a house. In deciding whether to revise the counseling program, you will need to balance these two counseling considerations.

▶ Tell the participants, some of whom may have already "made" certain homebuying decisions (for example, selection of a house, choice of a neighborhood), to RECONSIDER THEIR DECISIONS in light of what they learn during the counseling sessions and from reading the Homebuyers Information Package. In addition, encourage the group not to make any irrevocable homebuying decisions, if possible, until the relevant steps have been addressed in the counseling sessions. Point out that while the participants may "have their heart set" on certain courses of action, they should KEEP THEIR OPTIONS OPEN until they have had an opportunity to discuss the matter in the counseling sessions so that they may avoid a costly mistake.

Activity #B-3 HIP pp. 5-6 5 minutes

REVIEW BRIEFLY COPIES OF THE HOMEBUYERS INFORMATION PACKAGE (HIP) AND DESCRIBE OTHER SOURCES OF ASSISTANCE.

▶ Each participant should have a copy of the Homebuyers Information Package (HIP). EXPLAIN ITS CONTENTS AND VALUE. Stress that the participants should bring the HIP to each session because you will be referring to checklists and forms provided in it. The HIP will also serve as a "guidebook" for the sessions. However, emphasize that you will be using the limited counseling session time available for group activities which the participants cannot engage in on their own, whereas they can read and use the HIP on their own.

Strongly encourage the participants to use the HIP at home and not to assume that the counseling sessions make the HIP superfluous or redundant. There is a lot of valuable information in the HIP which there will not be time to cover during the counseling sessions. In addition, the HIP will enable the participants to review issues covered during the counseling sessions which they have difficulty understanding or remembering.

► List on a blackboard or flip chart OTHER SOURCES OF HELP AVAILABLE to the participants in the local community. Use the information you have developed for this purpose and refer the group to Appendices of the HIP . for a similar list of resources. If there is time, you might ask the participants to describe resources in the local community which they themselves have already found useful or which relatives and friends have recommended.

C. DECISION TO BUY: GENERAL ISSUES
(30 minutes)

<u>Information and Ideas to be Learned</u>	<u>Counseling Objectives</u>
1. Why? Motives, expectations, goals	1. To identify and analyze reasons for and against considering or wanting to buy a house.
2. Why not? Contraindications, e.g.:	2. To encourage buyers to assess honestly the "trade-offs" which may be involved in buying a house and whether they are prepared in the long run to make sacrifices which may be necessary for successful home ownership.
a. Afford it? Income/resource availability	
b. Stable family situation?	3. To help buyers decide whether now is the right time--or best time--to buy.
c. Stable employment available?	4. To help buyers evaluate the effects of unanticipated emergencies on the ability to sustain ownership--e.g., loss of job, illness, family breakup.
d. Antipathy to doing maintenance and repairs?	5. To enable buyers to make a realistic assessment of the costs of homeownership.
e. Uneasiness with long-term financial obligations?	
f. Immediate and future effects on all current and future family members?	
3. When? Right now or in a few months or years?	
4. Effect of homeownership on cash flow	

Materials Needed

- Blackboard or flip chart
- Multiple copies of Worksheet 1 from HIP Appendix 1

Counseling Content

Activity #C-1 HIP pp. 9-10 20 minutes

ONE PARTICIPANT EXPLAINS WHY HE OR SHE HAS DECIDED TO BUY A HOUSE. OTHER GROUP MEMBERS SUGGEST OTHER REASONS FOR AND AGAINST BUYING.

▶ Ask for a volunteer to explain briefly the REASONS WHY HE OR SHE HAS DECIDED TO PURCHASE A HOUSE. Ask the other group members to contribute other reasons people might have for buying a home. Complete the list of possible reasons using the information provided on page 9 of the HIP. List all these reasons as they are suggested on a blackboard or flip chart.

▶ Have the group EVALUATE THE REASONS GIVEN in terms of whether they represent sound considerations for buying a home and why or why not. Provide additional suggestions along these lines, as needed, using the information on page 9 in the HIP.

▶ Have the participants brainstorm REASONS NOT TO BUY A HOME. List these on a blackboard or flip chart. You can initiate the discussion by asking participants to indicate why they were not interested in buying or able to buy a home prior to now. Supplement the group's reasons for not buying with those suggested on page 10 in the HIP.

▶ Point out that BUYING A HOUSE WILL ALWAYS INVOLVE "TRADE-OFFS," since there are always valid reasons for and against buying a home, and the decision to buy will therefore always involve sacrifices in some aspect of the homebuyer's life. The important points for homebuyers to consider are what these sacrifices will be and whether they are prepared to make them for the sake of owning a home.

Activity #C-2
HIP pp. 11-15
20 minutes

PARTICIPANTS, WITH HELP FROM YOU, CALCULATE HOW MUCH
THEY CAN AFFORD TO PAY FOR A HOUSE

▶ As a transition between the previous activity and this one, point out that one of the "trade-offs" homeowners may have to make between owning and renting lies in the fact that if they buy a home, they may have to spend more money for housing and less on other goods and services. How much more are the participants willing and able to spend for the sake of owning a home? Do they anticipate additional sources of income to compensate for the increased expenses of homeownership?

▶ Pass out copies of HIP worksheet #1 from Appendix I, and refer participants to HIP p. 1-3 for sample exercise.

▶ Using the example in the HIP, explain how participants can figure out their net monthly income (take-home pay) from all sources. Point out the difference between take home pay and total income (for example, deduction for taxes, social security, union dues, credit union).

▶ Explain to participants how to figure out their monthly expenses (not for housing). Indicate components of expenses and ask for additional items from the group.

▶ Compute the difference between income and expenses. This is what they have available to pay for their house each month.

▶ Point out that on average participants can expect to pay between 60 and 70 percent (or about 2/3) of their monthly housing budget for mortgage payments (principal and interest payments) each month and that their annual mortgage payment will be about 10% of the total mortgage loan.

► Using HIP example, take $\frac{2}{3}$ of monthly housing budget, multiply this by 12 to get annual mortgage payment. Then multiply this figure by 10 (10% of total mortgage each year) to get approximate size of mortgage they can afford.

► Add onto this figure the amount available for a down payment in the example to arrive at a rough estimate of the amount they can pay for a house.

Point out two other rules of thumb that lenders and real estate brokers often use to figure out how much a buyer can afford to pay:

2-2 $\frac{1}{2}$ times annual take home pay

$\frac{1}{4}$ to $\frac{1}{3}$ of monthly take home pay for all housing costs

► Indicate to participant when to use 2 times income versus 2 $\frac{1}{2}$ times income from table at bottom of page 15 in HIP.

► Ask the group to identify--if possible, from personal experience with paying rent--what unanticipated personal emergencies may restrict their ability to meet the expenses of homeownership, including loss of job, illness, and family breakup.

► Conclude the activity by stressing that homeseekers need to (a) be aware of the variety of expenses involved in owning a home, (b) be realistic about how much these expenses will come to, and (c) consider these expenses carefully in deciding whether to buy a home, what kind of home to purchase, and when to buy. Let the group know that the last activity of this session will be devoted to actually calculating typical homeownership costs.

D. DECISION TO BUY: CHOICE OF NEIGHBORHOOD

(20 minutes)

Information and Ideas
to be Learned

1. Criteria for selection
2. Implications of neighborhood choice for family needs and preference
3. Implications of neighborhood choice for housing values
4. What to look for in a neighborhood
5. Anticipating potential problems and how to deal with them:
 - a. Discrimination
 - b. Assessing potential decline of a neighborhood
6. How best to use services of realtors:
 - a. Potential biases
 - b. Sales techniques

Counseling Objectives

1. To build understanding of the importance of neighborhoods for household satisfaction and home values.
2. To help buyers determine the priority of different selection criteria and weigh advantages and disadvantages of a given neighborhood against each other, including potential long-run neighborhood changes.
3. To enhance ability of homebuyers to use the services of real estate brokers effectively and wisely.
4. To enable homebuyers to deal with discrimination in the search for a home.

Materials Needed

- blackboard or flip chart
- HIP pages 21-24

Counseling Content

Activity #D-1
HIP pp. 21-24
15 minutes

DISCUSS NEIGHBORHOOD CHOICE.

▶ Begin by indicating that choosing a neighborhood in which to live can be as important as selecting a house to buy since neighborhood quality will affect the price and future value of the house they want to buy and since the neighborhood will also influence their enjoyment of the house. Then ask the participant to suggest what they feel is important in a neighborhood--for

example, what do they like and dislike about the neighborhoods in which they are currently living? *LIST THESE PREFERENCES ON A BLACKBOARD OR FLIP CHART.* As you do so, ask the homebuyers to distinguish between whether their interests represent needs (e.g., for convenient day care facilities) or personal tastes (e.g., architectural style of houses). Point out that this distinction is an important one--it may be possible to compromise on personal tastes but usually not on needs. Finally, add any of the other selection criteria for choosing a neighborhood that are listed on page 21 of the HIP which the participants may not have mentioned, including:

- impact of neighborhood quality on housing prices;
- presence of desired or needed things close by (school, etc.);
- presence or absence of relatives, friends, and children;
- anticipated changes in the neighborhood and their potential effects on the value of housing.

Stress that the homebuyers take into account the needs and preferences of every member of the family--and expected future members.

▶ Ask if any participants have already inspected some neighborhoods and, if so, how they went about doing it. Supplement their approaches with those described on page 22 of the HIP. Recommend that the participants not only drive through the neighborhood but do so several times, do so at night, and walk through it, asking questions of residents and shopkeepers and visiting community organizations in the process.

▶ Ask if any participants have already secured information about a neighborhood in their search for a house and, if so, how they obtained it. List these sources on a blackboard or flip chart. Supplement the participants' sources with those described on page 23 of the HIP and stress the importance

of NOT RELYING ON ANY SINGLE SOURCE OF INFORMATION, including brokers.

Point out the importance of selecting a reliable broker, using more than one broker and providing the brokers with the information they need to be able to help the participants. Remind the participants that brokers are paid by sellers and have their clients' interests uppermost in mind, not necessarily the buyer's.

▶ Conclude the activity by describing four keys to successful neighborhood choice: (1) Knowing exactly what you're looking for--what you and the rest of your family need and prefer, (2) taking your time and not giving in to pressure from brokers or other family members to "buy now," (3) checking all important sources of information, and (4) making a thorough search and inspection of all neighborhoods under consideration.

Activity #D-2 HIP pp. 25-26 5 minutes

DISCUSS PROBLEMS OF DISCRIMINATION.

▶ Ask the participants to relate incidents where they feel they may have been discriminated against in their search for apartments or houses to rent or where friends or relatives may have been discriminated against in looking for a home to buy. Supplement the discriminatory practices mentioned by the participants with a description of the ways discrimination is practiced, listed on page 25 of the HIP. Indicate how harmful discrimination can be to their opportunity and ability to buy the house they want. (See the HIP, page 25).

▶ Conclude by asking what the participants or their friends or relatives did, if anything, when they felt they had been discriminated against and supplement the participants' list of actions with the approaches to

redress of grievances described on page 26 of the HIP. Indicate to the participants that, if ever they suspect they have been discriminated against either while they are searching for a home or while they are applying for a mortgage, they should get in touch with the local office of HUD/FHA or with the counseling agency. Discrimination practices should not go unchallenged.

E. DECISION TO BUY: CHOICE OF HOUSE
(30 minutes)

<u>Information and Ideas to be Learned</u>	<u>Counseling Objectives</u>
1. Criteria for selection	1. To help buyers establish the priority of different selection criteria and weigh advantages and disadvantages of a given house.
2. Evaluating family needs-- short- and long-term	
3. Evaluating family preferences	2. To build buyer skills in:
4. Housing inspection	a. Inspecting a house
a. Importance of	b. Utilizing available assistance for inspections
b. Assistance in	c. Determining household costs
c. What to look for	3. To motivate buyers to:
5. Estimating homeownerhsip costs	a. Carefully inspect houses and use inspection resources
a. Short-term	b. Accurately determine household costs
b. Long-term	c. Take all family members' short- and long-term needs and preferences into consideration
c. Fixed vs. variable	4. To develop awareness of potential long-term problems while selecting and inspecting a house
6. Anticipating potential problems and how to deal with them	
a. Discrimination	
b. Realtors	
c. Sellers	
d. Builders	

Materials Needed

- Slide equipment
- Multiple copies of checklists from Appendix 2 of HIP
- Blackboard or flip chart

Counseling Content

Activity #E-1 HIP pp. 27-34 10 minutes
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PRESENT SLIDE SHOW NO. 2 ON HOUSING CHOICE

Activity #E-2 HIP pp. 35-38 25 minutes
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DESCRIBE HOW TO IDENTIFY AND CALCULATE HOMEOWNER-SHIP COSTS, AND HAVE THE GROUP ENGAGE IN A SAMPLE PRACTICE EXERCISE DESIGNED TO CALCULATE THEM

▶ Either pass out duplicated copies of pages 35-38 of the HIP or refer the participants to those pages if they have their copies of the HIP with them. Lead the group through the steps described there for identifying and calculating homeownership costs. Encourage questions as you go, and make sure that every participant fully understands every step in the process.

▶ Have the participants individually identify the costs for the hypothetical home illustrated on pages 30-34 of the HIP. Provide individual assistance to the participants as needed.

▶ Have two or three participants describe the costs they identified and calculated to the rest of the group so that you can compare results and explain discrepancies. For example, why does one participant come up with higher monthly costs than another? Who is more realistic in his or her estimate? Did one participant leave out an important cost consideration or seriously underestimate an expense? Why?

▶ Encourage the participants to practice this exercise again on their own at home, if possible with other family members taking part.

Activity #E-3 HIP Appendix 2 5 minutes
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DISTRIBUTE THE HOUSING AND NEIGHBORHOOD INSPECTION CHECKLISTS FOUND IN APPENDIX 2 OF THE HIP FOR USE BETWEEN SESSIONS

▶ Pass out several copies of the checklists to each participant. Review them very briefly.

▶ Instruct the participants to "inspect" their own current living quarters and neighborhoods prior to the next session and fill out the sheets.

▶ Strongly recommend that every member of each participant's family fill out a checksheet separately and that the family as a whole compare results afterwards. These comparisons may reveal that different family members have different concerns about where they live--differences which are important to consider in selecting a neighborhood to live in and a house to buy so that every member of the family will be as satisfied as possible with their new living arrangements.

Activity #E-4 5 minutes

SUMMARIZE AND CONCLUDE THE FIRST SESSION

▶ Review with participants what you have discussed in this session (the Counseling Program, the Decision to Buy, Neighborhood Choice and Housing Choice).

▶ Agree upon the time and place for the next session.

▶ Indicate to participants what they should consider doing between now and the next session, including: reading the HIP, going over their housing and neighborhood inspection checklists, figuring out how much they can afford to pay for a house, actually looking at houses for sale, talking with brokers, etc.

▶ Outline for participants the major topics to be covered in the next session (The Home-Buying Process).

▶ Answer any remaining questions participants may have about this session or about other topics of immediate concern to them.

HOUSING CHOICE SLIDE PRESENTATION

DESCRIPTION OF SLIDES	COMMENTARY (Page One)
#1 Graphic: Neighborhood Choice (HIP)	We've already talked about how important it is to choose a <u>neighborhood</u> that you'll enjoy and that will maintain the value of the house you buy.
#2 Graphic: Several Types of Houses	We all know, too, that it's important to select the right <u>house</u> , but sometimes we forget just <u>how</u> important picking the right house really is. . .
#3 Graphic: Hands (HIP)	First of all, a house is a <u>major financial investment</u> --probably one of the largest and most important you'll ever make.
#4 Graphic: House Fix-Up (HIP)	The quality of the home you buy is also very important because <u>you're going to have to keep it in good shape</u> . Unless you like doing home
#5 Graphic: "I need a new what?!" (HIP)	repairs yourself and have the time to make them, buying a home that's in <u>poor</u> condition may cost you a lot of money later on to hire repair people.
#6 Graphic: Run Down House with Price Tag	And if you don't take <u>care</u> of your home, it may lose value over time and not be worth as much as you had hoped when it comes time to sell.
#7 Graphic: 3 Basic Questions to Ask	For these reasons, then, choosing the right house is very important to your success as a homeowner. Whenever you look at a house for sale, you should ask yourself <u>three basic questions</u> :
	First, does the house <u>meet your needs</u> --and those of your family? Second, what <u>condition</u> is the house in now? <u>Third</u> , is the house <u>worth</u> what the seller is asking for it and can you afford to own it?
	We'll talk more about this last question <u>after</u> the slide show. For now, let's see how you can go about answering the first two questions.
#8 Photo: Floor Plan with Labeled Parts	In terms of your <u>housing needs</u> , some of the important things you will want to look for include: ● Whether there are <u>enough rooms</u> for your family including bedrooms, bathrooms, living room, dining room, kitchen, den, etc. . . ;

HOUSING CHOICE SLIDE PRESENTATION

DESCRIPTION OF SLIDES	COMMENTARY (Page Two)
#9 Typical House with "Present Condition" and "Cost to Own" Overlay	<ul style="list-style-type: none"> • Whether the rooms are <u>large enough</u>; • Whether the <u>kitchen</u> is adequate for your needs in terms of both its size and its facilities and equipment; • Whether there is enough <u>storage space</u>; • Whether there is enough <u>yard space</u> (if that's important to you); • Whether there is a <u>garage</u>, carport or other place to park your car; • Whether the house has the <u>other rooms</u> or facilities you're interested in--for example, a porch, an attic, or a basement. <p>In addition to making sure the house meets your needs for space and convenience, you will also want to find out what <u>condition</u> the house is in and <u>how well</u> it is built.</p> <p>Remember, when you're inspecting a house you think you might be interested in, keep in mind that the <u>present condition</u> of the house will tell you a great deal about how much it will <u>cost you to own</u>--both in terms of upkeep and in terms of your utility costs each year for heating and cooling.</p>
#10 General Exterior of House	<p>Let's start with the <u>outside of the house</u>. You should begin your inspection by walking around the <u>whole house</u>.</p>
#11 Close-Up of Foundation	<p>Do you see any holes, cracks or tilting in the <u>foundation</u> or the <u>porches</u>?</p>
#12 Close-Up of Siding	<p>Is the <u>siding</u> or <u>brickwork</u> in good shape, or are there loose or missing pieces or signs of warping?</p>
#13 Close-Up of Paint	<p>You should check, too, for</p> <ul style="list-style-type: none"> • peeling or chipping paint
#14 Close-Up of Gutters	<ul style="list-style-type: none"> • gutters that have gaps or holes, or are rotting • and, of course, the condition of the roof

HOUSING CHOICE SLIDE PRESENTATION

DESCRIPTION OF SLIDES	COMMENTARY (Page Three)
#15 Close-Up of Roof	About the roof, a new roof of asphalt shingles should last 20 years. If you see any serious worn or bald spots (that is, with all the gravel worn off) then you might have to replace the roof in the next 2 years. And roofing is expensive, so take a <u>good look</u> .
#16 Storm Windows	By the way, does the house have storm windows and doors? If not, your heating bills could be pretty high during the winter months.
#17 Grounds	And what about the grounds around the house? Are the walks and driveway in good shape? Will storm water or snow drain away from the house so you won't have to worry about water in your basement?
#18 Garage	If there's a garage, what kind of shape is it in?
#19 Graphic: Cut-Away of Inside (HIP)	There are also many clues to the condition of a home that you can pick up from the <u>inside</u> of the house. Make sure you check <u>every room</u> , including the basement, attic and closets or other storage rooms.
#20 Joists	When you're in the <u>basement</u> check the floor beams (that is, the "joists") to see if they're straight and level. This goes for all the floors as well.
#21 Columns	Look at the support posts or columns. Are they straight and secure when you try to move them?
#22 Water Stains/ Flooding	Is the basement dry, or do you see signs of leaks or flooding?
#23 Graphic: 3 Major Systems	While you're in the basement (if there is one) think about the <u>three major systems</u> that any house should have. They are the <u>heating/cooling</u> system, the <u>plumbing</u> system and the <u>electrical</u> system.
	These systems are some of the most expensive aspects of a house to repair or replace, so you should be especially careful to find out exactly what condition they're in.
#24 Furnace and Flue	To check the heating system, take a look at the furnace or boiler--is it new or old? Do you see signs of <u>soot</u> around the flue pipe? <u>How long</u> has it been since the system was cleaned and serviced? (There should be a <u>tag</u> on the furnace

HOUSING CHOICE SLIDE PRESENTATION

DESCRIPTION OF SLIDES	COMMENTARY (Page Four)
#25 Heating Bills	to tell you.) When you turn up the thermostat does the furnace go on quickly? Ask to see <u>last years heating bills</u> so you will know what it will cost you to heat the house.
#26 Water Pipes	A second vital house system is the <u>plumbing</u> . Take a look at the <u>water pipes</u> and <u>main drains</u> . Do you see any signs of rust, corrosion or leaks? Turn on all the water faucets as you go through the house to see if any of the drains are plugged up, if the water pressure is okay, and if any of the faucets or drains leak.
#27 Main Drain	
#28 Faucets and Drains	
#29 Water Heater	Examine the water heater. Does it look new or old? Ask how old it is and whether it's still under warranty. Water heaters usually last about 10 years. Do you see any signs of leaks or rusting? And how big is it? It should have a capacity or recovery rate of at least 30 gallons per hour, and more for larger families with 5 or more persons. Look at the label.
#30 Close-Up of Label on Water Heater	
#31 Main Service Box	A third important house system is the <u>electrical system</u> . Look at the main service box. Is it new or old? Does it have circuit breakers or fuses? How many circuits are there? Fewer than six could be a problem--especially if you have a lot of appliances to plug in.
#32 Wiring	On the box it should say how large the system is in terms of the number of AMPS. 60 AMPS is minimum. 100 is better (and safer). There should be no exposed or loose wires.
#33 Electrical Outlets	When you go through the rest of the house, see if there are <u>enough outlets</u> in each room. Turn on all the <u>lights and appliances</u> to make sure they work properly. In places where you normally have several appliances like the kitchen, make sure you won't have to overload a single outlet. That could be very dangerous.
#34 Lights and Switches	
	After you check everything in the basement, go through the rest of the house, room by room. For each room you should check the following items:

HOUSING CHOICE SLIDE PRESENTATION

DESCRIPTION OF SLIDES	COMMENTARY (Page Five)
#35 Close-Up of Windows	<ul style="list-style-type: none"> • The <u>windows</u> (check to see if they open properly, if there are any broken panes, and if the catches work).
#36 Doors	<ul style="list-style-type: none"> • The <u>doors</u> (do they open and close properly? Do the locks work properly?)
#37 Walls and Ceilings	<ul style="list-style-type: none"> • The <u>walls and ceilings</u> (are there any signs of leaks, bulging, cracked or falling plaster?)
#38 Floors	<ul style="list-style-type: none"> • The <u>floors</u> (what kind of shape are they in? Jump up and down on them. Do they feel solid?)
#39 Appliances	<p>When you get to the <u>kitchen</u>, find out what <u>appliances</u> are included, how old they are and whether they work properly. Is there enough <u>counter space</u> and are there enough <u>cabinets</u>?</p>
#40 Shelves/Counters	
#41 Kitchen Floor	
#42 Bathroom	<p>When you check the <u>bathroom</u>, don't forget to check all the plumbing. And if there is no openable window, there should at least be a ventilating fan. Again check the floors and the tiles for wear and water damage.</p>
#43 Vent Fan	
#44 Floors/Tiles	
#45 Rafters/Leaks	<p>If you can get into the attic, check the <u>rafters</u> for bending or signs of <u>roof leaks</u>. Check the <u>insulation</u>--there should be at least 6" of fiber-glass. Are there any signs of rodents or insects?</p>
#46 Insulation	
#47 Fancy Wall Paper	<p>Keep in mind that if you find two or three things <u>seriously</u> wrong with the house, there is a good chance that there may be <u>other</u> major problems which you haven't <u>spotted</u>.</p> <p>Don't be misled by <u>surface aspects</u> or "cosmetics" of a house--like wall-to-wall carpeting, fancy drapes, wallpaper, and cheap paint jobs--you might wonder what they're hiding. And don't forget: fancy appliances and the present owner's furnishings won't be there when you move in.</p>

HOUSING CHOICE SLIDE PRESENTATION

DESCRIPTION OF SLIDES	COMMENTARY (Page Six)
#48 Graphic: House Cut-Away and List (HIP)	As you can see, inspecting a house takes <u>time</u> and <u>knowing what you're looking for</u> . Don't hesitate to go into each house you consider with a <u>check-list of items to examine and questions to ask</u> .
#49 Graphic: Inspection Checklist (HIP)	<p>Otherwise, you'll forget some of the features you should inspect and leave without some of the important information you need. At the end of section 2 of your <u>Homebuyer's Information Package</u>, you'll find a handy checklist you can use as you look at homes for sale.</p> <p>If you have any doubts about the condition of a house you're really interested in, you can get a <u>professional inspection</u> for about \$100-\$125. Check the yellow pages for house inspection companies in your neighborhood. These inspections are often well worth the cost in terms of the money you can save in the long run.</p> <p>Make sure, also, that the seller provides you with a <u>termite inspection</u>. This should be part of your purchase agreement.</p>
#50 Contractor's Estimate	If you do decide to buy a house that needs some repairs, be sure you have a good idea <u>how much it will cost you to make them</u> . You may be able to negotiate for a lower sales price or have a guarantee included in the purchase agreement that the present owner will make the repairs before you buy the house.
#51 Graphic: The Temptation to Jump Too Soon	It's sometimes tempting to settle quickly on a house that looks like what you've been waiting for, especially when you've been house hunting for a long time. But <u>don't jump at the first good looking house to come along without making sure it will meet your needs, knowing what condition it is in, and being truly able to afford it</u> .
#52 Graphic: HIP Cover	Remember, few homes are perfect--even new ones. But you'll be a lot better off if you know what the problems are beforehand.

SESSION II
THE HOMEBUYING PROCESS

A. HOUSING/NEIGHBORHOOD CHOICE REVIEWED
(30 minutes)

Information and Ideas
to be Learned

1. Long-term financial considerations
2. Key steps in the process

Counseling Objectives

1. To review material from Section I
2. To reinforce notion that housing and neighborhood choices will have long-run impacts on family finances and life-style

Counseling Content

Activity #A-1
15 minutes

REVIEW THE MATERIAL COVERED IN SESSION I.

▶ Review the highlights of session one, concentrating on those topics and issues which you feel (a) you did not adequately address during that session, (b) the participants had difficulty understanding, and (c) are most important for the group to remember and consider in buying a home. For example, you may want to focus on:

- the reasons for and against buying a home (rational & irrational)
- the "trade-offs" involved in buying a home--things homeowners must sacrifice in order to be successful homebuyers and owners
- how owning a home is often more expensive than renting
- the costs of owning a home and the importance of calculating accurately the expenses of homeownership

▶ Answer questions the group may have about housing and neighborhood choice.

Activity #A-2
15 minutes

*PARTICIPANTS REVIEW AND COMPARE WHAT THEY RECORDED
ON THEIR HOUSING AND NEIGHBORHOOD CHECKLISTS.*

▶ Have two or three participants who may have inspected houses in the previous week tell the group what they recorded on their housing and neighborhood checklists. Review the results item by item (rather than having each participant read off his or her entire checklist) so that you and the group can compare answers to each individual question. Point out that while every homebuyer will want to inspect for certain things in selecting a house and neighborhood (for example, number of rooms in the house, changes in the neighborhood), others will have different concerns. For example, homebuyers who do not have or plan to have children or whose children are grown up may not find it important to inspect the quality and location of the schools in the prospective neighborhood, while homebuyers with children will want to do this.

▶ Find out what problems participants encountered in filling out any parts of the checklists (especially costs of various items). It may be possible to have those group members who could fill in an inspection item easily tell the others who had difficulty doing so how they were able to complete the task.

▶ Ask if different family members filled out the checklists. If none did, stress again that it is important in purchasing a home to consider the concerns and needs of every family member. If different family members did fill in the checklists, ask whether the results were similar. If not, what might account for the differences? Emphasize how these discrepancies illustrate that different family members may have unique concerns and needs when it comes to selecting a house and neighborhood. Point out that it is important to achieve a consensus before they make a commitment to buy a particular home.

▶ Stress the importance of getting a professional inspection if they have any questions about the quality of the house.

If participants have any question about the sales price of the house, then they should get an independent appraisal of the house (unless they plan to get an FHA-insured or VA-guaranteed loan, in which case, they will have to pay for an appraisal anyway).

B. PURCHASE CONTRACTS
(30 minutes)

Information and Ideas
to be Learned

Counseling Objectives

- | | |
|---|---|
| <p>1. Purchase Agreements</p> <ul style="list-style-type: none">● Specific conditions of sale (amount, timing, insurance, inspection, financing, etc.)● Negotiable items (purchase price, down-payment amount, moving-in data, etc.)● "Earnest money"● Pressures to sign the agreement (sellers, realtors, family members) | <p>1. To create awareness of the nature (commitment, risks, provisions, etc.) of a Purchase Agreement.</p> <p>2. To prepare buyers to handle potential problems in negotiating a Purchase Agreement--especially pressures from family, brokers, owner, etc. to settle too quickly or slowly, or to settle for less than optimally feasible or desirable conditions (price, down-payment, etc.)</p> <p>3. To make counselors aware that Purchase Agreements have long-term impacts on housing costs.</p> |
| <p>2. Other contracts</p> <ul style="list-style-type: none">● Offer to purchase● Escrow agreements● Personal property agreements | <p>1. To enhance confidence and ability of participants to make other purchase contracts that serve their interests.</p> <p>2. To build understanding of the legal implications of purchase contracts--commitments and lack of commitments.</p> |

Materials Needed

- copies of sample actual purchase agreements
- blackboard or flip chart

Counseling Content

Activity #B-1
HIP pp. 41-44
25 minutes

REVIEW THE COMPONENTS AND NATURE OF PURCHASE AGREEMENTS THROUGH CASE STUDIES OF ACTUAL AGREEMENTS.

▶ Pass out copies of sample Purchase Agreements (both long and short forms) and give the participants a couple of minutes to look them over quickly. Then explain the purposes of a Purchase Agreement, where it comes into the homebuying process, who is involved in preparing and signing it, and what it binds the buyer and seller to. Point out on the sample Purchase Agreements where these legal obligations may be found. Stress that while these commitments vary from agreement to agreement, every purchase agreement commits the buyer and seller to a lot more than simply a legal obligation to sell and buy the house for a specified price: many other commitments are also normally included, such as the closing date, amount of downpayment and under what circumstances it can be refunded, amount of the mortgage sought, length of time allowed for securing a mortgage, inspections to be carried out, who pays "points," etc. Review all of these potential ingredients to a Purchase Agreement as found in the HIP on page 43.

▶ Indicate that some items which go into a Purchase Agreement cannot be negotiated--such as the legal description of the property or the sale being contingent on the seller passing clear and marketable title to the property. Other items can be subject to bargaining between the buyer and seller, including the purchase price, moving in date, mortgage terms sought, and other items discussed on page 43 of the HIP.

▶ Emphasize that a purchase agreement is a binding document which the buyer can break only at the loss of his or her deposit. Stress that a Purchase Agreement also has long-term impacts on housing costs which the buyer should know about before he signs one. FOR THIS REASON IT IS IMPORTANT THAT BUYERS CONSULT WITH A REAL ESTATE ATTORNEY BEFORE THEY SIGN ANY AGREEMENT.

▶ Review with the participants some of the potential problems they may have in negotiating a Purchase Agreement. If some members of the group have already signed one or have begun negotiations to sign one, ask them to relate any problems they have encountered in doing so, including any pressures that have been brought to bear on them to include certain provisions

or to sign quickly or delay signing. Point out that there are often intense pressures from family members, brokers, and owners to settle too quickly or too slowly, or to urge the buyer to agree to terms that are either not in his or her best interests or that could be improved through further negotiations.

Activity #B-2
HIP p. 45
5 minutes

*PRESENT THE NATURE OF OTHER KINDS OF PURCHASE CONTRACTS
AND REVIEW THE ADVANTAGES AND DISADVANTAGES OF EACH.*

▶ Briefly note the existence of OTHER IMPORTANT CONTRACTS homebuyers may be involved in signing, including offers to purchase, options to buy, right of first refusal, and personal property agreements. Refer the group to page 45 of the HIP for additional information on these and other contracts. However, take the time to point out the purposes of these other contracts and their advantages and drawbacks.

▶ If "Offers to Purchase" are frequently used in a particular location, then these should be fully discussed before the presentation on Purchase Agreements.

C. FINANCING THE HOUSE
(45 minutes)

<u>Information and Ideas to be Learned</u>	<u>Counseling Objectives</u>
1. Nature of the mortgage and mortgage application process.	1. To create awareness of importance of financing and of the terms and conditions of a mortgage, including hidden costs, negotiable items, prerequisites, and unexpected problems.
2. FHA/VA homeownership programs.	2. To build an awareness of basic FHA homeownership programs--requirements and benefits.
3. What the lender looks at (borrower financial capability and value of the home)	3. To develop skill in evaluating the best combination of mortgage terms and tradeoffs (e.g., higher down-payment vs. monthly mortgage bill).
4. The costs of financing <ul style="list-style-type: none">● long-run costs● settlement costs	4. To develop awareness of sources of financing assistance and how to take advantage of them.
5. The need to shop around (bargaining terms).	
6. Anticipating potential problems (sources of assistance).	

Materials Needed

- blackboard or flip chart
- sample mortgage application forms for both lenders and FHA (2900 forms).
- comparison of financing options

Counseling Content

Activity #C-1
HIP pp. 47-54
20 minutes

PRESENT THE FINANCING PROCESS WHILE PARTICIPANTS TAKE NOTES.

▶ Pass out "typical Mortgage Application Forms and FHA form 2900."
Instruct the participants to take notes during the following activity
for future reference.

▶ Begin by describing what a mortgage is (its purpose, typical
contents and provisions).

▶ Describe the most common sources for mortgage loans and the dif-
ferences between them (Savings Banks and Savings and Loan Associations,
mortgage companies, commercial banks, purchase money mortgages).

▶ Point out that real estate brokers may suggest a lender, but that
buyers should shop around (brokers may get "finder's fees" for bringing
in business to certain lenders).

▶ Describe how mortgage applications are processed.

COVER THE FOLLOWING POINTS WITH REGARD TO FINANCING:

- how a lending institution decides whether to approve a mortgage application and what it looks for in the property and buyer.
- how an appraisal of the property is made to determine its value and a credit report is prepared to determine credit history and ability to repay the loan.
- what a mortgage means in terms of monthly payments--that is, the mortgage stays the same throughout the life of the loan, but other payments to the lender (taxes and insurance usually go up and how these payments may change--for example, if local property taxes go up or (rarely) go down.
- how important it is for homebuyers to "shop" for the best possible mortgage terms (interest rates, length of loan, number of points collected in FHA loans and closing costs), and why they should not assume that every mortgage will offer essentially the same terms or that none of the terms is subject to bargaining.
- what mortgage terms are negotiable.
- what steps are necessary in securing a mortgage (title search, credit checks, appraisals, inspections, etc.).

- what typical settlement costs are for securing a mortgage. (Point out that RESPA requires the lender to supply a "good faith estimate" of closing costs within three days after the application.)

Since financing is a complicated process, urge the participants to review the mortgage application process at home in Section 4 of the HIP.

Activity #C-2 HIP Appendix 4 15 minutes

REVIEW THE MAJOR FHA PROGRAMS.

- give brief description of 3 major FHA programs: 203(b), 221 (d)(2), 235 (i).
- detail more fully the subsidy program (235 (i)) and point out eligibility criteria.
- compare the mortgage application process of an FHA insured loan with conventional, pointing out additional forms and paperwork, duplication of appraisals and credit checks, and time factors involved.
- indicate positive aspects of program such as lower down-payment and longer terms, etc.
- point out that with FHA loans the "shopping" should be concerned with number of points charged by the lender to the seller, since ultimately these points could be added on to the sales price.

Activity #C-3 10 minutes

REVIEW SOME ACTUAL MORTGAGE ARRANGEMENTS IN LIGHT OF WHAT WAS EXPLAINED ABOVE ABOUT FINANCING.

▶ Pass out copies of comparison of financing options which are typical of financing agreements in the communities in which the group will be seeking mortgage loans and which also include FHA mortgage insurance. Ask the participants to evaluate what mortgage terms are best for them and why--for example, are the monthly payments, interest rate, or downpayment too high or low? Is the number of years of mortgage payments too long or short?

Then point out in the examples or ask the participants to identify-- features which illustrate the various aspects of financing arrangements which you have just discussed--negotiable items, hidden costs, interest vs. principal, duration, and so forth. Ask the participants to identify from each case what the owners of these mortgages have to pay each month and how many years they must do so. If possible, have available how much it costs the homebuyer to secure each of these mortgages and how they were secured. In short, present a "history" of the mortgage arrangements the group examines.

Activity #C-4
HIP Appendix 4
10 minutes

REVIEW SOURCES OF FINANCIAL ASSISTANCE AND HAVE PARTICIPANTS VOLUNTEER TO SHARE ANY EXPERIENCES THEY MAY HAVE HAD OVER THE PAST FEW WEEKS IN SEEKING FINANCING.

▶ Ask for participants to volunteer to describe how they have been going about securing financing and what problems they have encountered in doing so, such as large downpayments required, or unanticipated delays. Encourage other members of the group to suggest solutions to these difficulties, but provide other resolutions yourself, such as those suggested in pages 49-58 of the HIP. If no members of the group are searching for financing or if none wants to volunteer to describe his or her experiences, identify yourself what problems people looking for financing may run into and how to avoid or solve them. Encourage the participants strongly to read chapter 4 of the HIP to review financing issues and expand their proficiency in dealing with them.

▶ Have the participants turn to page 53 of the HIP, and review the various details they will want to ask about in securing the best possible mortgage terms. Also use the site-specific information provided in Appendix 4 of the HIP. Stress that the participants should not feel reluctant to ask these questions even if they feel little need for assistance. Mortgage terms are too important in terms of their long-term effects on family finances not to secure all possible assistance in obtaining the best arrangements. In addition, finance arrangements tend to be much more complex than many people realize, with hidden provisions and costs with which homebuyers should become thoroughly familiar.

D. CLOSING
(15 minutes)

Information and Ideas
to be Learned

Counseling Objectives

- | | |
|---|---|
| <ol style="list-style-type: none">1. Prerequisites for closing<ul style="list-style-type: none">● Papers necessary (abstract or title search, hazard insurance binders, etc.)● Money (RESPA estimates)2. Who attends the closing? (principal actors/roles)3. Process and timing4. How to avoid potential delays | <ol style="list-style-type: none">1. To create awareness of what is needed to close on the purchase of a house.2. To provide understanding of the process and basic transactions that take place.3. To instruct buyers on ways to avoid delays in closing and how delays can occur. |
|---|---|

Materials Needed

- multiple copies of closing checklist
- copies of typical settlement sheets with site-specific costs.

Counseling Content

Activity #D-1
HIP pp. 59-64
15 minutes

DESCRIBE THE CLOSING PROCESS.

▶ Point out that the basic purpose of the closing is for the seller to transfer title of the property to the buyer. Describe what takes place at the closing and how the closing fits into the overall process of buying a house, especially:

- title search--to assure a clear and marketable title;
- insurance policy or binder (must be in effect from the closing on);
- adjustment of costs between buyer and seller (who pays what?)
- signing of FHA or VA documents;
- signing of the mortgage (or deed of trust) and the promissory note;
- turning over money to the seller;
- signing of the deed by the seller;
- turning over keys to the buyer.

▶ Point out the role of each actor:

- what seller must do;
- what attorney for lender must do and whom he represents;
- what buyer must do.

▶ Point out costs incurred by:

- seller (tax adjustments, stamps, points, real estate commission);
- buyer (escrow taxes and insurance, balance of downpayment, legal fees, origination fee, etc.).

▶ Stress the importance of knowing ahead of time the costs to the buyer and how they can find out. Remind them that a certified check or cash is required.

▶ Review the closing checklist with emphasis on the following:

- date seller will vacate property (avoid closing if seller is still in house);
- arrangements to move in with your mover;
- final inspection of property before closing.

- effective date of insurance policy (date of closing)
- time, date and place of closing

Refer to HIP checklist and emphasize that if these details are followed there should be no delay in closing and occupying the house.

▶ Pass out copies of the checklist of prerequisites to closing from Appendix 5 of the HIP and review the steps involved, emphasizing that careful advance preparation is necessary to complete the closing properly and in order to avoid delays.

▶ Describe what typical closing costs may be involved (use examples in Appendix 5) and who pays them. Stress that homebuyers must know well ahead of time what their closing are likely to be and indicate how they can find out how much money to set aside.

▶ End the second session by once again reminding the group to review those chapters of the HIP which treat the issues you have covered during the session and, if possible, to read the chapters of the HIP which deal with home maintenance and repair and family budgeting--the topics for the next counseling session.

SESSION III
POST-OCCUPANCY

A. MOVING IN AND DEALING WITH INITIAL PROBLEMS
(25 minutes)

Information and Ideas
to be Learned

1. Overview of the moving process
2. Potential problems, how to avoid them, and sources of assistance

Counseling Objectives

1. To familiarize buyers with what is involved in moving and typical move-in costs
2. To enable buyers to protect their rights and secure good mover services by knowing the potential problems involved in moving and how to prevent them or secure redress once they have occurred.

Materials Needed

- multiple copies of moving-in checklist from Appendix 6 of HIP
- copy of ICC pamphlet, "Summary of Information for Shippers of Household Goods"

Counseling Content

Activity #A-1
HIP pp. 65-68
10 minutes

PARTICIPANTS USE CHECKLIST ON MOVING-IN PROCESS TO IDENTIFY STEPS TO TAKE AND PITFALLS TO AVOID.

▶ Take a couple of minutes to ask any participants who have been involved in moving to indicate quickly what the single most difficult problem was they encountered and how they resolved it--if they did.

▶ Pass out copies of the checklist of steps involved in moving which is provided in Appendix 6. Review the steps with the group, asking the members to speak up if in their personal experience they have run into additional problems which people who move should be aware of or if they have advice about moving that is especially relevant to conditions in the local community. Concentrate especially on those steps people can take

to avoid problems, such as:

- making sure the house is empty, clean, and ready to move into
- making a list of all articles being moved
- getting estimates from more than one moving company
- securing a mover who carries adequate insurance, and knowing what the mover's liability is for loss and damage
- checking with the mover for pick-up and delivery times
- notifying the post office and other people of your new address

For those who will be moving on their own, it is important to have a moving plan which includes knowing:

- who will be helping and what are their responsibilities
- which items are to be moved first
- what it will cost (for example, to rent a van or truck)

➤ If possible, secure in advance and pass out to the participants copies of the Interstate Commerce Commission (ICC) pamphlet "Summary of Information for Shippers of Household Goods." (Otherwise, suggest that the participants order copies on their own.) Point out that it is very important that they secure and read this booklet because time does not allow you to cover all the intricacies of moving, it is easy to develop problems during moving, and people who are moving do have several important legal rights that limit their risks and make it easier for them to solve moving problems. Additional information on moving is also available on pages 67-68 of the HIP, and participants should be urged to read these pages, as well.

Activity #A-2
HIP Appendix 6
5 minutes

*PARTICIPANTS REVIEW TYPICAL MOVE-IN COSTS
(MOVING, UTILITY & HOOK-UP COSTS, REDECORATING)*

➤ Using the information in the Appendix to Section 6 of the HIP, review typical moving costs with the participants for the moves they are likely to make. Moving expenses are an item homebuyers often forget to include in their calculations of how much it costs to purchase a home and

can come at a time when the new homeowner is especially short on funds (having made a downpayment, bought new furniture, paid for the closing, etc.).

▶ Point out that moving involves more than just the expense and risk of shipping belongings; it also involves costs associated with starting life in their new home, such as:

- utility deposits and hook-up charges for electric, telephone, gas, and water service
- purchase of needed new appliances and furnishings
- redecorating expenses (paint, wallpaper, rugs, etc.)

Emphasize that considerable savings can be made with some moving-in expenses-- for example,

- moving as many of their furnishings on their own as possible
- shopping for the best buy from oil or gas companies, finding out which company offers the best service contracts, etc.
- doing their own redecorating, painting, etc.

Activity #A-3 HIP pp. 69-70 10 minutes
--

DISCUSS WITH PARTICIPANTS THE THREE KINDS OF PROBLEMS THEY MAY CONFRONT SOON AFTER THEY MOVE.

1. Dealing with defects in the house

- potential kinds of defects
- implied warranties (for new homes)
- written warranties (as part of H.O.W. program or Purchase Agreement)
- an appraisal (by the lender or by HUD/FHA) does not mean "approval" nor does it "warrant" the house against defects

2. Dealing with salespeople

- door-to-door "come-ons" and sales gimmicks to beware of
- how to avoid being taken in
- postponing decisions to make improvements until buyer has had a chance to live in the house for a while

3. Temptation to buy all new furnishings to go with their "new" home

- natural inclination to do so
- risks involved, such as installment buying, over-extended credit, getting into a financial hole
- how to avoid this (by garage or tag sales, postponing the purchase, etc.)

B. FINANCIAL MANAGEMENT
(60 minutes)

Information and Ideas
to be Learned

1. Making mortgage payments
 - Importance of making mortgage payments on time
 - Dealing with problems of delinquency and default and relief provisions
 - Impact of foreclosure
 - Potential changes in expenses (e.g., town taxes increase)
2. Budgeting
 - Importance of budgeting
 - How to draw up a budget
 - Forecasting future financial needs and saving for them now
 - Dealing with catastrophic circumstances (illness, unemployment, etc.)
3. The meaning of credit maintenance/costs of borrowing
4. Sources of Assistance
 - Legal
 - Counseling
 - Financial

Counseling Objectives

1. To emphasize the importance of keeping mortgage payments current
2. To create awareness of importance of careful financial management and budgeting for successful home ownership
3. To develop skills in developing a realistic family budget
4. To enhance buyer awareness of sources of assistance for financial management of problems

Materials Needed

- multiple copies of checklist of budgeting items from Appendix 6 of the HIP
- multiple copies of blank budgeting forms from Appendix 6 of the HIP
- blackboard or flip chart--case study of a house

Counseling Content

Activity #B-1
HIP pp. 71-72
15 minutes

EMPHASIZE THE IMPORTANCE OF MAKING MORTGAGE PAYMENTS ON TIME AND CONSEQUENCES IF THEY FAIL TO DO SO.

Describe:

- Late charges - how much and when they are assessed
- Delinquency - what it means and how it affects the homeowner's credit rating
- Default - what does it mean and what recourse does mortgagor have
- Forbearance (working out an arrangement with lender to make up late payments) - lender may or may not allow this; HUD assignments as recourse
- Foreclosure - the impact on family - present and future

Remind participants to be aware of potential increases in mortgage payments due to increasing taxes, etc.

Describe the community agencies included in Appendix 6 of the HIP which are available for legal and financial advice to assist homeowners who cannot meet a mortgage payment. Homeowners should realize the importance of seeking help as soon as they foresee a potential financial problem.

Only careful financial management will prevent money problems later on. Homeowners can expect to run into money problems from time to time, and should be prepared for dealing with them beforehand.

▶ Pass out copies of the budgeting checklist in Appendix 6 of the HIP or, if all the participants have brought their package, instruct them to turn to Appendix 6. Review the budget items carefully, pointing out that a few of the items may not apply to some homeowners, while others need to be added for homeowners with special circumstances.

Activity #B-3 HIP pp. 73-75 25 minutes
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DRAW UP A TYPICAL FINANCIAL MANAGEMENT PLAN OR BUDGET USING WORKSHEETS IN APPENDIX 6 OF THE HIP

▶ Go through the process of computing a household budget presented in the hypothetical example provided in Appendix 6 of the HIP. Be sure that all the participants understand the calculations that must be performed in order to determine how much money they must have available each month for each household expense. Emphasize that some budget items are monthly or annual expenses which can be estimated fairly accurately (like real estate taxes, insurance bills, telephone bills), while other budget items represent future financial needs (like repainting, new roof) for which money must be saved now even though the ultimate expense may not be incurred for a long time.

▶ When you have completed the exercise with the group, ask what problems the participants foresee in developing their own budgets and suggest solutions to their difficulties. Ask two or three members to volunteer to describe how they would figure out their own budgets and compare them. Point out where differences may have occurred so that the group realizes that different family situations--income, size of family, on-going expenses, house purchase price, amount of monthly mortgage payments, local property taxes, etc.--will require different budget plans.

➤ Indicate to participants how important it is to keep good records, both on their house and on their income and expenses each year. Refer participants to p. 74 of HIP for list of records they should keep.

➤ Point out that catastrophic events are a possibility for every homeowner, including extended illness, accidents, unemployment, and family break-up, and that these possibilities make it wise to put money away for such emergencies, to establish a good credit rating so that they can borrow money more easily should such a catastrophe occur, and to maintain health and hospitalization insurance. Inform them of the availability of mortgage insurance which will protect their mortgage in the event of major health problems or loss of employment, and mortgage life insurance which will pay off the mortgage in the event of their death.

Activity #B-4
HIP p. 50
10 minutes

*DISCUSS CREDIT AND CREDIT RATINGS AND HOW TO
CALCULATE INTEREST.*

➤ Describe how a person's credit record is established, why it is important to have a good credit record, and how a credit record can influence a person's ability to borrow money.

➤ Ask the participants to indicate briefly some of the problems they may have had securing credit and paying off loans, and what they did about them. It is likely that one of the problems they may have encountered is not realizing how much interest they had to pay for a loan. Using the tables on pages xx-xx of the HIP, indicate how much a loan at a typical interest rate will end up costing the borrower. Explain how the total interest a borrower has to pay on a loan can be computed--that is, how much the participants can save if they avoid buying on credit or if they shop around for the best possible credit terms. Stress that most major credit card companies charge 18% per year, while a bank loan may only be 12%.

➤ Describe sources of help for resolving credit problems and securing the best possible terms if one does buy on credit. Refer the participants to page 50 of the HIP and provide local sources of help listed in Appendix 6.

C. MAINTENANCE, REPAIR, AND IMPROVEMENTS
(30 minutes)

Information and Ideas
to be Learned

Counseling Objectives

- | | |
|---|---|
| <p>1. Regular home maintenance</p> <ul style="list-style-type: none">● Importance of● Regular maintenance items● Extraordinary items● By whom (homebuyer, others)● Identifying good servicers (oil companies, etc.)● Budgeting for; how to reduce costs of <p>2. Repairs</p> <ul style="list-style-type: none">● Importance of● Repairs homeowners can do; useful tools and techniques● How to identify and hire repairpersons (plumbers, carpenters, electricians, etc.)● How to anticipate and know when a repairperson is needed● Contract do's and don't's - "Right of Rescission"● Budgeting for; how to reduce costs of <p>3. Improvements</p> <ul style="list-style-type: none">● Types of improvements● Values of each--short- and long-term <p>4. Consumer protection laws and agencies</p> | <p>1. To create awareness of importance of regular maintenance and repairs and motivate homeowners to perform them.</p> <p>2. To build buyer awareness of nature and extent of ongoing upkeep responsibilities and costs.</p> <p>3. To familiarize owners with methods by which they can minimize or reduce upkeep (e.g., methods of energy conservation)</p> <p>4. To familiarize owners with the variety of companies and agencies available to provide upkeep services; to develop owner skills in selecting the best possible home maintenance and repair service providers (contractors).</p> <p>5. To create awareness of the cost/benefits of different kinds of home improvements.</p> <p>6. To forewarn prospective owners of pressure sales tactics for home improvements and create awareness of real costs, and possible liens or second mortgages.</p> |
|---|---|

Materials Needed

- multiple copies of actual sample warranties
- home improvement contracts
- blackboard or flipcharts

Counseling Content

Activity #C-1
HIP pp. 77-83
15 minutes

DISCUSS THE IMPORTANCE OF REGULAR MAINTENANCE AND REPAIRS AND IDENTIFY THE MAJOR ONES MOST HOMES MAY REQUIRE.

➤ Emphasize the importance of regular maintenance of a home and prompt attention to repairs by asking the participants if they can cite occasions they can recall when inattention to such items created extra costs and inconvenience for the residents of the homes or apartments they have lived in. You can supplement their stories with the "case studies" provided on the following pages. Ask the participants to suggest how a homeowner might be able to tell when each of these maintenance items and repairs is needed. Point out that many maintenance companies and repairpersons will consult over the phone or send someone to the house free of charge both to suggest whether and what work needs to be done and to provide a cost estimate for doing it.

➤ On a flip chart or blackboard, list in separate columns the maintenance and repair items which have thus far been identified. Ask the group if it can describe any other common maintenance and repair tasks which homeowners commonly have to perform. Supplement the group's suggestions with the items listed in Appendix 7 of the HIP. Ask the participants to indicate those maintenance and repair tasks which require regular, periodic attention and those which may require infrequent but immediate care.

CASE STUDIES OF THE CONSEQUENCES OF NEGLECTED MAINTENANCE AND REPAIRS

Maintenance

1. One fall, a family neglected to clean out the leaves which had fallen into the gutters. The next spring, a severe rainstorm, which the clogged gutters couldn't handle, led to water seepage under the roof and through the second story ceiling, causing ugly stains and falling plaster. It cost the family \$250 to have the ceiling replastered and repainted, when \$20 spent to have the gutters cleaned would have prevented the problem-- or they they might have been able to do it themselves.

2. A family failed to have its heating system inspected and cleaned for several years. One wintry Saturday night, with the temperature dipping to 10 degrees, the furnace stopped working. It wasn't until Sunday morning that the family discovered the problem as they woke up to a chilled house. An "emergency" repair service was unable to fix the problem until Monday night. The repair people had to be paid overtime, and several extra parts that would not have been necessary if regular maintenance had been performed increased the bill. The total bill came to \$155, while the family had to spend Sunday and Monday with their two children at a neighbor's house waiting for the heat to return.

3. A family had been living in their 40-year-old house for three years. One night during dinner a fire started in the chimney and spread through the second floor of their house before the fire department could put out the blaze. There would have been no fire had the family had the tar and pitch cleaned out from the chimney every other year (about \$50).

Repairs

1. One family neglected to have a water pipe in their basement repaired even though it was leaking at the joints. One day they left the washing machine on while they went to visit a friend. They came back to a flooded basement, because the pipes had finally rusted through. They not only had to shut off

Repairs (con't.)

all the water in the house for a day and a half while they waited for new pipes to be installed, but the flooded basement left an ugly water line stain in every room in the cellar and damaged several pieces of furniture and other items which were being stored there.

2. A leak in the corner of a shower stall was ignored in one home, even though it had started to cause a stain in the ceiling below. Eventually, the plaster started coming down; but by the time the family called in a repairperson, a good part of the ceiling had to be rebuilt and the entire ceiling repainted. Recaulking the shower as soon as the stain began would have solved the problem from the start.

3. One family, when it bought a large air conditioner, found that when they turned on the air conditioner, they blew a fuse. To "solve" the problem, the family replaced a 15 amp fuse with one with a 20 amp capacity. A few months later an electrical fire started in the walls of the bedroom due to the overloading, causing severe damage to the walls and smoke damage to the entire house. It cost over \$1,000 to repair. Installing an extra circuit for the air conditioner (about \$75) would have solved the problem in the first place.

▶ Ask the participants to turn to the diagram of a house on page 32 of the HIP, and have them write in key maintenance and repair items next to the appropriate parts of locations of the house.

Activity #C-2
HIP pp. 84-88
10 minutes

*SUGGEST HOW TO IDENTIFY RELIABLE PROVIDERS OF
MAINTENANCE AND REPAIR SERVICES AND REVIEW
WARRANTIES FOR MAINTENANCE AND REPAIR WORK.*

▶ Instruct the participants to read section 7 of the HIP at home to learn about the kinds of maintenance and repair services they can secure and how to evaluate reliable ones. Then, from among the maintenance and repair items listed on the blackboard or flip chart or on the participants' house diagram, ask the group to indicate which items can be handled best by the homeowner and which by private companies or repairpersons.

▶ Point out that many maintenance and repair servicers provide warranties with their work and that homeowners can "shop" for the company or individual who provides the best warranty as well as the best price and most reliable work. In some instances, it may be preferable to pay a higher price for a maintenance or repair service if the warranty provides additional protection against faulty workmanship or accidental breakdown. For example, if a family has an old heating system, it may be advisable to purchase along with oil deliveries an insurance policy that includes an annual cleaning of the furnace and free replacement for certain parts.

▶ Pass out two or three typical contracts and warranties for the same maintenance or repair service and ask the participants to evaluate which one offers the best "deal" and why. Emphasize the need for a detailed contract which spells out all the terms. Stress the importance of keeping in a safe place the contract, all receipts for work done, cancelled checks, and warranties. Explain that until home improvement and repair bills are paid, many companies or contractors can attach "liens" to a house, making it difficult or impossible to sell the house until the bills are paid. Explain the Right of Rescission and what it allows for. Mention, too, that whether a warranty accompanies the work or not, there are agencies in the local community which can help a homeowner secure redress of grievances from dishonest or careless repair and maintenance persons and companies.

▶ Suggest several ways homeowners can cut down on the cost of maintaining their home. For example, they can:

- cut down on energy consumption;
- perform certain tasks themselves; and
- put aside money now so they can pay future bills in full and avoid paying interest on money borrowed to pay repair bills.

Activity #C-3 HIP p. 82 10 minutes
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REVIEW TYPES, VALUE, AND DRAWBACKS OF HOME IMPROVEMENTS.

▶ Ask the participants to describe several home improvements they have either made where they have lived or have examined in the homes of neighbors, friends, and relatives. Ask the group to suggest what the value and drawbacks of these home improvements were aside from their obvious purposes (provide more space, etc.). Point out that some home improvements can increase the value of a home and often make it easier to sell quickly and at a higher price. However, some improvements (for example, new kitchen, additional bedrooms, and baths) can raise property taxes or cost much more to install than they could recover in the sale of the house. Homeowners should be careful of pressure sales tactics, such as door-to-door sales, designed to induce them to improve their home, and should evaluate carefully the costs and benefits of any improvements before they embark on them.

▶ Drawing on the list of home improvement suggested on page 82 of the HIP, briefly describe any which the participants may not have brought up themselves.

D. SUMMARY OF SESSIONS

(15 minutes)

▶ Ask the participants to identify those topics which they have discussed during the three sessions which they still feel insecure about. Spend a few minutes reviewing these issues and indicating how the participants can get still more information on them--for example, from the HIP and from other agencies and materials listed in the HIP.

▶ Review those areas of homebuying and homeownership which you feel the participants may not have fully comprehended. For example, you may want to emphasize once again how important it is to anticipate the long-range consequences of the choice of a house and neighborhood and the decision to buy a house. Conclude by pointing out that buying a home is the single most expensive purchase many participants will ever make, and a wrong decision will affect adversely their financial condition, credit rating, life style, and innumerable other aspects of their lives; while a wise choice can give them lasting satisfaction.

SECTION 2

COUNSELING CURRICULUM FOR GROUP II

Group plus Individual Counseling

SECTION 2

COUNSELING CURRICULUM FOR GROUP II

- group sessions
- three 2½-hour sessions
plus
- individual counseling
- 1-5 hours per homebuyer

The program for the second counseling Group consists of all of the group sessions described for Group I (see pages 18-64) and their related content and objectives plus one-on-one counseling sessions that the participants may request. However, there is no advocacy counseling (for example, no direct assistance in inspecting houses, negotiating purchase agreements, arranging financing, going to the closing, etc.) as there is for Group III. Individual counseling sessions may last from ½ to 2 hours each and extend over a period of from two weeks to several months. However, it is recommended that individual followup sessions be held in between or soon after the three group sessions. The total number of counseling hours offered to Group II homebuyers (group sessions plus one-on-one counseling) will be about 10 hours on average.

The nature of the group sessions has already been described in the introduction to Section 1 for Group I (see pages 13-15). You should review that discussion carefully before familiarizing yourself with the following information about one-on-one counseling sessions for Group II participants.

Individual Counseling Approach

In most respects the counseling offered in the individual sessions will employ the same client-centered, participatory approaches that are utilized in the group sessions. The goal of all counseling in the Demonstration, regardless of counseling variation, is that potential buyers should become as independent and competent as possible to deal effectively with all aspects of the homebuying process and with subsequent homeownership.

Furthermore, in the individual sessions you will need to stress client participation in the decision-making process to avoid creating on-going dependency relationships with your clients. Therefore, typical individual sessions should still make use of problem-solving exercises, worksheets in the HIP, posing questions to clients, and other methods which require active homebuyer participation.

However, given these basic similarities between the group and individual counseling approaches, in the one-on-one counseling sessions you should seek to individualize the information you provide, the skills you impart, and the instructional methods you use to do so. In individual sessions you will be able to respond to specific questions and problems from clients in a way you cannot with a group because there is simply not enough time in group sessions to focus on every member's particular concerns. Individual counseling sessions will therefore differ from group sessions in the degree to which you can address the actual problem the homebuyer is confronting rather than a hypothetical situation with which all members of a group will be able to identify.

In addition, in individual sessions you can tailor the counseling methods you use to impart information and skills to the particular learning approaches favored by each client, whereas in group sessions you are restricted to using those counseling approaches which represent the most effective teaching methods for the group as a whole and which capitalize on the presence of several homebuyers who can share information and ideas.

For example, where an audiovisual presentation may be the best method for presenting information to a group about how to evaluate a house, reviewing the specific steps involved verbally may be the most effective method with an individual homebuyer. Where group discussions can lead to sharing and comparing of ideas and information among the members, individual sessions may require you to suggest alternatives which the client may not have considered.

Limitations on Counseling Group II Participants

The kinds of things you may not do in the individual counseling sessions with Group II participants are:

- to propose changes in a purchase agreement or in financing arrangements which have legal implications for the buyer or seller (although you can point out what problems various provisions in the agreements may create for the client);
- make calls on behalf of the participant to brokers, lenders, or sellers; or
- engage in any direct intervention which involves your having contact with a third party outside your one-on-one relationship with the client.

In addition you will not be able to provide housing inspection services to Group II participants.

Content of the Individual Counseling Sessions

Because different homebuyers will have different concerns about purchasing a house and may be in different stages of the homebuying process, it is impossible to predict what the actual content of the individual counseling sessions will be, how many sessions there will be, how long each will last, over what period of time they will take place, or what sequence they will occur in. For this reason, you will need to begin the first individual counseling session with each client by determining where the participant is in the homebuying process and reviewing the steps he or she may have already taken.

However, you can anticipate that homebuyers may wish to discuss with you the following types of issues on a one-on-one basis:

- whether or not to buy a house
- how much to spend for a house
- what kinds of neighborhoods to consider
- what kind of house to buy and how to inspect it

- whether or not to sign an Offer to Purchase or a Purchase Agreement
- where to go to secure advantageous financing
- what to do before the closing
- how to develop a personalized household budget
- how to develop a personalized home maintenance and repair plan
- whether to sign a contract with a home improvement company

While some participants may request one-on-one counseling with you, you will also want to be sensitive during the group sessions to occasions when a group member raises a concern or problem which is too specific to handle in the group sessions. You should take the initiative to suggest that the participant see you later on an individual basis. A key skill you will need to have is the ability to decide whether a particular group member's questions or problem warrants individual attention only or whether you should deal with it in the group because it may lead to useful learning for the other participants. There may also be times when a homebuyer's concern should be addressed in both a group and a followup, individual session.

An Example of Individual Counseling

To give a concrete illustration of what may take place during an individual counseling session, suppose a client requests your advise on whether to sign a specific purchase agreement. Depending on what you know about this particular homebuyer (how he or she can benefit most from the one-on-one counseling approach) you may do one or more of the following things:

- ask the client to provide background information on the house he or she has chosen and why he or she wants to buy it.
- ask the client to review his or her earlier decisions to buy this house or move to the neighborhood in which this house is located.
- ask the client whether he or she has inspected the house carefully and whether any problems were found.

- review with the client the content of the purchase agreement.
- ask the client whether he or she has had a real estate attorney review the purchase agreement.
- ask the client to (a) describe what he or she feels are the reasons for and against signing the agreement and (b) indicate which elements of the purchase agreement might still be subject to negotiation based on what the client learned during the group session which covered this topic. You can then fill in any consideration the client has omitted.
- suggest the client review the materials in HIP which discusses purchase agreements.
- suggest the client discuss the matter further with his or her lawyer.

You should select that method or those methods of counseling which will:

- a) best help the homebuyer to make a wise immediate decision.
- b) best help the homebuyer in the future to be a wise homebuyer when such personalized advice may not be available.
- c) prevent creating client dependency on you.

SECTION 3

COUNSELING CURRICULUM FOR GROUP III

Individual, Advocacy Counseling

SECTION 3
COUNSELING CURRICULUM FOR GROUP III

- individual counseling
- no group sessions
- advocacy services
- counselor initiatives permitted--
 except legal advice
- housing inspection services

The Group III counseling approach represents the most intensive level of pre-purchase homeownership counseling offered in the Demonstration. All counseling for this Group is provided in individual counseling sessions as needed and/or requested by the homebuyer. No group sessions are offered. The one-on-one counseling consists of the same individual counseling sessions offered in Group II (see pages 75-81) plus an undetermined number of occasions on which you may take action on behalf of the homebuyer or accompany the client on a home-purchasing activity to act as the "buyer's agency." Individual counseling may be provided to participants in group III throughout the counseling period up to May 1979. In the individual case, counseling may be provided until the homebuyer has moved into the house. The total number of counseling hours offered to Group III participants (individual counseling sessions plus advocacy assistance) will be about 17 hours on the average.

Advocacy Services

Advocacy counseling means that you may act as the "buyer's agency" throughout the homepurchase process. In addition to providing information, advice, counseling and referral services, as the buyer's agent you should be prepared to offer the following additional forms of assistance:

- inspecting a home for sale* and evaluating neighborhoods
- helping to negotiate offers to purchase and/or purchase agreements
- assisting in arranging financing or mortgage insurance
- helping to arrange a successful closing
- attending the closing (but not as the buyer's legal representative)
- facilitating or following up various steps in the homebuying process, for example, making telephone calls, writing letters, or visiting real estate brokers, sellers, mortgage companies, lawyers, and other actors in the homebuying process.

For example, if your client has requested your help in negotiating a purchase agreement, you might accompany him or her to a meeting with the broker and/or seller in order to review and discuss the conditions and terms of the purchase agreement. During financing negotiations you may yourself ask the mortgagee over the telephone or in person about certain aspects of the financing about which the homebuyer has neglected to inquire.

In the advocacy approach, you must offer every participant in Group III the same range of counseling services. You should be prepared to take those initiatives that are necessary and possible to resolve difficulties of simplify the homebuying process.

However, you may only take action at the request of the client or with his or her approval.

Because different homebuyers will have different concerns about purchasing a house and may be in different stages of the homebuying process, it is impossible to predict what form of assistance the counseling sessions will require you to provide. It is also not possible to foretell how many sessions there will be for each client, how long each session will last, over what period of time they will take place, or what sequence they will occur in.

* If you conduct a home inspection for participants, you must advise them ahead of time that you are not a professional or licensed house inspector and can therefore provide no legal guarantee of your opinions of the house. If your clients wish to have additional certainty, they should hire a professional house inspector.

Promoting Client Self-Reliance

While you need to be prepared to take an active role in resolving problems for the participants, it is a goal of the entire Demonstration, regardless of counseling Group, that prospective buyers become as independent and competent as possible to deal effectively with all aspects of the homebuying process and with subsequent homeownership. You should, always, therefore, FIRST attempt to enhance the participants' OWN capabilities before providing additional assistance or intervening directly for them in the homebuying process. You are a partner and a guide in the homebuying process rather than a substitute for the buyer. Therefore, in negotiation sessions with sellers, brokers, lenders, and in any other advocacy activities, such as inspecting a house or neighborhood, you should, to the extent possible, encourage the participant to take the active role in asking questions, making observations, and making decisions so that all clients are helped to become self-reliant and able to cope with the problems of homeownership and of buying another home in the future without recourse to additional counseling assistance.

There are a number of strategies you can use to encourage clients to make their own observations and decisions. For example, rather than solving a problem for a participant you might instead:

- ask the homebuyer such questions as, "What else should you consider before you sign this purchase agreement? Why does this particular house appeal to you so much? Can you afford to buy and own the house? Have you considered what its disadvantages might be?"
- suggest that the client refer to appropriate parts of the HIP for additional information before signing a purchase agreement under consideration and then come to you with questions or ask you to attend the signing.
- have clients use the worksheets in the HIP in your presence and ask you questions only when a problem they can't solve alone arises. Review the clients' calculations and conclusions after they are done.
- refer to instances where other homebuyers have run into difficulties as examples of problems the client can avoid with proper advance planning on his or her part.

Equally important in promoting client self-reliance is your attitude. If the participants sense that you are going to take over control or "pick up the pieces" for them as soon as they ask you to make a decision or solve a problem, they may sit back and let you do all the work. However, if you make clear from the start that you are going to try to "sit back" for as long as possible to see if the client can come to his or her own decisions and solve his or her own problems, the participants may develop the habit of asking you to do things for them only as a last resort.

It may require some restraint on your part to build participants' self-assurance, competence, and motivation to resolve their own problems and make their own decisions. The simplest course of action may often be to do the work for the client--make the decision, answer the questions, or solve the problem. However, in the long run, you are doing a disservice to homebuyers if you do things for them which they are capable of doing or learning how to do for themselves: you may neatly tie up all their homebuying problems prior to closing only to watch them unravel later when the buyers are on their own.

REMEMBER: There may be occasions when you and your client cannot together solve a particular problem. Be able to recognize when you will have to go "outside" for additional help (for example, to a lawyer or professional housing inspector).

Procedures for Counseling Group III Participants

1. Find Out What Your Clients Need. Before providing any counseling services to a client, you will need to learn where he or she is in the homebuying process so that neither of you wastes time on homebuying decisions which have already been made and cannot be altered. Begin the first session for all participants by asking what decisions they have made so far about buying a house and what actions they have already taken. Ask them also what other concerns they may have about buying a house in addition to the immediate problem that motivated them to come see you. This way you will be certain that none of these concerns is forgotten later on or ignored as you focus on more pressing worries. Some homebuyers may have difficulty expressing what's concerning them about buying a house or what specific help they need. If they are inarticulate, you can stimulate them to express their needs by mentioning specific major homebuying

and homeowning procedures and activities and asking them if they feel capable at the moment of handling each of these steps. You might ask, for example, "Do you feel you know how to get the best possible terms for a mortgage? Do you know what to look for in inspecting a house? Do you know about how much money the home will cost you to own and take care of each month? Are you aware of all the things that can and should be part of a purchase agreement?"

2. Develop a Counseling Plan. Once a participant has expressed all his or her needs and concerns, write these down and then decide together which ones are most pressing and which, if any, need immediate attention. Then set up a counseling plan for what you and the participant will do together in the coming weeks or months. Of course, you will want to remain flexible and ready to change your plan as circumstances dictate, and you should tell your clients that they should feel free to indicate that they want to do some things in different order, spend more time on something else, or otherwise alter the plan. But some counseling plan is necessary so that both of you have a clear picture of what, at the moment at least, the client needs and what you and he or she will be doing together.

The following three points should be explained to the participants before you develop a counseling plan and then be incorporated into it:

- a. Participants should become as familiar as possible with all aspects of buying a house, even if they have gone beyond some of the initial steps by selecting a neighborhood, finding a house, and so on. Familiarity with the entire process of homebuying that is treated in the counseling sessions for Groups I and II (see pages 18-74) will enable participants to buy another house in the future with as little help from a counselor like yourself as possible.
- b. Stress the importance of the client's becoming actively involved in the counseling process so that he or she develops skills which can be used again in the future as a homeowner or buyer of another home.
- c. Encourage participants to ponder carefully whether they ought to reconsider some of the decisions they have already made or actions they have already taken. While some of these decisions and actions may be irrevocable (for example, signing a purchase agreement), others (like having "decided" which house to buy but not having signed a purchase agreement) can be reconsidered in light of new information which you can provide or which participants can learn from the HIP or slide presentations. While

clients may feel that it is more important to solve their immediate problems (for example, deciding whether to sign a purchase agreement), make a concerted but reasonable effort to have them reexamine their earlier decisions to make sure that they have had valid reasons for making those decisions and that they understand the implications of their decisions for successful homeownership.

3. Conduct the Counseling. It may be helpful to illustrate the process for counseling participants in Group III with an example. Let us suppose a client comes in to you having already selected and inspected a home and having already "decided" to buy it. The homebuyer wants help in negotiating a purchase agreement and securing financing.

- a. First, address the client's initial concerns about buying a house, and find out where the client is in the homebuying process.
- b. Second, indicate what services you are prepared to provide to the participant--individual counseling sessions and advocacy services, as needed.
- c. Then explain that in this counseling program it is important that participants become familiar with all aspects of buying and owning a home, not just with the resolution to the problem which motivated them to participate in the program.
- d. Stress the importance of the client's doing as much of the work as possible in whatever counseling relationship you develop. Explain the contents and value of HIP, using it as an illustration of one way in which the client can take an active part in the counseling program.
- e. Develop a counseling plan together. Write down what the two of you plan to accomplish and how. But don't overdo your notetaking during the session since it can disrupt the communication channels you are trying to build with your clients.
- f. As the first step in your plan (and the first counseling task), review the prior decisions the client has made or actions he or she has taken. While the client may feel that it is more important to solve his or her immediate problem (determine what should go into the purchase agreement) make a concerted but reasonable effort to reopen these prior decisions for discussion to make sure that the client has valid reasons for the decisions already made and that he or she understands the implications of those decisions.
- g. Together, review the steps in the homebuying process which the client should (and may, indeed) have already gone through. Discuss, for example:

- Why does the client want to buy a home?
 - Can the participant really afford the house? How can he or she tell?
 - How did he or she decide where to look for houses? What is appealing to the client about the neighborhood he or she has chosen?
 - Will the house meet the client's present and future needs? Will it present any problems later on?
 - How was the house inspected--what was examined and what was found? Did the homebuyer look for all the items listed on pages 31-34 in the HIP?
- h. Take action to get additional information or correct misunderstandings about the buyer's situation or about the house he or she proposes to buy if the participant clearly needs this kind of assistance: phone calls or meetings with other housing actors may be necessary.
- i. Schedule a house inspection if the client chooses to take advantage of this service.
- j. Address the other concerns the participant has about the homebuying process, first by trying to help the client to solve his or her own problems and then, if necessary, by taking the initiative yourself.

You should terminate your session with the client by summarizing what you have discussed and outlining the steps you and the client should be taking next (and when these steps should be taken).

Specific Counseling Activities and Exercises

For the actual counseling activities to use with homebuyers--slide presentations, discussions, calculation exercises, etc.--you will need to refer to the counseling curriculum for Group I on pages 18-74. While these exercises were developed for use with group sessions, they are also to be used in Group III individual counseling sessions, because they treat in detail the information and promote thoroughly the skills which all homebuyers should learn. In some cases, of course, you will need to modify an exercise which is clearly designed for use only with a group of clients, but in the majority of cases you can use the activities as is.

Counseling Roles

It is clear that there are a number of roles you can take in your relationship with clients and that different roles may be more appropriate than others at different times in the counseling process and with different participants. Among the roles you may want to adopt are the following (in order of increasing counselor involvement):

- resource: you direct the client to other sources of help, including agencies (for example, discrimination services), individuals (for example, lawyers), and companies (for example, inspection services).
- facilitator: you assist the client to do for himself those things which he or she is capable of by asking probing questions, suggesting sources of information, and helping the client to practice tasks in the home-buying process (for example, drawing up a budget).
- partner: you and the client work as a team to make decisions together.
- guide: you suggest to the client what the important issues are that he or she should be considering and what actions he or she should be taking.
- buyer's agent: you might make phone calls to sellers, brokers, and lenders on behalf of the homebuyer; you might attend closings, signing of purchase agreements, meetings with lenders, etc.; you might intervene to protect the participant's interests; or you might inspect neighborhoods and houses with the participant.

The one role you want to avoid is that of decision-maker. Encourage all participants to make up their own minds about what they want to do. You should promote the process by which they do this.

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