

Promoting sustainable homeownership is a common sentiment among housing finance agencies (HFAs). In a recent study, one hundred percent of the 51 HFAs surveyed agreed that part of their mission is “to assist low- and moderate-income residents to purchase homes and be successful homeowners.” With reductions in funding for homebuyer education and counseling (HEC) services, nonprofits have struggled to find a sustainable model. Seventy-three percent of HFAs provide some type of support for HEC service. HFAs that do not require HEC services feel these services put their products at a competitive disadvantage relative to other products, or the delivery of HEC services is inconsistent or not provided statewide.

Due to Wyoming’s rural marketplace and vast, wide-open spaces, Wyoming Community Development Authority (WCDA) was investing over \$200,000 in staff time and resources to deliver a homebuyer education program. By partnering with the fledgling NeighborWorks America (NWA) nonprofit, Wyoming Housing Network (WHN), WCDA and WHN developed a successful strategy to support a sustainable HEC service that would create stronger, more successful homebuyers, reduce loan delinquencies and foreclosures, and lower cost of collections. Moving toward a more efficient and cost effective option, WCDA made the choice to use an electronic web-based HEC service. After researching several options, WCDA chose eHome America as its web based platform.

Choosing a web based platform for homebuyer education and partnering with the nonprofit Wyoming Housing Network, was one step in achieving the objectives set forth below:

- Deliver homebuyer education in an efficient & effective way given Wyoming’s rural nature.
- Deliver operational support to the non-profit with a fee for service arrangement.
- Make sure borrowers have the opportunity to become informed about what may be the biggest financial decision of their life.
- Reduce barriers to key partners like realtors and lenders in delivering our loans.
- Seek to create a nationally replicable model for other HFA’s .

Innovative

In order for a web-based HEC service to work, Realtors need to be familiar with the service, promote the service, and use the service.

It can be difficult to convince Realtors that homebuyer education and counseling will benefit their business, since many believe it just adds another layer of work or creates an obstacle to purchasing a home.

However, if a Realtor really cares about his or her customers enough to make sure they are adequately prepared for the largest purchase of their life, the customer will remember this and not only turn to them for help in the future, but also refer family and friends as well. Simply put, encouraging homebuyer education is good business for everyone.

WCDA realized Realtors are the gatekeepers for most first time homebuyers and would potentially feel threatened by questions raised after homebuyers complete the HEC service. Through collaboration between WCDA, WHN, Wyoming Association of Realtors (WAR), and the Wyoming Real Estate Commission a strategy was developed to help bridge that gap.

Realtors will now be able to earn continuing education credits for renewal of their license based upon successful completion of the homebuyer education class. In order to obtain the credits for their continuing education, the Association of Real Estate License Law Officials (ARELLO) had to

Wyoming Community Development Authority (WCDA)
Association of Real Estate License Law Officials (ARELLO)
Homebuyer Education
Management Innovation: Technology

certify the content of the class, have a variety of testing methodologies, and operate a “stop watch” to determine that the Realtor has actually earned the credit. They have now certified the class for 8 hours of continuing education credit which will assure national acceptance even though each state licenses Realtors in their own way.

Once the Realtor successfully completes the homebuyer education, they will receive an electronic certificate which is submitted upon license renewal. A notification is also sent to the HFA who then notifies the state real estate commission inputting the successful completion into the licensing commission’s system.

The fee paid for the continuing education by the Realtor is then split between the eHome platform, the HFA, with the remainder distributed to the nonprofit providing normal HEC in that geography further stabilizing their operating revenue.

This program has pioneered the way HFAs and NeighborWorks America utilize HEC services. NeighborWorks America and USDA Rural Development have endorsed eHome America platform which also meets National Industry Standards (NIS). ARELLO has chosen to participate in this pilot to engage Realtors in the importance of HEC services and create a national model. Currently, there are discussions going on between WCDA, eHome America, and the National Association of Realtors (NAR) to further the national model.

Replicable

Over the past four years, the program has shown solid performance that a web-based platform works well and is more cost effective while assuring a quality uniform product which meets NIS. This is vital since reductions in federal funding for HEC services continues. It also works well regardless of the geography involved and can allow a uniform solution to HFAs. The base model of the program is replicable whether urban or rural. The technical platform is available through eHome America and the content is easy to use, convenient, and very relevant to a successful homeowner.

Use of the ARELLO approval of the course, assures state wide acceptance of the process for Realtors as well. Once the pilot is completed in Wyoming, the National Association of Realtors has agreed to help launch the product in partnership with the HFA’s, NeighborWorks America, and eHome America.

Respond to a management challenge or opportunity

Developing partnerships are valuable to any aspect of a homeownership program. The relationship with our lenders, WHN, and Realtors is what makes this program work. The program allows for better communication with Realtors and it creates a better, qualified buyer which in turn lessens the time Realtors and lenders have to spend with an uninformed buyer.

This has become a cost effective way for WCDA to reach all corners of our state with quality HEC, do so in a way that addresses our borrower demographic, does so at any time that is convenient for our customers, supports the operating revenue for our nonprofit, and eliminates WCDA staff time and costs to oversee the process.

Achieve improvements in agency operations

The partnership with WHN is a proven success. Over the last three years, WHN completed more homebuyer education classes than any other chartered NeighborWorks America network member. Over 900 families are counseled per year, loan performance is outstanding (120+ days at 1.5%), the cost of collections is lower, and originating new loans has become easier.

Provide benefits that outweigh costs

The cost to WCDA before using the web-based platform eHome America was over \$200,000 of staff time and resources and was not an effective statewide delivery system. The partnership between WCDA and WHN, coupled with the implementation of eHome America and ARELLO has shown to be beneficial not only to the homebuyer, but also the nonprofit community as well. WHN manages the online education and phone or in-person counseling which means less management distractions to WCDA, more informed borrowers, lower cost of collections, and lower foreclosure rates. WCDA requires homebuyer education and pays WHN a fee per closed loan. As part of the ARELLO pilot program, a fee will be charged to the Realtor with a portion going to eHome, a portion to WCDA, and the remaining to the non-profit (WHN).

Demonstrate effective use of resources

The homebuyer education and ARELLO certification program has proven to be an excellent use of resources. The partnership between WHN and WCDA is strong and proves to be successful statewide. As a result of the online education, more potential homebuyers in rural areas are served and there is less resistance to homeownership education requirements on the part of real estate professionals.

Achieve strategic objectives

The primary strategic objective for most HFAs is to assist low- and moderate-income residents to purchase homes and be successful homeowners for the long-term. As was mentioned before, we had a number of strategic objectives we were seeking to implement:

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The implementation of online homebuyer education has provided an efficient and effective tool that offers full statewide coverage. Wyoming is a well connected state for technology and communications and now has the ability to reach rural areas that were not effectively covered before this program. Giving homeowners and Realtors access to this valuable program contributes to successful long-term homeowners meeting our mission as defined in our empowering legislation and in our strategic plan.