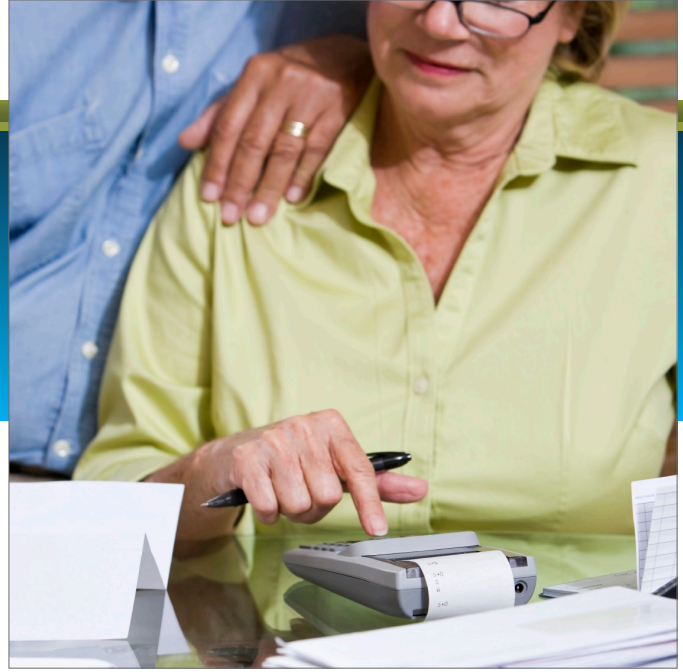


2012 NCSHA Award Nomination
Ohio Housing Finance Agency



Homeownership: Empowering
New Buyers

MyMoneyPath: More than a Place to Live

Douglas Garver, Executive Director
Cindy Flaherty, Director of Homeownership

2012 NCSHA Award Nomination

HFA: Ohio Housing Finance Agency

Category: Homeownership – Empowering New Buyers

Entry Name: MyMoneyPath: More than a Place to Live

Douglas Garver, Executive Director

Cindy Flaherty, Director of Homeownership

Responding to an Important State Need

MyMoneyPath was established by the Ohio Housing Finance Agency (OHFA) in partnership with The Ohio State University to respond to the recent mortgage crisis and its profound impact on the homeownership landscape in the United States, and in Ohio. Since 1995, the number of foreclosure filings in 78 of Ohio's 88 counties has quadrupled, with a statewide increase of more than 500 percent. This impact has been even more severe for low- and moderate-income homeowners, who often lack the resources or financial savvy to recover from economic hardships. According to the Kirwan Institute, "African American and Latino homeowners are expected to lose \$164 - \$213 billion in assets due to the housing crisis". While homeownership is often promoted as part of the American dream and a tool to increase the wealth of low- and moderate-income households, the recent mortgage crisis demonstrated that homeownership is not always an asset and can, in fact, create tremendous financial hardship, particularly for those with low incomes and few assets. A critical determinant of successful homeownership is the preparedness of the homebuyer for sustainable ownership and financial management not simply the home purchase.

OHFA's First-Time Homebuyer Program is one of the largest in the nation in terms of the number of homebuyers served. Since 1983, OHFA has provided mortgages to more than 140,000 low- to moderate-income homebuyers through Mortgage Revenue Bonds. In 2008, understanding the importance of borrower preparedness for home purchase, OHFA initiated a mandatory homebuyer education component into its First-Time Homebuyer Program for borrowers receiving down payment assistance (70 percent of all assisted homebuyers). OHFA's Streamlined Homebuyer Education Program provides first-time homebuyers with an effective mix of online tools, phone-based counseling, and attractive paper-based workbooks to learn about the home buying process and sharpen financial management skills.

MyMoneyPath: An Innovative Financial Health "Check Up"

The MyMoneyPath program is grounded in an ongoing partnership with the OHFA First-Time Homebuyer Program and Office of Affordable Housing Research with Dr. Stephanie Moulton at The Ohio State University, John Glenn School of Public Affairs. Dr. Moulton has been awarded competitive funding to implement and evaluate the effectiveness of MyMoneyPath through an Outreach and Engagement grant at OSU, and from the Center for Financial Security at the University of Wisconsin.

In May 2011, OHFA enhanced the current model of pre-closing education by introducing a pilot post-purchase financial planning and counseling program to equip homebuyers to set goals and monitor their progress towards their goals during the first year of homeownership. The free, online financial health "check-up" called MyMoneyPath is provided to all homebuyers purchasing homes through the First-Time Homebuyer program who are required to complete pre-purchase education. MyMoneyPath gives homebuyers a financial snapshot of where they are currently, and where they may want to make future modifications in five key areas of financial health: (1) Saving, (2) Borrowing, (3) Budgeting, (4) Housing, and (5) Retirement. After closing, homebuyers who elect to participate in a more intensive financial counseling not only receive the detailed results of their financial check-up (by email), they are also provided with additional financial planning resources at no cost to them.

MyMoneyPath Goals

There are two overarching goals for developing MyMoneyPath. The first goal is to equip low- and moderate-income first-time homebuyers participating in an affordable mortgage program with the financial planning skills necessary to sustain homeownership, build savings and obtain long-term financial security. We expect OHFA's first-time homebuyers will exhibit the following: (1) increased use of financial planning tools; (2) increased follow through with financial goals and improved self-reported financial well-being; (3) increased savings behavior; and (4) increased mortgage sustainability. These outcomes will be demonstrated by the Agency's tracking of the mortgage payment performance following home purchase.

The second goal of the program is to pilot a replicable, evidence-based post-purchase financial planning module to improve OHFA's First-Time Homebuyer Program and to serve as a model for other state and national homeownership programs targeting low- and moderate-income homebuyers. The expected outcomes in relation to this goal include: (1) the integration of a proven effective and efficient financial planning module into OHFA's homebuyer education program; and (2) increased awareness of the impact of financial planning on low- and moderate-income homebuyer outcomes among practitioners in the field including realtors, lenders, community-based housing organizations, and public agencies.

Intended Results and Impact

For many first-time homebuyers, it is the largest purchase they have ever made, and many struggle to figure out how to balance the new obligations of a mortgage payment, home maintenance, and other costs associated with homeownership along with saving for other long-term financial goals. Through MyMoneyPath, borrowers are provided with critical financial support. In turn, OHFA is able to evaluate the effectiveness of this support on the overall financial well-being of the first-time homebuyer, thereby improving the program for future participants. The Agency is excited about the pilot program and is exploring making it available free of charge to Ohio homebuyers in the future. There are many excellent counseling and education programs that provide support to homebuyers before they purchase their home; however, it is important to continue providing support to our homebuyers after they purchase their new home. OHFA expects up to 10,000 Ohio families per year will benefit from the proposed outreach project once it is fully implemented.

To date, more than 900 potential OHFA homebuyers have completed the MyMoneyPath check-up, with around two-thirds (573) of the homebuyers agreeing to receive additional free financial planning resources through a pilot study of the program with The Ohio State University. On average, participating homebuyers carry a non-mortgage debt load of \$27,894 when they purchase their first home. Building assets through homeownership thus requires careful post-purchase debt management of both mortgage and non-mortgage debt. Over-the-phone financial coaching sessions have been offered to nearly 300 of the recent homebuyers after purchase, and more than 100 individuals have taken advantage of this resource, completing a total of 145 individual financial counseling sessions. Perhaps the most important indications of the program's efforts, however, come from the individual interactions between the new homeowners and financial coaches. Marsha O'Hare, a financial coach for the MyMoneyPath program recounted Maria's story after assisting her.

"Maria purchased her new home nine months ago. She had lived with family or at school all her life and never been totally on her own. She signed up for MyMoneyPath - she was both excited and nervous about the responsibilities of homeownership and thought some guidance would help. From the beginning, she welcomed the financial coaching as a support system as she navigated the first months of home-related bills, home improvement costs and yard maintenance as a rookie. She felt more and more confident with each coaching session and was able to trust her instincts knowing she was making the right financial decisions. After her third coaching session she realized the financial goals she had before buying her first home could still be achieved as a homeowner and that she was on track with her money path."