

Reaching Homebuyers through the Realtor Community

Rhode Island Housing

Homeownership: Empowering New Buyers

HFA Staff Contact

Mary Kate Harrington

communications@rihousing.com

Let's face it...you can offer great programs and products for homebuyers but be completely 'undone' by negative perceptions in the marketplace. Especially when those negative perceptions come from the realtor community. Whether a realtor intends it or not, a realtor is not going to be able to effectively promote our programs and products if they don't understand the ins and outs of our work. This represents a significant barrier to potential HFA customers. A barrier we have worked to remove.

As the majority of our mortgages originate via lender partners, we typically never come face-to-face with our homebuyers or the real estate professionals they utilize. This resulted in a disconnect between us and the realtor community, which in turn, was negatively impacting our ability to share information on our programs with homebuyers.

Tapping into a Trusted Resource

First-time homebuyers are known to 'put the cart before the horse.' Many will find a house they want prior to even knowing how much they can afford for a home purchase. In their pursuit of a specific home or neighborhood, they will often begin working with a real estate professional prior to meeting with a mortgage lender. As a result, ***realtors are often the first-line of information and education for first-time homebuyers***, becoming a trusted resource.

Buyers tell them their hopes, dreams and wants for a new home. They may spend days, weeks, or even months working with a realtor driving around neighborhoods, attending open houses and visiting properties. And when it's time to pick a lender, first-time homebuyers will often ask their realtor for advice. And if a real estate professional tells a buyer not to use a specific program, they will likely listen.

This fact is further illustrated by many of the homebuying "how-to's" which note that consumers should work with their real estate agent to identify the home and mortgage professional that's right for them. A quick review of online resources finds numerous homebuying guides that direct buyers to real estate professionals for advice and guidance.

An Educated Realtor = An Educated Consumer

In RIHousing's strategic planning efforts, one of the identified challenges to providing mortgage financing to prospective customers was the ***lack of strong relationships with the realtor community and misperceptions in the marketplace***. With a small team originating loans via our Loan Center, our Mortgage Originators lacked the bandwidth and capacity to properly educate the thousands of realtors licensed in our state [*for a small state, we have over 4360 licensed realtors!*]

In the past, RIHousing offered workshops and presentations to realtor offices, but these efforts never really took off and realtors seemed uninterested. We felt strongly that the ***realtor community was an important pathway to prospective homebuyers and that improved relationships and an educated realtor community would empower buyers***.

Dispelling Myths

There were a number of myths about RIHousing among the realtor community: slowness of approvals, delays in closings, unnecessary bureaucratic hurdles, etc. Despite our best efforts to overcome these myths, we frequently heard of realtors directing their clients to pursue financing elsewhere. With the prominence of social media, negative perceptions and misinformation were reaching a much larger percent of the population than ever before.

Partnering for Success

We began a comprehensive review of touchpoints with the realtor community and identified the RI Association of Realtors (RIAR) as an organization that could connect us to the realtor community and partner with us on an educational and outreach effort. The ***challenge was finding a way to get realtors to want to attend our classes and ensuring they viewed these classes as important to their work.*** Early discussions identified several reasons realtors had not been participating in our trainings: the time real estate professionals have for our classes in light of the considerable educational programs they must participate in each year and misperceptions in the realtor community that turned them off from attending.

We developed a set of goals:

1. Create a class tailored to the realtor community to educate realtors on our programs and products; dispelling myths and misperceptions
2. Utilize real estate professionals as the “message bearer” for our programs; educated realtors would share accurate information on programs and products with buyers
3. Empower buyers through knowledge---*informed consumers are informed buyers*
4. Develop a course realtors would want to take and could see the benefit of
5. Strengthen relationships with realtors to overcome negative perceptions and past experiences

Providing the Incentive

We recognized offering a class that **provides Continuing Education (CE) credits** to realtors would be the most effective approach to meeting our goals. Providing six (6) hours of CE credits is valuable to the realtor community. And partnering with a trusted source – RIAR – meant realtors would view us as an important resource for helping them help their customers.

To maintain their real estate licenses in the state(s) in which they operate, agents and brokers need to participate in defined amounts of continuing education (CE) each year. These requirements are set forth in state laws and are administered by state real estate commissions. In Rhode Island, brokers must renew their license every two (2) years; of the 24 total credits required for renewal, six (6) credits must be from the CORE courses, with the remaining 18 to be selected from other CE courses.

Working closely with RIAR, RIHousing staff developed a comprehensive agenda, background materials, bios for participating staff, and sample presentation materials for submission to the RI Department of Business Regulations (DBR). The proposed course would go far beyond our first-time homebuyer products and also include programs for homeowners and an opportunity for realtors to participate in our traditional Homebuyer Education (HBE) class for homebuyers. Participation in our HBE class provides real estate professionals direct insight into the questions we receive from homebuyers, as well as a networking opportunity to meet prospective clients.

To ensure our CE class met the needs of the realtor community, we held a Brown Bag Luncheon one month prior to the class. Held in November 2018, 67 real estate professionals registered for the Brown Bag. The session provided realtors with the opportunity to ask questions and share concerns about working with us. We were able to take this information and use it to further develop the curriculum for the CE class, which launched in December 2018.

Results

To date, we've held two CE classes (December 2018 and April 2019) and plan to hold them on a quarterly basis. While we recognize that a handful of other HFAs also offer CE credits to realtors, we feel strongly that our program is unique for the following reasons:

1. Is part of a comprehensive realtor outreach and education effort to tap into the realtor community to reach buyers
2. Brings the Homebuyer Education experience directly to the realtors, also providing a direct networking link for them to prospective homebuyers
3. Features much more than first-time homebuying programs: we cover LeadSafe Homes, Community Lending, Home Repair, etc.
4. Provides an opportunity for realtors to meet and connect with both senior level Homeownership staff and middle-management; attendees now have important connections and access to our staff to answer questions as they arise
5. Brown Bag Lunch provides open discussion between realtors and our origination and processing staff, providing direct insight into our programs, the decision-making and review processes
6. Via outreach from RIAR, classes reach all realtor Boards and realtors, from new to tenured real estate professionals
7. Deepened and strengthened our relationship with realtors and RIAR
8. Ahead of the spring homebuying season, it arms realtors with information to assist their buyers, helping them utilize our products
9. Both sessions have been sold out for attendance.
10. Received high marks and all positive feedback on the course from participating attendees (in fact, both classes have been sold out!)

Added Bonuses

With RIAR as our partner, we do not need to spend any money on marketing and outreach as they provide this service. Our CE course is part of the REXpedition real estate Learning & Certification program. Additionally, classes are held at RIAR's offices, which provide presentation space with close access to major transportation routes and free parking.

What's Next

Based on the positive feedback and interest in our pilot program, we are reviewing and planning the following:

- Developing formal recognition process for realtors who have completed the CE class. Recognize them as Trusted Partners, providing marketing support and a level of credibility to consumers
- Creation of 203(k) Continuing Education class:
 - August 2019 Brown Bag Lunch-and-Learn with realtors to gather insight into their questions and concerns about 203(k) lending to help shape the class
 - Submission of 203(k) class proposal and materials to DBR in October 2019
- Creation of real estate professionals page on our soon-to-be-launched website.

Reaching Homebuyers through the Realtor Community

"This unique collaboration 'pulls back the curtain' and provides participants with the opportunity to understand the mechanics of RI Housing like never before. Deeper relationships with RI Housing staff members – processors, underwriters, lead/inspection experts – provides participants with a better understanding of all the products and services that RI Housing offers, which they can then share with their clients."

An added bonus is the participation in an actual Homebuyer Education class, which benefits our new licensees while providing a networking opportunity with unattached buyers."

ANN ENOS

Director of Professional Development
Rhode Island Association of REALTORS®





RIAR Member \$60
Non-Member \$75

(#515)
RI Housing: What it Takes (6 CEHs)
Wed. April 24, 2019 1:00pm – 7:30pm

RI REALTORS® is pleased to announce another offering of the sold out course, #515 RI Housing: What it Takes.

You will gain valuable insight into the homebuyers' experience by participating in RI Housing's First-time Homebuyer Education class. This course offers 6 CORE CE and includes a networking opportunity with first-time homebuyers.

Get a comprehensive review of RI Housing and programs and hear from RI Housing's experienced program specialists, underwriters, and members of their senior team as they review and discuss everything REALTORS® need to know to successfully tap into the homebuyer and community lending programs offered by the agency. You will also gain valuable knowledge of the homebuyer experience and how to consult with buyers regarding credit scores, income, sales prices, market trends, community lending programs and more.

COURSE FEE: RI REALTORS Member \$60, Non-Member \$75

Location: RI REALTORS® 100 Rignall St., Warwick, RI
Led By: Peter Pogoris, RI Housing Director of Homeownership and Brenda Hayden, RI Housing Assistant Director of Homeownership as well as additional guest speakers from RI Housing.

Part of the REX education program
REXpedition

RI REALTORS® Professional Development Center
www.rirealtors.org | professionaldevelopment@riliving.com | 401-432-6903

What it Takes RI Realtors Continuing Education (6 hour class #515)

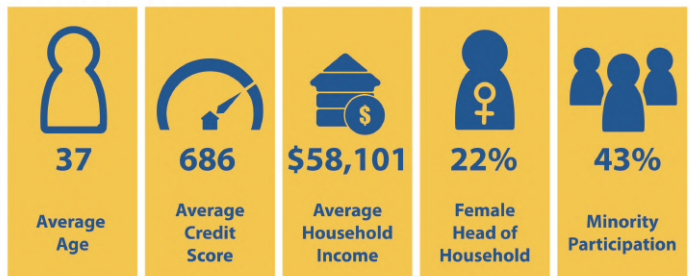
April 24, 2019
Brenda Hayden
Assistant Director of Homeownership



Presentation provides
valuable insight into
our mortgage borrowers

Statistics

Characteristics of
RIHousing Homebuyers in 2018



Homebuyer Education

Important first step in the process
Overview on credit, debt, preparing for homeownership
In-person and online (via eHome America)
English and Spanish
Landlord Education provided online (via MGIC's Landlord Education course)



Dispelling Myths

RIHousing's Mortgage Programs

- Home Inspections required
MYTH
- First-time homebuyer only
MYTH
- Income Restrictions on all programs
MYTH
- Underwriting review time
MYTH



Spring7500

Eligibility

- First-time Homebuyer
- 1-4 unit owner-occupied home or condominium
- Household Income Limits
- 660 credit score minimum
- May not be structured with other subordinate product (from RIHousing or other funding source)



Allows us to directly communicate with realtors about special program offerings for homebuyers

FHA 203(k) Standard / Limited

Standard

- Repairs or improvements up to and over \$35,000
- HUD Consultant *required*
- Structural repairs permitted
- Up to 5 disbursements
- No disbursements at closing
- 20% Contingency Reserve
- Septic /well *
- Cesspool removal *

Limited

- Repairs, improvements, and fees under \$35,000
- HUD Consultant *optional*
- Does not allow structural repairs
- 10% - 20% Contingency Reserve
- Septic / well *
- Cesspool removal *

*must be completed prior to any other work

LeadSafe Homes Program

- Since 1994, RIHousing has successfully invested more than **\$43 million** through six, Dept. of Housing and Urban Development-funded Lead Hazard Control grants.
- Over 3,600 homes have been certified as Lead Safe throughout the State



Opportunity to highlight programs for homeowners and further establish RIHousing's role in the housing market

RIHousing Resources

RIHousing's Participating Lenders loans.rihousing.com

RIHousing Loan Center

401-243-0000 / loancenter@rihousing.com

Homebuyer Education

Luz Espinal / 401-457-1280 / homebuyereducation@rihousing.com

Community Lending Programs

Ruth Anglon / 401-457-1127 / ranglon@rihousing.com

Lead Reduction Loans

Fernanda Aguilar / 401-450-1350 / faguilar@rihousing.com

Charles Pytel / 401-457-1265 / cpytel@rihousing.com

Typical Improvements may include

Lead Hazards

- New windows and doors
- Interior and exterior painting
- Yard and play area improvements

Healthy Homes

- Whole house fan to improve indoor air quality
- Correct trip and fall hazards, install grab bars and railings
- Install Carbon Monoxide & Smoke Detectors



Real estate professionals now have direct lines of communication with our staff

RIHousing Continuing Education Program (6 Hours)

OVERVIEW

This class gives members a comprehensive review of RIHousing and its programs. RIHousing's experienced program specialists, underwriters, and senior management team, will review and discuss everything realtors need to know to successfully tap into the homebuyer and community lending programs offered by the agency. The class will review current challenges facing RI homebuyers and how RIHousing has responded by reducing barriers to homeownership. Members will gain valuable insight into the homebuyers' experience by participating in RIHousing's First-time Homebuyer Education class.

RIHousing, Our Impact and Characteristics of our Homebuyers

1:00 – 1:10 pm

Welcome and Introductions

1:10 – 1:15 pm

RIHousing – Who We Are, What We Do

For 45 years, RIHousing has been transforming the lives of Rhode Islanders by making homeownership a reality. Created by the General Assembly in 1973, RIHousing is a self-sustaining corporation and receives no state funding for operations. RIHousing uses its resources to provide loans, grants, education and assistance to help Rhode Islanders find, rent, buy, build and keep a good home. The agency has helped more than 70,000 families buy homes and has financed the creation of more than 14,000 rental apartments.

1:15 – 1:30 pm

Impact of Mortgage Lending in RI & Characteristics of RIHousing Homebuyers

Impact

- Economic impact across the state
- 2017 volume and current activity through first half of 2018
- Jobs creation and ripple effect of homebuying/selling

Characteristics of RIHousing Homebuyers (2017 and 2018):

- Age
- Credit Score
- Household Income
- Sales Price
- Female Head of Household
- Minority Participation

3:30 – 3:45pm

First Home Tax Credit Overview, advantages and eligibility

Programs for Homeowners

Provides qualified first-time Rhode Island homebuyers and those buying in targeted areas of the state with a mortgage credit certificate which can be used as a dollar-for-dollar tax credit of up to \$2,000 against their federal tax liability for the life of their loan.

3:45 – 4:00 pm

Refinance Options

Through our Loan Center and Participating Lenders, RIHousing offers a suite of mortgages for existing Rhode Island homeowners to refinance their existing mortgage. Review of financing options, mortgage insurance, purchase price maximums.

4:00 – 4:30 pm (5 minutes dedicated to questions)

LeadSafe Homes Program

Background: Childhood lead poisoning is one of the most common pediatric health problems. Lead is found in most homes constructed before 1978. Most Rhode Island homes fall into this category and likely contain lead paint.

Dangers of Lead: Exposure to lead can cause irreversible damage, including loss of intelligence, learning disabilities and behavioral problems. Lead poisoning is entirely preventable.

Program Overview: LeadSafe Homes program provides 5- or 10-year forgivable loans and the support and resources to make a home lead safe. Financing is available to homeowners, homebuyers or landlords. Available at no cost to qualifying customers, property owners may be eligible for Healthy Homes funding to address health and safety issues identified at the property. Review of eligibility criteria, terms and improvements to the home.

4:30 – 4:45pm

Community Lending Programs and Eligibility

Community Septic System Loan Program (CSSLP)

Program Agenda

Market Trends, Challenges, Education & Outreach

1:30 - 1:45 pm

Market Trends and Challenges facing Rhode Island homebuyers

- Housing Needs and Market Trends identified in HousingWorks RI at Roger Williams University, *Projecting Future Housing Needs Report*
- Current challenges

1:45 - 2:00 pm

Homebuyer Education and Outreach

RIHousing believes an informed homebuyer will become a successful homeowner and that Homebuyer Education is a critical first step for homebuyers. We offer homebuyer education classes, in-person and online, in Spanish and English, to more than 3,300 first-time homebuyers per year. Along with an online 203(k) and landlord education curriculum. These classes help first-time homebuyers better understand the process of buying and maintaining a home.

RIHousing's Products and Advantages

Throughout the year, RIHousing staff attends housing fairs, community meetings and trade shows in our effort to ensure all Rhode Islanders are aware of our loan products and have the tools and information they need to make smart homebuying decisions.

2:00 – 2:15 pm

Dispelling Myths

2:15 – 2:25 pm

Access to Homebuyer Programs

Suite of loan options available through the RIHousing Loan Center and our network of Participating Lenders. Complete list of lenders at: loans.rihousing.com

2:25 – 2:45 pm

Secondary Financing Programs: eligibility and terms

- Extra Assistance Loan
- Limited Time Program(s)

2:45 – 3:00 pm

Loans for Homebuyers, identifying differences and advantages of each

- Conventional Financing
- Government insured loans (FHA, VA & RD)
- Mortgage Revenue Bonds (MRRB)

Fair Housing Act

4:45 – 4:50 pm

Review Fair Housing Law

Benefits of In-State Loan Servicing

Act provides that it is illegal to discriminate against any person on the basis of race, color, religion, sex, familial status, national origin, military status, disability or ancestry.

4:50 – 5:00pm

In-State Loan Servicing

We help borrowers buy a home, and we're committed to helping them keep it. Local loan servicing means customers can speak to someone who understands the unique needs of Rhode Island homeowners. RIHousing's online Customer Care Net provides: Access to current loan information 24-hours a day; Ability to make a loan payment at any time through an online service; Update personal information online.

RIHousing Contacts & Questions

5:00 – 5:05 pm

Overview of Staffing Resources and Contacts for Realtors

5:05 – 5:30 pm

Breakout session with RI Housing Underwriters (working dinner break)

Attendees are provided the unique opportunity to hear directly from our loan underwriters about how we underwrite our loans, the process and identifying expectations.

RIHousing's First-Time Homebuyer Education Class

5:30 – 5:40pm

Welcome First-Time Homebuyers

Participate in the borrower experience with our Homebuyer Education class. See and hear what first-time homebuyers do as they begin their journey to homeownership.

5:40 – 6:00 pm

Are You Ready for Homeownership?

6:00 – 6:30pm Steps to Homeownership

6:30 – 6:45 pm

First-Time Homebuyer Education Class