AN EVALUATION OF THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM’S PRE-HOMEOWNERSHIP COUNSELING PROGRAM

by

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Approved by:

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PURPOSE OF MASTER’S PROJECT

This master’s project, in the form of a program evaluation, proposes primarily to address the use of the North Carolina Community College System’s Pre-Homeownership Education Program. This evaluation is only a first step at gathering information on the program’s history, assessing current underutilization and proposing recommendations and considerations for the program’s future. If the opportunity presents itself, I would like to share the contents of my project in a presentation to key leadership in the state’s Community College System and housing counseling and homebuyer education network. Hopefully, with more in-depth research and additional follow-up, a presentation like this could trigger conversation around program evaluation that could be of benefit to the current administrators of the homebuyer education program, as well as others in the field of housing counseling invested in the program’s initial development and future success.

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INTRODUCTION

Homeownership is the American dream; but for many families it is a reality that is difficult to achieve. Credit issues, not having a down payment, and being unfamiliar with the process of purchasing a home are just some of the obstacles that make achieving this dream difficult for many households. As a means of addressing some of the obstacles to homeownership, one-on-one, pre-purchase housing counseling and group based homebuyer education are tools used by housing industry professionals and supported by key stakeholders nationwide. Scholarly and housing industry research calls attention to the positive impacts that exposure to homeownership counseling and homebuyer education can have on a potential homebuyer, mortgage loan delinquency, and a homeowner’s involvement in their community. The Bush administration is well aware of these impacts and, as a result, has made increasing the numbers of homeowners in our country a priority by increasing federal funding for the support and development of programs that “help to move more households into homeownership,” including counseling and education.

It is important to distinguish between housing counseling and homebuyer education. Housing counseling is what takes place on an individual, counselor to client level, often in a face-to-face setting. There are different types of housing counseling: counseling that relates to renting or landlord/tenant issues (rental counseling), counseling that prepares a borrower to become a homeowner (pre-purchase counseling), counseling that educates borrowers once they have become homeowners on topics now of relevance to them like maintenance, tax planning, and preventing mortgage default (post-purchase counseling), counseling to prevent the loss of ownership in the property in cases of an emergency or special circumstances affecting one’s ability to pay the mortgage loan (default and delinquency (post purchase) counseling), and counseling that relates to the reverse mortgage loan product (reverse mortgage counseling). In the case of pre-purchase homeownership counseling, although understanding the process of homeownership is covered, the housing counseling session is the venue where specific components of the process are explained and addressed, based on the client’s individual situation. This is usually the venue where individual issues or obstacles to homeownership unique to the client are mentioned and counseling action and work plans are agreed upon to address them. Pre-purchase housing counseling involves initial and follow up counseling sessions and can last as long as it takes for the client to implement and complete their work plan toward homeownership. Pre-purchase counseling usually includes information on budgeting, developing a savings or debt management/repayment plan, and choosing a home.

1 For the purposes of this paper, the term housing counseling will include homebuyer education, unless otherwise noted or specifically identified as homebuyer education.

2 Rohe, Van Zandt, and McCarthy.

3 Brown.
Homebuyer education or homebuyer training, takes place in a group setting. All of the components of the homeownership process are covered, and in some cases is taught by housing industry professionals. According to the Neighborhood Reinvestment Corporation, homebuyer education is tailored to meet the needs of attendees, when possible, and involves a core curriculum that includes determining homebuyer readiness, budgeting and credit issues, selecting a home, the mortgage and closing process, and maintaining a home. Although the setting is conducive to fielding questions from potential homebuyers, homebuyer education is time limited, occurring for a certain number of hours, meeting in class or workshop format. In some cases, the number of students is not limited or is so large that individual concerns cannot be addressed effectively. Homebuyer education is designed for clients that can resolve credit or other issues within a month or two. Homebuyer education is also an efficient method for addressing the educational needs of a number of people who are at different stages of homebuyer readiness, familiarity, and comfort with pursuing the purchase of a home. Homebuyer education is best used as a complement to and not a substitute for (although in some cases it is used as such) individual housing counseling.

When considering pre-purchase homebuyer education, a potential homebuyer in North Carolina has a menu of programs and providers from which to choose. In our state, widely used programs include those administered by housing counseling organizations that are approved by the U.S. Department of Housing and Urban Development (HUD), by organizations with staff trained by the North Carolina Association of Housing Counselors (NCAHC), or by organizations that are affiliates of HUD-funded national intermediary organizations, like the Neighborhood Reinvestment Corporation and the National Foundation for Credit Counseling. In some cases and in varying degrees and content, homebuyer education or counseling is offered by mortgage lenders and brokers that have financial literacy programs, real estate professionals that host and coordinate information workshops for homeowners, and mortgage insurance companies that publish educational materials and conduct counseling over the phone. An available but less utilized option for pre-purchase homebuyer education is the North Carolina Community College System's (NCCCS) Pre-Homeownership Education Program (PHEP).

Today, the PHEP classes and curriculum are severely underutilized and inconsistently offered across the state. In the 1990s, the PHEP was developed, adopted by housing counseling agencies and lenders in North Carolina as a model curriculum, and offered by the community college system as part of its menu of courses. In 2001, the PHEP and its curriculum were revised and its delivery restructured as a second attempt to provide homebuyer education through the state community college network. A key reason for initially delivering the PHEP through the community college system was to allow homebuyer education to reach more families across the state by way of an already established statewide infrastructure; but because of reasons outlined and evaluated further in this report, the program is an untapped resource, not widely used. What is left to consider is why the program is not widely used or working as envisioned, and what could be done to make the program work better. As the NCCCS and housing counseling professionals in North Carolina move consider the future of PHEP, an
overarching concern—based on research that demonstrates that one-on-one counseling is the better method of addressing major obstacles to homeownership⁴—is whether or not there is still a need for the program in the current market.

⁴ Brown.
In this section, I will discuss the history and evolution of housing counseling and homebuyer education, both at the national level and in North Carolina.

At the National Level
Housing Counseling and Education got its start in the late 1960s. Specifically mentioned as a program in the legislation and advocacy that established the U.S. Department of Housing and Urban Development (HUD), HUD’s housing counseling efforts were spawned as a result of growing defaults in the old Section 235 Program. In the 1970s, HUD was given authorization to approve housing counseling agencies and directly fund homebuyer education and counseling programs through annual appropriations. In 1977, the first funds—$3 million—were appropriated by HUD to start housing counseling agencies and fund their programs. More recently, there have been a few events that have led to an increase in the demand for housing counseling and education. HUD’s imposing affordable housing goals on government sponsored-entities, regulated lenders being motivated by Community Reinvestment Act legislation and expressed commitment of recent presidential administrations to increase the rate of minority and overall homeownership in our country have all had a direct effect on the demand for housing counseling and education services. In response to increased demand for counseling, HUD entered into its first agreements with national intermediaries, including ACORN Housing Corporation and Catholic Charities USA, interested in expanding the housing counseling services of their member organizations in the 1995 fiscal year. During the 2003 fiscal year, HUD planned to assist more than 430,000 persons through housing counseling and education by making more than $37 million in competitive grants available to homeownership counseling agencies nationwide. The grant funds were awarded to local housing organizations, national intermediary organizations, states, collaboratives and Indian/tribal organizations, based on demonstrated need. Many of these organizations are kept abreast of best practices, changes in counseling/education and HUD regulations, and opportunities for training and funding through HUD’s Housing Counseling Clearinghouse, established in the mid 1990s. Today, there are more than 1,000 HUD-approved or affiliated counseling organizations eligible for HUD counseling grant funding. In addition to funding, HUD provides guidelines to its approved agencies with requirements for counseling, recordkeeping and program administration.

In addition to the establishment of HUD as a federal entity, there were key legislative-related events that had an effect on the support of housing counseling and education programs. In 1975, the Home Mortgage Disclosure Act (HMDA) was passed by Congress and overseen by the Federal Reserve Board. HMDA requires that depository institutions make data available to the public that demonstrates how they are meeting their community’s housing and mortgage loan needs. It also is used to determine whether or not banks are involved in lending practices that are discriminatory. Adding teeth to the execution of HMDA, the Community

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5 Quercia, Roberto, et al.  
Reinvestment Act (CRA) was passed in 1977. CRA was designed to prevent redlining and encourage depository institutions to meet the credit needs of all parts of their community, with a special emphasis on low and moderate income and minority communities. The act itself requires that, when applications for charters, mergers or branch openings are under review, data on how well an institution meets its community reinvestment requirements be taken into consideration. The act allows for community service-related efforts to count toward meeting the requirements of CRA, which include financial support of local housing counseling agencies or education programs. Institutions motivated to meet their HMDA and CRA requirements were and are eager to do this. Another milestone that led to an increase in demand and support for counseling occurred in 1992, when Fannie Mae and Freddie Mac, both government-sponsored entities (GSE), were required by the Federal Housing Enterprise Financial Safety and Soundness Act to start meeting their own lending goals. These goals included a special emphasis on low to moderate income and minority communities and resulted in the development of mortgage insurance that targeted these groups and lending products with more relaxed qualifying guidelines. To ensure their protection and as a means of screening borrowers and evaluating risk, GSEs mandated that insurance products and loans targeting these borrowers required housing counseling.

There are two other housing counseling and education-related groups whose establishment impacted the field of housing counseling and education. The first was the National Federation of Housing Counselors, created in 1973 to provide training for counselors and act as a lobby organization for the housing counseling industry. It is still in operation today and offers annual training. The second was the American Homeowner Education and Counseling Institute (AHECI, and later AHECTI, the American Homeowners Education, Counseling and Training Institute). It was formed in 1997 as a national nonprofit organization by key players in the housing and mortgage finance industry, including Fannie Mae and about 30 others. Based in Washington, D.C., AHECI’s purpose was to provide national professional and curriculum standards for counseling and education. Unlike HUD, which approves agencies, AHECI was to certify counselors and accredit agencies. Using a train-the-trainer format, AHECI offered week-long, regional trainings for housing counselors and enlisted professionals from across the country experienced in training and counseling to act as facilitators. In its short life, AHECI was successful in training more than 1,000 counselors, but was temporarily disabled in 2002 to allow for financial and organizational restructuring.

In the absence of HUD, there are also other providers who fill in gaps in the delivery of counseling and education services. State housing finance agencies and units of government have designed their own curricula in conjunction with their homebuyer education and/or counseling requirement for participants in their mortgage assistance and financing programs. Mortgage lenders and brokers have developed their own curricula, in an effort to educate...

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Real estate sales professionals offer and co-sponsor workshops for potential buyers in conjunction with open houses for listed properties. In some cases, employers have offered workshops as part of their employee assistance or benefits programs. The availability, depth of topics covered, and frequency of what these other providers offer vary from state to state.

In North Carolina
Dating back to the 1970s, housing counseling and education services in North Carolina were initially provided by housing nonprofit organizations operating as community action agencies and community development corporations. These organizations served as the first wave of North Carolina providers to be approved by HUD as housing counseling agencies. One of the first organizations to be founded to later provide housing counseling services was the Wilson Community Improvement Association, organized in 1968 in Wilson, North Carolina. To date, there are 62 agencies approved by HUD to provide housing counseling and education services in North Carolina. These organizations are located across the state and vary by type. They range from housing non profits, and community development corporations to community action agencies, fair housing/advocacy organizations, and offices of community development affiliated with historically black colleges and universities.

HUD approved agencies in North Carolina are eligible to apply for annual program funding from HUD. Of the $37 million made available to counseling agencies nationwide for fiscal year 2003, $870,726 in competitive funding was awarded to less than 20 HUD-approved counseling agencies in North Carolina providing comprehensive housing counseling and education services (pre-purchase counseling, post purchase counseling, rental/fair housing counseling, reverse mortgage counseling and homebuyer education). These counseling agencies not only receive program funding from HUD, but also have been successful in soliciting and receiving supplementary counseling program funding from lenders, foundations and units of government through fee-for-service agreements.

For those organizations that are not HUD-approved, there is a resource for housing counseling training found in the North Carolina Association of Housing Counselors. Under the auspices of The Affordable Housing Group (TAHG), a non profit housing development and technical assistance provider in Charlotte, North Carolina, the North Carolina Association of Housing Counselors (NCAHC) started its training program in 1994. Since then, NCAHC has used a train-the-trainer format offering workshops, sample curricula and a certification test for housing counselors and other professionals in the areas of pre and post purchase counseling, homebuyer education, single family housing development, and multi-family housing development. NCAHC’s training and curricula content, standards for counseling, and content for homebuyer education have evolved over time and continues to be updated. As a result, there are some HUD-influence components. NCAHC’s curriculum and

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8 McCarthy and Quercia.
training program are both separate from (yet influenced by) what HUD does. HUD approves counseling agencies; NCAHC certifies counselors. To date, NCAHC has trained more than 800 housing professionals and has certified close to 300. Those who have been certified include staff persons from HUD-approved and non HUD-approved housing counseling agencies and professionals from the real estate, lending, government and community development sectors. The NCAHC not only provides training, but serves as a trade association and member organization for housing counseling professionals offering standards for counseling, program management and design, as well as continuing education requirements.
In this section, I will review the content of selected scholarly research and housing industry literature that focuses on some aspect of housing counseling and/or homebuyer education. At the close of this section, I will provide a general discussion of gaps in the existing literature.

The purchase of a home is the largest investment most people will ever make. Over 70 million families in the United States are homeowners. For these families and others that will follow, housing counseling and homebuyer education made homeownership a possibility and. First time homebuyers participating in this transaction will prove to be a source of wealth that will possibly make them eligible for other future transactions, including second mortgages and refinances. Compared to other planning disciplines and areas of research in community development, there has not been a wide array of research specifically on housing counseling. What scholarly and housing industry research is available has increased over time and calls attention to the positive impacts that exposure to homeownership counseling and homebuyer education can have on a potential homebuyer, mortgage loan’s delinquency, and a homeowner’s involvement in their community. In general, the literature justifies the need for housing counseling and homebuyer education in the United States and focuses on the following:

- The History of Counseling and Education
- Counseling as a Means to Address Obstacles to Homeownership
- Counseling as a Benefit to Borrowers
- Counseling as a Benefit to Financial Institutions
- Counseling as a Benefit to Communities
- Counseling conducted in conjunction with a Community College or Technical School
- Which Type of Counseling is Most Effective

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11 Rohe, Van Zandt, and McCarthy.
12 Concerning this section, “counseling” includes housing counseling and homebuyer education, unless otherwise noted.
The History of Counseling and Education
Two articles addressed the history of housing counseling and homebuyer education. A great deal about the background and current state of the housing counseling and homebuyer education delivery system in the United States is found in 2000’s “Bridging the Gap Between Supply and Demand.” This report, sponsored by the Research Institute for Housing America, sheds light on the history of homebuyer education and counseling organizations, trends and differences in the delivery of services, and AHECI as a national example of training and content for counseling/education curricula. Thalia Brown’s “Homeownership Counseling: Effectiveness, Tools and Research” from 2002 also provides an account of the history and growth of the housing counseling and homebuyer education industry. Combined, these two reports provide a thoroughly detailed account of the events that led to the establishment of housing counseling and education services in the United States. It also describes the ongoing support from HUD, government-sponsored entities and lenders, as well as the evolution and development of housing counseling and education into a field and nationwide network of providers.

“All of them have credit issues. It’s rare to get anyone without (credit) issues.”
- A housing counselor and homebuyer educator, on first time homebuyer PHEP participants

Counseling as a Means to Address Obstacles to Homeownership
The literature illustrates the impact that counseling can have on obstacles to homeownership. Homeownership is the American dream. Historically, if someone in America worked hard, saved and budgeted, they would be able to purchase their own home. According to “The American Dream of Homeownership: From Cliché to Mission”, a lecture from the Joint Center for Housing Studies of Harvard University, lower interest rates, massive increases in immigration to the United States, and a push from the federal government to increase the numbers of minority homeowners have led to great strides in development and the provision of housing nationwide. However, there are many that have been left out of this surge.

For many families homeownership is a reality that is difficult to achieve. According to the Neighborhood Reinvestment Corporation’s “Homebuyer Education and Counseling: A Start-Up Guide”, there are a number of obstacles to achieving homeownership. One obstacle is that the number of affordable housing units has decreased as the number of low-to-moderate income households needing to occupy these units has increased. A second obstacle is affordability. The number of affordable and available units in a desirable location has decreased as well. The employment market continues to decrease the number of skilled jobs and increase the number of lower-paying jobs in the service sector, making affordability a problem. Thirdly, more people are devoting more of their income toward the high cost of housing that is available, as more than two-thirds of the poor use at least half of their income
for housing. A fourth obstacle is that the home purchase process continues to be intimidating for many who have been historically left out of participating in financial transactions, regardless of their race, age or ethnic background. In addition to not having a down payment and funds sufficient for closing costs, and being unfamiliar with the process of purchasing a home, the primary obstacles to homeownership are credit issues and high debt to income loads that prevent people from qualifying for mortgages or “enough house” to meet their need. Through the Neighborhood Reinvestment Corporation’s experience with their own Campaign for Home Ownership, they believe that 50-75% of the applicants for their programs could be granted loans if they understood how to clean up credit and address other issues.

Likewise, the Joint Center for Housing Studies of Harvard University’s “Eliminating Credit Barriers to Increase Homeownership: How Far Can We Go?” looks at how borrowing guidelines and constraints, as they relate to the extension of mortgage credit, could be “relaxed” to increase access to homeownership. This article’s research and analysis suggest that any efforts to relax barriers to credit would have to be implemented in conjunction with innovation in mortgage products and policies that improve borrower financial stability.

The aforementioned and more obstacles suggested in 2002’s “Pursuing the American Dream: Homeownership and the Role of Federal Housing Policy” are just some of the reasons why achieving this dream is difficult for many households. As a means of addressing them, one-on-one, pre-purchase housing counseling and group based homebuyer education are tools used.

**Counseling as a Benefit to Borrowers**

The literature emphasizes the benefit that counseling can be to borrowers. According to Harvard’s “From Cliché to Mission,” the housing industry’s inability to provide information on the homeownership process to first time homebuyers in an understandable, non-threatening manner has created what’s defined as “The Education Gap.” Housing counseling and homebuyer education fill the Education Gap, as they instruct borrowers about the homeownership process, key persons involved, and documents associated with the purchase of a home. First time homebuyers are taught about rights and regulations that prohibit discriminatory and illegal practices, which often are barriers to lending, real estate transactions and related matters. Research, in general,—including Housing Policy Debate’s “Homeownership Counseling Performance: How Can It Be Measured?” from 1996, The Neighborhood Reinvestment Coalition’s “Sustaining Homeownership Through Education and Counseling” from 2003, and The Millennial Housing Commission’s “Pursuing the American Dream: Homeownership and the Role of Federal Housing Policy” from 2002—lends to the fact that housing counseling and education leads to an “improved transaction” between the borrower and their mortgage lender. Because of the presence of a housing counselor acting as a liaison, the potential homeowner tends to be informed about what is expected of them as a borrower, while the lender is informed about the repayment capacity, character, and potential risk of their potential borrower. This exchange of information could result in the lender making a loan to a borrower to whom, without counseling and insight, they might not
otherwise have extended a loan\textsuperscript{13}, thus, increasing borrowers' access to mortgage financing. If a borrower is in the low to moderate income range, the purchase of a home is a major step toward accumulating financial assets and building wealth. Homeownership counseling often facilitates the purchase of a home for low to moderate income households. Greater than just the mortgage loan transaction, research also has demonstrated that counseling has an impact on a potential homebuyer’s overall knowledge, as what they learn in homebuyer education or counseling settings adds to their general knowledge of personal finances, managing credit and debt, and opportunities to pursue saving and investment vehicles.\textsuperscript{14} Additionally, where the homeownership experience is a positive one, it may have a positive impact on how happy and healthy individuals are.\textsuperscript{15}

**Counseling as a Benefit to Financial Institutions**

The benefits that counseling and education have provided to financial institutions are mentioned in The Joint Center for Housing Studies of Harvard University’s “A Little Knowledge Is a Good Thing: Empirical Evidence of The Effectiveness of Pre-Purchase Homeownership Counseling,” from 2001, as well as other articles. In response to lenders being required by regulations to provide banking and mortgage services to historically underserved communities, they developed “affordable” mortgage lending products. These products are a way to meet a community’s lending needs in a way that conventional products do not. Because their target clients are often confronted with credit issues and debt amounts that exceed qualifying ratios, the affordable loan programs often “push the limits of underwriting” in order to qualify more borrowers or allow borrowers to qualify for more house. Because the borrowers are already considered somewhat risky, counseling provides lenders with the reassurance they need of a borrower’s ability to pay. Counseling can provide lenders with pre-screened borrowers, ready for mortgages. Counseling can also help to build trust between lenders and borrowers and provide a mechanism for outreach in underserved markets and communities.

Counseling can also be of benefit to lenders because of its impact on default rates and possible foreclosures. Thalia Brown, in 2002’s “Homeownership Counseling: Effectiveness, Trends and Research,” asserts that counseling lowers default rates for loans. Quantitatively speaking, she asserts that the effect that counseling or training has on mortgage default rates can be evaluated by comparing the “mortgage success rates” of loans whose borrowers were counseled to rates of loans whose borrowers were not counseled. “A Little Knowledge Is a Good Thing,” is a 2001 study conducted by Hirad and Zorn focusing on a 40,000 loan portfolio from Freddie Mac’s Affordable Gold Program, that hoped to provide empirical evidence of the effectiveness of counseling on mortgage default rates. The results of this study showed that counseling, in effect, mitigates risk, and that borrowers who had received

\textsuperscript{13} Brown. \\
\textsuperscript{14} Brown. \\
\textsuperscript{15} Rohe, et al.
counseling had a lower likelihood of becoming delinquent when compared to borrowers with similar profiles who had not received counseling.

Counseling as a Benefit to Communities
The literature also highlights instances where counseling can be of benefit to those in the borrower’s community. Research shows that counseling borrowers who successfully acquire mortgage loans and purchase their homes has a positive impact on the community at large. According to the Neighborhood Reinvestment Corporation’s Campaign for Homeownership, homeowners are less likely than renters to move, are more willing to contribute to political campaigns, are more likely to belong to parent-teacher organizations, and have children who are more likely to go to college. Counseling borrowers who successfully purchase homes results in an increase in the number of homeowners overall, contributors toward property taxes, and consumers who will eventually be able to utilize conventional resources. Research confirms that counseling affects the number of stable and community-focused and socially involved homeowners. A study by Rohe, Van Zandt and McCarthy focuses on the belief that homeowners take better care of their neighborhoods, are more civically involved, and make for better citizens. Research also shows that counseling allows for borrowers to purchase homes that they “can afford and afford to keep,” and therefore, is credited with making households and neighborhoods financially and physically stable.

Counseling conducted in conjunction with a Community College or Technical School
The focus of this project is the evaluation of a counseling program taught through a community college network. There was only one article found that cited an instance where housing counseling or homebuyer education was conducted in conjunction with a community college or technical school. The partnership between Neighborhood Housing Services of Kenosha, Wisconsin (NHS) and Gateway College, a local technical school recognized by the Neighborhood Reinvestment Corporation as a “best practice in homebuyer education”. This article describes the relationships, outcomes and ongoing success of the NHS offering a homebuyer education course on the campus of the technical school as part of its continuing education program. This article also includes suggestions for how this model can be replicated by a non profit counseling agency and a vocational/technical school or community college.

Which Type of Counseling is Most Effective
In some areas, both counseling and education are offered. In some areas, only one is offered. The differing degree in offerings, as well as curriculum content, length of interaction with a counselor and other matters are sometimes based on the budget available to provide the pre-purchase counseling and education services, who administers the counseling or education, or the needs of the potential homebuyers. It is because of the range that there is a limited amount of literature about how effective counseling is and which counseling (if any) is most effective. These inconsistencies and differences in programs, outcomes, content, and market is a focus of 1996’s “Homeownership Counseling Performance: How Can It Be Measured?”. Both the literature from Brown and from Hirad and Zorn state that any counseling is better than no counseling; but at the same time, both conclude that "individual counseling is significantly
more effective than other (read homebuyer education, group-based) counseling.” More specifically, Hirad and Zorn state that borrowers who receive classroom instruction (homebuyer education) are 23% less likely to become delinquent on their mortgage loan, while borrowers who received individual counseling (face-to-face, pre-purchase) counseling are 41% less likely to become delinquent on their mortgage. The literature also states that there is a limited amount of research on this issue.

Gaps in the Literature and Research
From the perspective of a housing counseling professional or counseling organization director, there is still information that practitioners and counseling program funders need to know that is not captured in research available. Currently, there is not enough literature that quantitatively shows the impact of counseling and education, and what is available is dated or not empirically substantial or “convincing” enough to address the differences in the effectiveness of housing counseling when compared to homebuyer education. Practitioners also need to be provided with factual data as it relates to the number of persons who participate in counseling and/or homebuyer education who move on to successfully purchase a home. Because of the nature of housing counseling, the time it takes to counsel and the variation in methods of delivery, there is no industry standard, numeric estimate or target figure for the number of counseling or education program participants that can be expected to successfully become homeowners. The absence of qualitative evidence of the effectiveness of counseling is a problem for counseling agencies, as they have to justify their requests for funds first, in general, and secondly, in an economy where they are competing with similar organizations for funding from the same entities (HUD, local banks, units of government, etc.)

A reason for the lack of qualitative information could be attributed to: the current housing counseling and homebuyer education delivery system being so fragmented, counseling agencies needing to do a better job of data collection, or a lack of standardization in the field of counseling and education that it makes academics’ gathering, comparison and evaluation data for research difficult. In “Pursuing the American Dream,” Michael Collins recommends that HUD and other federal agencies work toward the standardization of housing counseling and homebuyer education. Related to standardization, there is a growing popularity in Internet-based and telephone counseling. These two methods are becoming widely used, but like the other methods, standards for their delivery are not in place. The literature does not include a review of how adequate these resources are in meeting counseling and education needs or in addressing obstacles to homeownership.

The overall lack of standardization in housing counseling and education is not only an important issue in terms of research, but also in terms of program development, especially in North Carolina.
THE NCCCS PRE-HOMEOWNERSHIP EDUCATION PROGRAM

In this section, I will recount the development, implementation and key leadership involved in the North Carolina Community College System’s Pre-Homeownership Education Course and Program.

Background on the North Carolina Community College System

The North Carolina Community College System (NCCCS) was established after World War II, because of changing demographics in the state—which included soldiers returning home with federal benefits to cover the costs of college education and vocational training—and a shift in the state’s economy from agricultural to industrial, the North Carolina General Assembly approved the Community College Act in 1957. The act provided funding for the development of a system that could provide educational options for those not wanting a 4-year degree. Over time, NCCCS has tried to meet the evolving educational needs of its community by offering non-traditional, non credit classes. In an effort to “open doors to opportunity” in the mid 1990s, those evolving educational needs included those related to homebuyer education, but NCCCS was not the first to pursue the development of a curriculum. In addition to NCCCS, there were others providing housing counseling in North Carolina, presenting a challenge in terms of curricula, course, and industry standardization.

Development, Design and Implementation

Before the 1990s, there was not one, standardized curriculum for homebuyer education or housing counseling used in North Carolina. At this same time, there were far fewer (less than 20 HUD-approved) organizations in the state providing housing counseling than now. The need to provide homebuyer education to more people across the state—particularly those in areas not served by HUD-approved organizations—became apparent. As a result—and prior to the establishment of NCAHC’s training, curriculum, and certification—TAHG (then doing business as the Low Income Housing Development Corporation) co-wrote a homebuyer education curriculum with the NCCCS and in conjunction with the Mortgage Bankers Association of North Carolina (MBA) and Wachovia Bank. Once developed, the final product was endorsed by Fannie Mae, Freddie Mac and private mortgage insurance companies. The North Carolina Community College System’s Pre-Homeownership Education Program was developed to not only address the need for standardization but, according to Vivian Puryear, Executive Director of the NCAHC and Deputy Director of the TAHG, but also stemmed from the need to provide educational materials for homebuyer educators. The key players in the curriculum and program’s development were interested in “generic, unbiased” information on homeownership, as opposed to specific information provided by lenders on their programs or real estate professionals from their firms. At the same time, key players wanted to provide

information on homebuyer assistance and other topics unique to North Carolina. Curriculum guidelines were developed by a task force of housing professionals from various parts of the state, who also brainstormed on strategies for implementation. PHEP’s authors envisioned that it would establish a standard that had not existed before. PHEP’s use and the implementation of a standard curriculum was seen as a means of ensuring that the same content and quality of homebuyer education was consistently received by participants, regardless of where in the state they received the homebuyer education.

Once the curriculum was outlined, TAHG compiled the information and served as editor of the homebuyer education workbook and guide. Real estate and mortgage lending professionals provided peer review of the material and Wachovia paid for the work. The first printing included 5,000 student manuals and 500 manuals for instructors. Each NCCCS campus received 25 student manuals and 3 instructor manuals. The remaining materials were stored and distributed by TAHG to the campuses on an as-needed basis. The idea was that this curriculum and homebuyer education class (not one-on-one counseling) would be offered not as part of any NCCCS degree-granting program, but through its Community Service Program as an auxiliary, non credit course taught on local campuses. At that time, every county in the state was served by at least one community college campus.

The PHEP curriculum was to be offered as a standalone class through the NCCCS Community Service Program, either taught by current college faculty or adjunct faculty, in the form of housing professionals working in the local area. The classes might be offered more than once, depending on the schedule of the college, the number of attendees, and the time it took to cover materials. The curriculum was packaged in a 3-ring binder and included the following modules:

- Planning for Homeownership
- Credit Analysis and Household Budgeting
- Selecting a Home and Neighborhood
- A Guide to the Real Estate Profession and the Sales Contract
- Financing the Home Purchase
- Applying for a Mortgage
- Closing the Real Estate Transaction
- Survival Tips for Homeowners

17 Each campus has a Community Service Program, as part of their Continuing Education Department. Unlike NCCCS’ usual Continuing Education courses (Computer, Medical Occupation, and Small Business Classes), which tend to be geared toward professional development and occupational training, the Community Service Program course offerings, are self-contained, single courses, not continuing across semesters, and more related to an individual’s personal skills or leisure needs (Pillows and Creative Techniques, Cake Decorating, and Personal Finance courses). Community Service Program courses are funded through Community Service Program block grant dollars and fees collected for registration. When block grant funds are not available and in order to operate the courses must be self-supporting. Courtesy of www.ncccs.cc.nc.us, April 2004.
The final version of the PHEP curriculum was reviewed and approved by Wachovia and MBA, and distributed to the small number of agencies providing homebuyer education and counseling in North Carolina. For a while, PHEP was primarily the “only game in town” in terms of an assembled curriculum that also included information specific to North Carolina housing and lending programs. Although there was some participation from potential homebuyers attending the PHEP community college course, its most frequent was the use of the curriculum by counseling agencies that relied on this curriculum to teach their own homebuyer education courses outside of and not in conjunction with the community college sites or the PHEP.

“It’s a great course, with so much good information.”  
- A Homebuyer Educator currently teaching the PHEP course

When the program was initially developed, the collaborative that developed it envisioned that the community college sites would either teach the class with existing staff, recruit housing professionals (real estate agents, lenders, or others with a real estate or housing background or vocation), or work with nearby housing non profits or counseling agencies to facilitate, organize and market the class. Two examples of the program working as planned can be found in the partnerships established between Lou Adkins, at two different community college sites in North Carolina, through her work with two, housing non profit and counseling organizations, the Salisbury Community Development Corporation and the Lexington Housing Community Development Corporation.

The Lexington Housing Community Development Corporation (LHCDC) was a non profit housing developer and counseling agency. Until 2001, its Executive Director was Lou Adkins. Adkins had been teaching the PHEP homebuyer education course since 1992, while she was a real estate agent, and continued her work with the program once she became Executive Director of LHCDC. During her time as Executive Director, and beginning around 1992, she worked closely with the Davidson County Community College, successfully teaching its PHEP course in a local library and using the PHEP curriculum frequently. In 2001, when Adkins left Lexington for Salisbury, North Carolina, and began her work with the Salisbury Community Development Corporation, she developed a relationship with another community college with the hope of replicating the success in Rowan County that she had Davidson County. Since developing a relationship with the Community Service Program and Continuing Education Contacts at the Rowan-Cabarrus Community College, Adkins has been able to conduct the homebuyer education course in the same manner and with the same success as she had in Lexington. Although the course is listed in the Continuing Education Program’s course listings and is supported by the community college, it is held off campus. The fifteen or more participants meet twice a week, for sessions that last a little over two hours. The $15 registration fee is covered by Adkins’ organization to ensure that families who need the education receive it, despite their inability to pay. The program is so successful that banks are willing to support her education class, as they recommend and refer clients to it.
Since those who typically need the homebuyer education would not be inclined to search the community college course list for a class on homeownership, Adkins conducts the marketing for the class through outreach to the community, fliers and public service announcements. Adkins’ class is so successful at meeting the 15 person enrollment requirement that the college is open to offer it as often as it is needed, even if that means once a quarter. At the center of this successful class is the PHEP curriculum and the type of collaborative relationship between a counseling agency and a community college site that the PHEP’s creators envisioned; however Adkins’s involvement and the involvement of her organizations in implementing and using the program is more the exception rather than the rule.

_I hate it that there are so few people using it…the course isn’t hard to teach but it has been hard for colleges to find instructors. The program works best when a non profit can coordinate it and when (they are successful at) getting the information to the right people. Just putting it in the bulletin with the other (community college) classes just doesn’t get it._

- A Homebuyer Educator who formerly used the program

Despite the two examples above, over time, the PHEP became used less frequently than its developers planned. TAHG used the PHEP curriculum in local workshops in the Charlotte area, and later based the NCAHC’s curriculum on PHEP’s framework, but lenders, mortgage insurers and other entities (some who provided counseling program or other indirect support to counseling programs and later “strongly suggested” that the counseling agencies they funded use their materials) developed their own homebuyer education materials and made them widely accessible to counseling agencies. The PHEP 3-ring binder guide from the early 1990s could not compete with the more graphically savvy guides that were developed by the likes of GE Capital Mortgage Insurance, Republic Mortgage Insurance Corporation, Freddie Mac and Fannie Mae from the mid 90s. Unlike the PHEP materials, the other providers’ materials were usually made available for free or at the minimal cost of $1 per book, often including videos and posters used for marketing the workshop. This may have resulted in the PHEP guide being unused by counselors across the state. Likewise, counselors were not interested in sending their potential homebuyers to the local community college to participate in homebuyer education, when they were adequately trained and now had access to materials and could conduct workshops on their own. Finally, there was more, unexpected competition evolving related to who was providing counseling. Whereas before it was only counseling organizations which were providing one-on-one counseling, a competitive mix has evolved. Realtors were now offering homebuyer education workshops. Lenders were developing their own curricula for financial literacy and homeownership, and other for profit entities who were now providers. The “mix” evolved because these other service providers tended to call what they were providing counseling, when what they were providing was more like homebuyer education.
The Program Revisited

By the late 1990s, PHEP’s content had become somewhat outdated. Around this same time, there were housing counseling and education needs that surfaced as a result of the high level of displacement, high incidents of predatory lending and unscrupulous relocation practices, and high numbers of homeowners and renters uninformed about their housing options and inexperienced in navigating the disaster recovery system of programs (federally and state provided buyouts, etc.) associated with 1999’s Hurricane Floyd. In response, Eastern North Carolina congressional representatives Clayton and Etheridge, staff from the North Carolina Partnership Office of Fannie Mae, MBA and others decided that these counseling and education needs could be met by working with TAHG and NCCCS to relaunch a revised PHEP, as a curriculum and a statewide community college course offering. The key players, again, envisioned that this curriculum—now updated and meeting the homebuyer education requirement guidelines of public and private lenders offering affordable mortgage and first time homebuyer products—and the classes would be implemented as a course taught through the Community Services Program and overseen by a Community Service Program Coordinator at each of the 58 North Carolina campuses.18 PHEP’s curriculum and administration through the NCCCS was revisited in 2001. What was previously known as PHEP was now renamed the NCCCS’ Pre-Homeownership Education Course (PHEC).

The PHEC was officially relaunched with a kickoff sponsored by the NCCCS and the Charlotte, North Carolina Partnership Office of Fannie Mae. The kickoff was held at the Nash Community College in Rocky Mount, North Carolina on June 5, 2001 and attended by housing industry professionals from across the state. Hard copy guides were made available at the kickoff, along with a CD, that included a student’s guide, instructor’s guide, marketing brochure and flyer, and was later provided to campus Community Service Program Coordinators to assist with the delivery of the class. The staff from the NCAHC were willing to make themselves available to provide technical assistance regarding offering the course, conducting outreach for course instructors, speakers, and participants. Housing industry professionals in attendance appeared to have been in agreement with the relaunching and demonstrated a shared vision in support of the goals and advantages of offering the program.

During the kickoff, there were 2 expressed goals of this relaunched program. One goal was to “inform families about the responsibilities of homeownership and also introduce (sic) prospective homebuyers to affordable housing products.” The other was to empower North Carolina families, especially those in rural and underserved areas, to “locate, purchase and maintain safe, decent, and affordable homes.”19 At the kickoff, on campus Community Service Coordinators were encouraged to proactively seek out opportunities to work with area housing non profits and mortgage bankers in offering the classes.20 By offering this program, the NCCCS not only could meet needs of potential homebuyers in rural areas, who

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18 Some campuses serve more than one county, according to http://www.ncccs.cc.nc.us/colleges_map.htm, November 15, 2003.
19 De Reza, Chris. 2001.
20 North Carolina Association of Housing Counselors. Correspondence dated April 8, 2002.
perhaps were currently underserved or not at all served by counseling agencies, but also could use this as a vehicle to introduce its other course offerings to those participating in homebuyer education through cross-marketing. At the kickoff, it was also expressed that this revised program was a “priority” of MBA and that its members would be encouraged to work closely with local campuses to serve as speakers and advisors in the implementation and administration of homebuyer education classes. By supporting this program, members of the MBA could market their programs to homebuyer education participants who would later be mortgage ready and potential customers. Through their involvement with this program, NCAHC and Fannie Mae’s support of this program could possibly facilitate relieving some of the burden of its partner and member counseling agencies, who no longer had to expand their under-funded and understaffed service delivery areas to include areas that could potentially be served by the relaunched NCCCS program. By offering this program, the collaborative team responsible for the revisions could increase the opportunity for rural, low to moderate, and first time homebuyer families to receive homebuyer education and training in and exposure to financial literacy, personal finance and money management. At the onset, the key persons involved were clear on the advantages for offering a revised version, enthusiastic about the program’s goals, and optimistic about the program’s future success.

However, as of six months after the kickoff, it was reported that only one community college “attempted to offer” the revised course, which ended up not being held because of an “insufficient number of students” signing up. And in the years since the 2001 kickoff and despite marketing that targeted NCCCS campuses, members of NCAHC, membership of MBA, and Fannie Mae’s North Carolina contacts, the program has still gone relatively unused by most of the NCCCS campus sites. Given the potential role that counseling can play, in the next section, I will examine the reasons why the PHEP is not well utilized.

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22 When individuals in these groups have limited knowledge of homeownership jargon, processes and expectations, the door is opened to being exposed to predatory lending victimization, fair housing violations, and lending discrimination because of their being ill-informed.

I will examine reasons why and how the program is currently being underutilized, based on survey information from NCCCS campuses and responses from key informants currently or previously involved with the program.

Survey of Sites
Given the positive impact that homebuyer education can have on a potential homeowner, it is unfortunate that the NCCCS program is underutilized, but the questions are to what degree, and why is the program underutilized? Key informants were contacted and surveyed to shed some light on the program’s implementation since its origins and since its 2001 relaunching. The purpose of this research was to gather basic quantitative and qualitative data regarding the current, past and future use of the NCCCS PHEC. The goal of this research was not to provide exhaustive data, but more so to gather enough data to illustrate which sites are implementing the program, which sites have implemented the program in the past, and which sites plan to implement the program in the future, with the hopes of giving any future conversations and dialogue about this program parameters for discussion, planning, and evaluation.

Results
The key informants provided basic quantitative data. All 58 sites were contacted and 29 sites (50% of all sites) responded by phone, email or regular mail to my inquiries. Of the 29 sites that responded, only 6 (10% of all sites) are currently offering the workshop, 18 (31% of all sites) had offered the workshop in the past, and 13 (22% of all sites) had offered it in the past but have no plans to offer the workshop in the future.

In terms of qualitative information received from sites that responded, the sites that currently or had offered the workshop in the past thought that the program was a good, needed, and informative one. Many of the sites wished they could still offer the course, but were not clear on how they could revive their staff’s interest in it. The sites who had offered the course in the past or who were planning to offer it soon, enlisted speakers from outside of the community college system to teach the workshop. When those instructors were not available, in a few cases, the course was no longer offered. Although almost all of the colleges had their Continuing Education and Community Service Program course listings mailed to everyone within their county service areas, some of the campuses used fliers, public service announcements, special mailings and other methods to alert the community about this specific course. At all of the campuses, the homebuyer education course was required to be self-sustaining, so where there were not enough participants in the class whose fees would cover the costs to the college for offering the course, or if there were not more than 15

24 The technical details related to research methodology, including quantitative data gathered and areas of concern regarding research can be found in Appendix A.
enrollees, the course was not offered. This—lack of sufficient numbers enrollment, which was mistakenly interpreted and expressed by NCCCS staff as the target community (potential homebuyers) expressing that this course offering was not a need—was the overwhelming reason why the course is not offered today.

Key Informant

In addition to campus sites, Puryear shed light on issues of why the program is not being well used. She mentioned the competitive mix of others who are now offering alternatives to homebuyer education and also mentioned obstacles related to persons seeking non-traditional education in an educational setting. She acknowledged that there was a problem with no one entity being established to provide oversight and ongoing evaluation of the program and that this creates a problem in terms of monitoring program success, standardizing curricula and providing program evaluation.

To confirm the concerns brought up by Puryear, Lou Adkins also made mention of some of same issues. In terms of marketing, she mentioned that the workshops work better when they are marketed in conjunction with a non profit. This is currently not being done at most of the sites. She mentioned that she was able to develop a relationship with the administrators of the program at her local college and offer the class because of her own initiative, but in places where there is not an established relationship with a housing non profit, this may be difficult to do without guidance on approach.

To confirm what Adkins shared and to highlight a key issue with the program, in terms of gathering data, some of the staff with whom contacted were not familiar at all with the program—to the point where I had to describe a program that their own entity (NCCCS) had helped to create—nor were they familiar with alternatives in the community offered for homebuyer education. If I had been someone from the community, possibly referred by a bank or counseling agency, I would have been left without an option, and perhaps not linked to a much-needed resource. This and other issues will be addressed in the next section.
KEY ISSUES, PROGRAM RECOMMENDATIONS AND CONSIDERATIONS

In this section, I will explain in greater detail the problems associated with the underutilization of the North Carolina Community College System’s Pre-Homeownership Education Program. I will conclude with recommendations for how the program and its delivery system could be enhanced for future success.

Reasons Why the Program is Not Working As Well As Planned
There are many reasons why this program is not working as well as planned but, primarily, (1) the absence of meaningful leadership and clear program goals at the onset, (2) an entity to handle general program oversight, and (3) the logistics involved with operating a program in conjunction with a community college are the main reason why the PHEC concept does not work as well as its original collaborators or 2001 kickoff team envisioned. More specifically:

- No one entity has ownership over the program – or the current “ownership” is not the appropriate party.

When the program was relaunched, there were key players representing the appropriate professions: community college system, housing counseling, lending and housing finance, government, elected leaders, and housing non profits; but it was not established by the key players who would “own” the program. No one entity volunteered or stepped forward and claimed the program as its own to operate, oversee, and staff. Also, the level of ongoing involvement of the program’s launchers was not clearly identified. Although the program would be named for and implemented through NCCCS, and although classes were to be coordinated through NCCCS Community Service Program staff, it was not mandatory that the campus site offer the program as part of their menu of courses. Campuses were not required to implement the program nor were goals imposed regarding the frequency the course had to be offered. Additionally, homebuyer education is neither a priority nor familiar territory for community college staff or some of the other key players in the program’s design. NCCCS does not have the sort of stake in providing homebuyer education as non profits, lenders or others who work closely with potential homebuyers have. Therefore, when the program did not take off on its own, it sank. Although the MBA was very supportive of the program, both at its beginnings and during the relaunching, its presidential leadership changes from year to year; so that if a new president had priorities that were different than the outgoing president’s priority of encouraging member lending institutions to provide referrals and serve as speakers at workshops, MBA’s involvement in the program waned. Although Fannie Mae, NCAHC, and others have more of an invested interest in housing counseling and seeing programs meet the counseling needs of families in North Carolina, it was not necessarily their program to step in and keep from drowning. Because neither responsibility nor programmatic goals were established at the onset to prevent its failure, the program drowned.
Without meaningful ownership of the program, there is not a leadership entity to provide programmatic oversight.

When the parties got involved in its relaunching, they established how the program would be run, but did not appoint an entity to provide ongoing, general oversight and monitoring of the program. There is no steering committee, body, or other working group that meets to evaluate the program or address any of these issues. Currently, there is not even an individual representing one of the key “launchers” that has the responsibility of evaluating the program’s content, success or impact. There is not ongoing marketing or outreach to housing counseling professionals or potential program participants regarding this program. To date, no one knows how many people have participated in the program, what types of outreach have been conducted to work with local non profits or encourage participation of potential homebuyers, or if community college faculty have received the appropriate training they need to administer, offer or market the class. Outside of the general information collected for the purposes of this project, there is no data available on how often the classes have been offered or how many potential homebuyers have participated in the program. No one knows if this curriculum, CD or marketing materials need to be updated since the relaunching in 2001 or if any other program changes need to be made.

The logistics of operating a program in conjunction with a community college provide unique circumstances are often barriers to reaching the targeted market for the PHEP.

Community colleges are not easy to locate or travel to. In North Carolina, they are not always located in the urban part of the county, but more so in the rural or smaller towns. Eighty-five of the 100 counties in North Carolina are considered “rural”25, and in most cases, because there is not widespread access to public transportation, getting to a campus without a car might prove difficult. Additionally, individuals or segments of the community who are not already familiar with community college locations, registration, or course offerings are not likely to seek out these courses on their own or be able to navigate complicated online registration, voice mail or technologically difficult options. In some cases, these persons may be intimidated. When the NCCCS homebuyer education course is held on campus—as opposed to an off-campus location, which might be easier to get to or more familiar—this may set up a barrier and present a level of discomfort for persons who might want to attend the class. Also, unlike the course being offered in a community-based setting (library, CDC,

community center), the community college setting does not provide resources for child care or a familiarity with the staff that community-based settings offer.

In conclusion, if it continues that none of the “launching” entities want to take on the responsibility of “owning” the program, then the program should either find a willing “owner,” or cease with its haphazard implementation. If there was an entity assigned the responsibility of overseeing the program, who could also address the obstacles associated with a program conducted in conjunction with a community college, PHEC’s implementation, impact, and marketing strategies, among other considerations, could be evaluated.

**Recommendations**

To address its ownership and leadership problems, I recommend that NCAHC be given these responsibilities as they relate to PHEC. The justification for this is two-fold: NCAHC is an established non profit and has experience in housing counseling and homebuyer education curriculum development, training, marketing and outreach. NCAHC also has an invested interest in seeing housing counseling programs successfully administered statewide.

On the basis of information gathered for the study, recommendations for how the program could be improved fall into 4 key areas: administration, marketing, curricula and course offerings, and ongoing monitoring and evaluation.

In terms of **administration** of the program as it related to staffing capabilities, NCAHC already has an established board of directors and experienced staff members that could staff a workgroup. This workgroup could include the original “launchers” and could meet quarterly to address program issues. The NCAHC could be accountable to this workgroup and provide reports on PHEC program participation and obstacles. NCAHC could establish a partnership agreement with NCCCS to oversee the network, provide support to the Community Service and Continuing Education Program staff, linking existing counseling organizations or community-based groups with campuses wanting to offer the program. NCAHC staff time could be perhaps paid for by annual contributions from each of the community college campuses. If adding one full-time staff position to coordinate the work of PHEC costs $55,000 per year (including overhead, salary and benefits), each community college (there are 58) could contribute less than $1,000 (approximately $948) from its Community Service or Continuing Education budget toward these costs annually. Where costs exceed their contributions, the stakeholders involved in the program’s relaunching (lenders, Fannie Mae) could contribute. Since there are already offices and existing staff for NCAHC, there would be no additional costs for securing office space, adding an additional worker to benefit packages, etc., outside of regular, monthly overhead.

In terms of general program administration and implementation, PHEC classes could continue to be held on community college campuses and coordinated in conjunction with NCCCS Community Service Program staff, but the NCCCS staff would be accountable to NCAHC, while also having a resource for technical assistance and training. Courses could also
be held at off-campus sites. The Community Service Program staff would have the responsibility of handling the local marketing and outreach for the program, as well as reaching out to non-profits and other local housing professionals to assist with facilitating the class. The difference is that the staff can rely on NCAHC staff to provide suggestions and help with contacts, some which could be developed out of already established relationships with counseling organizations, housing professionals, and NCAHC-certified trainees. NCAHC would also hold annual trainings and/or quarterly meetings, teleconferences or conference calls with all, regional, or selected staff from Community Service Programs to answer questions, provide training, or offer technical assistance. Site visits to NCCCS campuses could be conducted by NCAHC staff on a case-by-case basis.

In terms of program marketing, a focus of NCAHC should be to evaluate how NCCCS is marketing the program. NCAHC would have the responsibility of developing marketing materials, revising the curriculum, and distributing necessary tools for use by NCCCS staff, while NCCCS staff would have the responsibility of disseminating materials and working with local counseling organizations. Considerations include:

Is marketing on the Internet helpful? Is the course marketed on the main NCCCS website or on the individual campuses’ websites? Is there a brochure that needs to be developed? Who needs to get the brochure? How often is it printed? Is it in more than one language? Is the course listed in course listings that are widely distributed? Are non-credit courses easy to find, or incorporated into regular course listing? Are flyers, public service announcements, news/radio and TV media coverage, billboards or other community advertising used to market the program? What is the outreach coverage area for each campus and is this integrated into the outreach efforts for the course?

In terms of course offerings and curricula, NCAHC should work with Community Service Program staff to ensure that course offerings are offered in well-organized and timely fashion, and registration is a smooth process, particularly since some participants may not have experience on a college campus. NCAHC should be kept abreast of how the classes are actually administered. Considerations include:

Are courses being offered? When are courses offered? (Day/Night, Weekends, School year/Summer) Is there a charge? What if someone can’t afford cost? Is there child care offered? How often is it offered? How long does course last (Week, Semester, Mini semester) How does one register for the course (Web, Phone, in person?) Is payment required? Is payment required at registration? How far in advance does one have to register? What sort of support is there for registration (when one does not understand or is not familiar with the process?) Are there any barriers in this area that prevent participants from registering or completing the class?
Who teaches the class (college professor or community person)? Are classes taught in conjunction with a community action agency, CDC, or housing counseling organization currently serving/not serving the area? Where are classes held (on campus, in a community place)? Are there guest speakers? Is there a need for special accommodations (hearing impaired, disabled, sight impaired, language, illiterate) and how are they met? How many participants successfully complete the program? How many do not? Are there evaluations completed by the participants? Is the curriculum appropriate or in need of revisions? Are there any barriers in this area that prevent participants from completing the class?

In terms of **ongoing monitoring and evaluation**, NCAHC should be kept abreast of measures in place to evaluate the program’s success and should report this to its board of directors, the PHEC workgroup, NCCCS leadership and others, including Fannie Mae. Considerations include:

- How many participants actually purchase homes? What lenders and other housing-related service providers do program participants work with? Are there referrals to or from this program? Are there barriers to closing or purchasing that can/cannot be alleviated through this program? Are there processes for ongoing evaluation? Are classes conducted in conjunction with area housing non-profits? Are they familiar with this program? Are they currently providing a similar service in the same service area? If they are not participating, why aren’t they participating (feel threatened, already providing this service, don’t want to partner, scheduling conflicts)? Is there a way to measure if the program is still relevant, necessary or meeting community education needs?

A program cannot be run without the presence of clearly identified leadership, nor can it be run without considering the components suggested as recommendations and key focus areas. Right now, none of these tasks are being done in reference to the PHEC and they are hindering the program from reaching its full potential.
CONCLUSION

The purpose of this study was to take a look at the North Carolina Community College System’s Pre-Homeownership Education Course and Program. The brainchild of housing industry professionals in state. It was developed in the mid 1990s and revised and relaunched in 2001. Although it is a great tool designed to educate first time homebuyers, it goes underutilized at community college sites and in communities across the state, and unfortunately has done so for many years. To better understand why the program is underutilized, I made contact with key informants, including those who had administered the program in the past or who have plans to offer it in the future. As a result of the information gathered, I was able to make recommendations to address the key problems with the program in its current state. It is my opinion that without making these recommendations, the program will not reach its optimal use and many of the advantages of offering it and benefits to the target audience will not be realized.

If my recommendations are implemented as suggested –or at least if the dialogue between those interested in the program’s success could begin—PHEC would no longer be underutilized, but would rather be utilized. With NCAHC in the key leadership and oversight position, NCCCS could do what it does best and concentrate on offering courses, while offering its established infrastructure for the delivery homebuyer education courses. With NCAHC at the administrative helm, there would be no need for NCCCS staff to be, experts on offering homebuyer education courses, marketing or outreach. With the choice of NCAHC as the leadership entity, NCAHC’s standards could be carried over into the PHEC. Potential participants could have access to a standardized, regularly taught course that could have the immediate affect of preparing them for homeownership and enhancing their financial literacy. In NCCCS campuses, housing counseling organizations and non profits would have partners and additional locations for providing homebuyer education services to citizens in North Carolina. Mortgage lenders and insurers, including could continue to meet some of their CRA goals through outreach and loans made as a result of participation in and referrals from PHEC courses. By considering these recommendations and addressing the absence of leadership and an appointee for administrative oversight—who could then address the obstacles associated with community college-based programs—PHEC could find a consistent direction and regain momentum.

If my recommendations are implemented there are a few issues to be kept in mind. If the program is again offered, it could now find that there is no place in the current market and industry for a program that provides face-to-face homebuyer education in the proposed manner. A potential source of competition to PHEP, many homebuyer education providers and industry professionals are now offering homebuyer education over-the-phone and via the
Internet, after providing a potential homebuyer with only a workbook to review. Additionally, the rental market may be so soft or the housing stock for purchase so small in certain areas that there are not as many homebuyers interested in purchasing. Also, it could be that credit issues of the first time homebuyer and/or low to moderate income market in a particular community calls for more face-to-face counseling and not homebuyer education, or that a counseling program calls for rental counseling, or default counseling due to the number of layoffs and plant closings in the state.

Some of the recommendations may be easier to implement at some community college campuses and more difficult to implement at others. For instance, campuses located in more urban areas allow for more readily accessible internet marketing and registration to potential participants; but in rural areas, internet access may not be as readily accessible and citizens may not feel as comfortable dealing with a college campus. Also, because of low attendance at rural campuses, it may not be in the best economic, logistical, or staffing interest of the community college campus to offer this class if there is repeatedly low turnout. Finally, as housing professionals from the community become more involved in working with the PHEC programs as facilitators, the standardization, quality of the information and supplementary materials could vary from location to location, again making standardization an issue.

Finally, I cannot emphasize enough how important it is for NCCCS and NCAHC to collaborate and revisit this program and its history. I hope that the basic data and program recommendations outlined in this project are of some assistance to NCCCS and NCAHC to the point where they provide a first step toward making a decision regarding whether or not PHEP should be revisited once more and relaunched or discontinued. Because the education of first time homebuyers is so important, my hope is that the key players involved will opt to continue to offer the program but integrate consider the recommendations and move forward with next steps, which could include gathering more extensive data, and somehow reintegrating this program into the current housing counseling and homebuyer education network in North Carolina. What will be interesting to see is where PHEP will be in ten years and how it will be affected by the forthcoming trends in housing counseling on the national level. Proposed changes to HUD and legislation like the Expanding Housing Opportunities Through Education and Counseling Act (H.R.3938)—which proposes to establish another level of federal government through a HUD Office of Housing Counseling to carry out duties regarding homeownership counseling—will more than likely have an impact on the delivery, funding and vitality of existing housing counseling and education programs in the state. These issues and other concerns will hopefully be addressed during the conversations and dialogue that I envision will take place as a result of this project and its findings.

REFERENCES


North Carolina Community College System. Website. www.ncccs.cc.nc.us


The purpose of this research was to gather basic quantitative and qualitative data regarding the current, past and future use of the NCCCS PHEC. The goal of this research was not to provide exhaustive data, but more so to gather enough data to illustrate which sites are implementing the program, which sites have implemented the program in the past, and which sites plan to implement the program in the future, with the hopes of giving any future conversations and dialogue about this program parameters for discussion, planning, and evaluation.

Methodology.
In order to determine the degree and reasons for the program’s underutilization, key informants were contacted and questions were asked regarding their involvement with, implementation of, and recommendations for the NCCCS PHEC.

**NCCCS Staff**
Staff with each of the 58 NCCCS sites was contacted by phone or email. The staff persons sought after were either the Director or Coordinator of each campus’ Community Service Program—who usually works in the Department that handles Continuing Education—or a Director, Coordinator or Staff in Continuing Education. The person that was reached and who provided responses to my questions was based on a 2001 list of NCCCS Community Service Program contacts, and staff availability, willingness to discuss the program, and willingness to respond to the inquiry in the first place, as well as their familiarity with or knowledge of the program. When reached, and provided the staff was willing and available to speak, a combination of questions was asked. Their responses were recorded in both narrative form and in numeric form, where applicable. The questions asked varied and were unique to each site and were generated from the following list:

- What is your official title or position with (name) community or technical college?
- Is your campus currently offering or has it offered in the past the NCCCS Pre-Homeownership Education Course?
- If yes, how often is it offered?
- If yes, how many usually attend?
- If yes, who acts as the instructor?

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27 As the researcher, I had some reservation about mailing or emailing “cold” surveys after not having built relationships with the 10 sites, and because there was not a format authorized by NCCCS leadership at the state level, the 10 sites were contacted by phone.
If yes, is there any contact or coordination with a local housing non profit, developer or counseling organization to offer and implement the class? to market the class? to recruit attendees?
If yes, how is the course listed?
If yes, what is the marketing or outreach done to attract attendees?
If yes, is there a cost? How much is it and who pays it?
If no, do you know if this course was ever offered, either as part of Continuing Education or Community Service Program course offerings?
When was the last time it was offered?
Do you have any insight into why it is not offered currently?
If no, has there been any contact with a unit of government, housing non profit, housing counseling group or community development corporation to offer it again or who is offering a similar class/service?
If no, are there plans to offer it in the future?

Of the NCCCS sites contacted, 29 sites (50% of all sites) responded to my inquiries. Responses were by email, phone and U.S. mail. Of the 29 sites that responded, 6 (10% of all sites) are currently offering the workshop. Of those currently offering the workshop, all 6 charge the required fee, 4 sites conduct their workshop with a partner (real estate agent, housing counselor/homebuyer educator, lender or other housing professional) from outside of the community college faculty and staff, and 3 utilize methods of outreach to market the course outside of just listing the course in the regular course listings. All of the sites offering the course offer it through Continuing Education/Community Service programming. In general, the outcomes varied when contacting the 10 sites, but overall, there was some polarity; either the course is currently offered or it has not been offered in such a long time and there are no plans disclosed for offering it in the future.

Of the 29 sites that responded, 18 (31% of all sites) had offered the workshop in the past (either as part of the mid 90s launching or the 2001 relaunching). Of these 18, 12 charged a fee for the workshop that ranged from $10-$55, 5 implemented outreach methods outside of simply listing the course in the course listings booklets, and 6 partnered with outside housing industry professionals, including lenders, community development corporations, units of local government, real estate agents and housing inspectors. In terms of how long ago the course had been offered, the range was between 2 and 10 years. Of the 18 that had offered the workshop at some point in the past, 11 said that they would not offer the workshop in the future. One site attributed this to being unable to compete with homebuyer education alternatives offered by lenders, while 9 others said that there was not enough demand, response or enrollment to warrant their offering it again.

Of the 29 sites that responded, 13 (22% of all sites) are currently not offering the workshop, but have plans to offer it in the future.

Review of the Course Listings
In cases where the course was currently offered, offered during the past school year, or planned for the upcoming school year or semester, campus websites were
reviewed to see if the Community Service Program and/or Continuing Education course listings included a listing, description or other information that referenced the homebuyer education course, either listed as PHEP or under another name. Where web-based course listings were not available, booklets and hard copy listings were requested by mail and reviewed. 3 of the 6 sites currently offering the course have it listed as part of online course listings. The other three have it listed as part of their mailed course listings.

**Key Informants**
Because of her involvement with the program (since its inception and as part of the relaunching), Vivian Puryear with the NCAHC was contacted regarding the development, implementation and current state of the NCCCS PHEP. When speaking with Puryear, she was asked to describe her involvement with the program and to provide recommendations on how the program could be better utilized. A “Snowball Sample” of other key informants evolved after speaking with Puryear. Based on her recommendations, I contacted Lou Adkins, a housing counselor and homebuyer educator, who has implemented the program as an outside working with two community college systems. I also contacted Dan Kornelis, a community development practitioner who was familiar with his staff's involvement with the NCCCS program at the local community college. Both Adkins and Kornelis were asked the same two questions that were posed to Puryear. I also attempted to speak with key state-level leadership with NCCCS; however, I received no response from them.

**Research Considerations and Recommendations**
The purpose of this research was to get general information on how the program has been used in the past and will be used in the future. Because the campuses are located across the state, email and phone contact were suitable methods for initiating contact. However, face-to-face interviews with campus sites could have supplemented or further substantiated the simple data gathered. Additionally, a written questionnaire—circulated either by email, fax or regular mail—could have also provided additional insight into the data gathered. A questionnaire of this type, a more extensive survey, and the research gathering in general would have perhaps been more successful at gathering data if it was forwarded to and introduced to NCCCS staff in conjunction with key NCCCS leadership at the state level. Not having received a response from key state-level leadership limited information integral to my analysis, including but not limited to what could be reported in terms of qualitative feedback on why the program is not widely implemented (or even familiar to, as some of my inquiries proved) by NCCCS sites, why NCCCS staff is not doing the outreach to housing industry professionals in the community, and on the need for consistency.