My View  KIM HERMAN, EXECUTIVE DIRECTOR

Homebuyer Education Seminars: 150,000 well-informed homebuyers since 1991—and growing every week

This is the story of a Commission-supported program that has taken on a life of its own: our free Homebuyer Education Seminars. We built the infrastructure for the seminars, train the instructors, provide the course materials, and monitor the program’s progress. But the hard work and dedication truly comes from the volunteer instructors who give their time and expertise, month after month and week after week, to educate participating homebuyers. I’ve asked five long-time seminar instructors to give their perspectives on the value of homebuyer education, and share their experiences. Two current homeowners who attended seminars also tell their stories. In sum, this is the story of why homebuyer education is so important.

Since 1991, more than 150,000 people have participated in the Commission’s free Homebuyer Education Seminars, investing five hours of their time to learn how to be successful in what, for many, is the most significant financial commitment of their lives.

One of the most inspiring aspects of this program is that virtually all of the work is done by volunteer instructors. These instructors are primarily loan originators, Realtors, and homeownership counseling professionals. They donate their industry knowledge and energies to help the future homebuyers attending their seminars get the information they need to be able to make educated choices.
The goal: Wiser and better-educated homebuyers

At the Commission we believe that homebuyer education provides a profound benefit. Throughout the foreclosure crisis, many people who did “everything right” lost their homes through no fault of their own, whether from the loss of a job or other financial circumstances beyond their control. No amount of education can reverse that. But leading up to the crisis, countless others were advised to take on a mortgage that was completely inappropriate for their financial situation—or chose to take on tremendous risk without being fully aware of all the implications. That’s where homebuyer education seminars might have made a difference.

The point of the seminars is to give people the ability to weigh risks and benefits and fully contemplate their options. Whatever the economy and your personal circumstances bring to bear, if your goal is to own your own home, you’re far better off being as well informed as possible.

The people who participate in these seminars are wiser and more educated about homeownership. They are taught to tell the difference between an ugly loan and a good loan, to be able to read their contracts knowledgeably—and ferret out unfair terms and practices. They learn the range of interest rates available in the market, and the tradeoffs that certain “good deals” can pose. And, as so many of our volunteer instructors emphasize, those who take the class know what to expect from a process that is known to throw out a monkey wrench or two.

We believe so strongly in this education that we require attendance for all homebuyers who participate in our House Key State Bond first mortgage program for qualifying first-time buyers. But regardless of where you get your home loan, these classes are free, open to all, and held frequently all over Washington State.
Mark Rowley, Banner Bank, Kennewick

Mark Rowley is a residential loan officer with Banner Bank in Kennewick, in central Washington. He’s been teaching Commission-sponsored homebuyer education seminars for close to 20 years—starting soon after this program’s launch in 1991. “How many classes have I given over the years? I have no idea,” he laughs. “I couldn’t even give you a number. A lot.” Most recently, he and the other professionals he teams up with offer about one every month in Kennewick, but he’s recently given seminars in Yakima and Grandview as well, in association with Consumer Credit Counseling Services.

Mark describes his very first seminar 20 years ago, held at the City Hall Auditorium in Kennewick. “I was one guest speaker of many. This was when the Tri-Cities were booming. When I walked into the auditorium, I felt like a deer in the headlights. There were over 200 people there for the class. That was by far the largest class I’ve participated in, but we still had a really good exchange of information.”

Over the years, we’ve found that roughly 10 to 25 students is an ideal class size: Enough people so they can share their stories and learn from one another, small enough so that everyone can get personal attention and get their questions answered. Another change in these programs is that they are now typically co-taught—by a lending professional and a real estate professional as a team. “Back in the old days, I’d do everything,” Mark recalls. “I’d coordinate the seminars, take care of snacks, provide space, and present all the material.”

These days, many instructors bring in other professionals as guest speakers to talk about their area of expertise. During his seminars, Mark explains, he and his Realtor teammate are often joined by a mortgage insurance professional to present on recapture tax and other issues, and a financial counselor, to talk about budgeting. Mark also periodically offers a bilingual class in English and Spanish, bringing in translators for non-English speakers.

Why does he continue to make this commitment to educating homebuyers? “I’ve spent most of my life here in the Tri-Cities, and being able to give something back—it’s a good thing for this community and also for the economy,” Mark says.

One very strict rule we have for presenters is that they can’t pitch their services or steer attendees to their firm. At the same time, we do realize that many people sit through a five-hour course and come to value the realtor or loan officer who’s presenting. If they choose to go back and do business with that person, then that’s fine.

“For a lot of the folks I end up working with, these are not huge loan amounts. Most are first-time homebuyers; we don’t get rich doing it,” says Mark. “But when I help them through their transaction, I’m getting cards and letters. They’re baking me cookies, they’re inviting me over to have a barbecue in their new home.”

One family in particular still sticks out for Mark. “This was about 10 years ago,” he says. “This was a family of immigrants; the father has a disability. Through the seminar, they found they would be able to qualify for the Commission’s Home Choice program [a second mortgage program for qualified borrowers with a disability]. This gentleman still works at the local Walgreens. Every time I go into that store, he still throws his hands in the air and calls out: ‘Mark, Mark!’ To everyone within earshot, he says, ‘this is Mark, he got me my home!’”

Mark closes with an emphasis I’ve heard from every single instructor: The importance for homebuyers to get the information they need before they start looking. “Over and over again in the evaluations I receive from students,” he says, “they tell me, ‘This was really good information. I wish I could have gotten it earlier in the process.’”
Gerri Rasmussen, Network Home Loans, Lynnwood

Gerri Rasmussen, a Lynnwood-based senior loan consultant with Network Home Loans and 15-year seminar instructor, agrees. “The people who take the seminar first are the winners,” she says. “For those who do the class at the beginning, the home-buying transaction typically goes so much more smoothly.” Her “soapbox,” she says, is that too often, people attend who have already made an offer on a home. “Those buyers always say, ‘We wish we would have taken this class first.’”

Gerri co-teaches the seminars twice monthly with Realtor colleagues, one each in Snohomish and King Counties. “I love what these seminars do. I love that they afford people education in an unbiased way. That the class enables people to learn what they’re getting into, and as a result, they understand the process far better. The service, the education that’s provided through this program, is absolutely invaluable.”

In all the years that she’s been teaching these seminars, Gerri says, she’s never gotten one student evaluation that stated the class wasn’t worth the time. “Every single person has said this information will help them. That it was worth it. And that they will refer others to take the class. And that’s why I give them. I know that the people who take the seminar, if nothing more, will understand what to anticipate, what twists and turns can occur.”

Over her 25 years in mortgage lending, Gerri has specialized in working with first-time homebuyers. “I didn’t know it would work out that way,” she says. “Through the Commission’s seminars, focusing on first-time buyers took on a life of its own. I love working with these buyers over any other group. Through the classroom setting, a trust grows. It’s not about selling my mortgage vs. another loan officer selling theirs. That’s what makes it easier on the people involved, because they don’t feel like they’re being ‘sold.’ I continue to teach because I value the experience for myself—and I value what it can give to the people who need it. I will continue to teach until I retire.”
Vancouver homeowners Arlene and Thomas Fleeman made great choices when they bought their home in 2001, and are still delighted with the results. No Washington State community has been hit harder by the housing market downturn than Vancouver, but the Fleemans have withstood the downturns of that market by buying smart and staying put.

“We love our home. If we won the Lotto we’d still stay here,” says Arlene.

“I highly recommend the homebuyer seminar to anyone—even second-time homebuyers,” she continues. “It helped me with all the things I didn’t know. Home inspections, how to work with Realtors, and home loans—and it was free.” Arlene and Thomas were faced with a particularly challenging home purchase. The house they fell in love with 11 years ago was due to go into foreclosure. The owner, who had been in the process of building a two-story addition onto a one-story 1928 home, had left the remodel in mid-stream—and left town.

“It needed a lot of work. It was just studs when you walked in the door. And no one wanted to bid on it but us,” describes Arlene. “At first we tried to buy the house with a traditional loan, but the monthly payments were going to be high. We realized we might as well buy a brand-new house if that were the case. We were going to walk away.” The sellers suggested that the Fleemans try looking into a second mortgage being made available at that time to low-income homebuyers through Columbia Non-Profit Housing. The Fleemans ultimately qualified for a first mortgage through the House Key program.

“Christine Robison, the loan officer who taught the class and then helped us secure our loans—her help was priceless,” says Arlene.

To meet the requirements for both loans, the Fleemans took the homebuyer seminar. “After that, I felt really educated,” she says. “When it looked like the bank holding the mortgage wasn’t going to work with us, we did start shopping around—and felt confident about what we were looking for. But this house was what we really wanted.” Arlene says that confidence translated into her ability to communicate more assertively. “I let them know there were other houses we were interested in... and that pushed them along.”

Ultimately, they worked out a deal with the seller; they would complete the remodel on the house before the closing—so that it could pass inspection. “We had to do all the work because it wasn’t up to code. So we agreed that if the sale fell apart, we’d be paid for labor and materials. It took us three months before we got the go-ahead.

“Our son was just six at the time, and we all agreed that the house would be our Christmas present. It’s just been heaven ever since.”
Christine Robison, Eagle Home Mortgage, Vancouver

All told, the process of buying a home for Arlene and Thomas Fleeman took about nine months, says Eagle Home Mortgage Loan Originator Christine Robison. “They’re a neat, neat couple who worked very hard to get that home,” she says.

The longest she’s ever worked with a homebuyer to secure a mortgage for the right home? “I worked with one person for over five-and-a-half years,” she says.

“We tell borrowers the truth in these seminars: What’s going on in the marketplace. What to expect. What goes on at closing. Why you need to read that title work, why you need to read your contract. People miss things. We try to be upbeat, but they also need to know what not to do. And sometimes, in your situation you might not be able to get a mortgage today. But that doesn’t mean you can’t get one tomorrow.

“Over the years, it’s been so great to see people so happy. They find they can buy a house if they follow the right track: They set up a budget, they start saving. They look at their credit and see what they can do to improve it. It works out well. You’re telling them how they can get there and giving them help as well.”

Christine has been teaching the seminars in Vancouver since 1996. She estimates she’s had several thousand people coming through the classes she co-teaches with real estate colleagues and other professionals. And no wonder: Christine commits three of her Saturdays and four weeknights every month to teaching the Homebuyer Education Seminars.

Why does she keep doing it? “I hate people having misinformation. And there’s a ton of it out there in this business. We find a lot of misinformation about the federal recapture tax [associated with the House Key State Bond Program]—that’s the one people are confused by and I go over the recapture tax a lot—as well as misinformation about down payment requirements in general. These seminars give people the perspective to make a decision.”

Christine tells me her husband jokingly calls mortgages “voodoo economics. There’s just so much that goes on behind the scenes. And that’s what borrowers need to know. After the seminar, they are so much better off.”

In closing, she adds that the good news for Vancouver housing markets is that, “just about the end of December it was as if someone turned the lights back on. People are buying houses, and they are looking at prices that will fit their guidelines.”
Cristie Stapp, Guild Mortgage, Seattle

When Cristie Stapp teaches the seminars, one of her enduring metaphors for mortgages is buying shoes at Nordstrom. Cristie, a Mortgage Loan Originator with Guild Mortgage in Seattle, has been educating homebuyers through the Commission’s classes for 16 years. She specializes in working with first-time homebuyers.

“Even now with the lending rules tightened, people may be placed in a position where they’re allowed to spend more than they want for their house payment,” Cristie says. “During the housing bubble, that’s how so many people got in trouble. What I tell my students in class: it’s like going to Nordstrom—and they only have size 8 shoes available. Not everyone is a size 8. If there’s only one size, you might either have to cram your foot in or wad tissue paper in the toe. That’s how loans approvals are.” In other words, if you’re approved for more than you think you can handle in monthly payments and other expenses, you’re far better off not maxing yourself out.

Case in point is Cristie’s favorite story about a homebuyer who took her seminar. “This is a Seattle single mom who was looking to buy a home, before House Key Plus Seattle was launched. We would get together every few months just to see if there were some way she could buy a house. She wanted to live in their current school district so that her daughter could attend the same high school. They were renting an apartment, and the neighborhood was kind of sketchy. No matter what we did, and what program we looked at, she was always short of what she felt she could spend for a house payment.”

There was no way, describes Cristie, that they could find a home that would work for her financial situation—until the House Key Plus Seattle program became available. This is a down payment assistance, second mortgage program that combines with the House Key first mortgage loan for people living within the Seattle city limits, and it made all the difference. “She was able to buy a condo in a much safer neighborhood, in the same high school district,” Cristie says. “Not long before she was going to close, unexpectedly, she got a raise that almost knocked her out of the program. Thankfully, that wasn’t the case. House Key Plus Seattle helps people who work in Seattle be able to afford to buy homes here.”

Cristie co-teaches the seminars four times every month, in locations all over Seattle. “This is such an enriching program. The participants receive such great information. Second-time and repeat buyers also benefit, because in this business, everything changes all the time.”
Spokane residents Emily and Bryan Anderson took the Homebuyer Seminar, bought their first home, and had their first child—all since last December. By the time of publication of this issue of My View, they are hoping to be settled in.

Emily and Bryan started this process after taking stock of their situation and deciding they were ready for homeownership. “Bryan is turning 28 this week, and I’m going to be 25 this year,” says Emily. “It’s the perfect age to buy a house and the market is right. We’ve been living in a one-bedroom duplex. It just wasn’t going to be big enough with the baby. I had the option to live with my mom, but who wants to live your parents when you’re married and have a child?”

Emily and Bryan learned that they would qualify for the Commission’s House Key first-time homeowner program. “One of the things I learned from the seminar is get your paperwork ready,” Emily says. “There’s so much to stay on top of, and it’s tough when you work 9 to 5. Thanks to the seminar, we were prepared and knew what needed to be done before closing. There were no big surprises.”

The deal closed on February 10th, and in mid-March, Emily and Bryan were still getting their house ready. They’ve been repainting, redoing the bathroom, tearing up the carpets, and sanding, polishing, and sealing the floors. Their daughter, Bailey Marie, was born in late January.

“During the homebuyer class, we were told, ‘You need to have a good real estate and mortgage team,’” Emily recalls. “Our lending person, Laura Wells, and the Realtor who taught the class were awesome. Everything worked out great—and we can’t wait to move in.”

“Thanks to the seminar, we were prepared.”

EMILY ANDERSON AND HER DAUGHTER BAILEY MARIE
Homeowner, Spokane
Laura Wells, Guild Mortgage, Spokane

“Emily and Bryan’s experience offers just about the perfect story of a successful home purchase,” says Guild Mortgage Senior Loan Officer Laura Wells. “They did everything absolutely right. They had every reason to question whether or not they could qualify to buy a home, but they did all the work that was necessary so that they could. They absolutely deserve that home.

Laura has been in the mortgage business for about 17 years. “I just fell in love with helping people obtain homeownership,” she says. “It’s a bit cliché and kind of corny, but I’ve always felt ever since I started that this was my calling. Every time I can approve a home loan for someone, when I hear the happiness in their voice, I feel like the most successful person on this planet.”

With a husband serving in the military, Laura has lived all over the U.S.—Florida, Nebraska, Oklahoma, and Washington. “When I moved to Spokane, I said, ‘okay, where’s the first-time homebuyer program—where’s my niche?’” Laura has been teaching seminars in Spokane and Stevens Counties through the Commission for the past eight years. Laura typically teaches every Saturday and every other Wednesday. In recent months, the classes in Spokane have been so popular that they’ve averaged about 25 people. In addition to her Realtor partner, a home inspector, a financial planner, and a homeowner’s insurance agent teach her seminar students. “We try to make sure that they have a very well-rounded education when they walk out of there.”

Through her participation in the seminars, Laura says, “I’ve seen too many success stories to ever be able to share them all. When I get a class where everybody’s there because they want to learn and nobody’s under contract yet, I’m always very excited. I know that they’re going to go out into the marketplace well armed and know what to look for when they’re talking to different professionals. There’s nothing that breaks my heart more than a student who’s a week away from closing and just finding out that he or she had other avenues that they could have taken. And because they were not properly educated by their loan officer on what those options were, now feel stuck in the transaction they were committed to.”

Laura gives an example of a homebuyer who called her after she gave a seminar one recent Wednesday evening. His loan officer had told him that his credit score wasn’t high enough to qualify him for a lower interest rate. “But he could have gone just about anywhere else in town, put his 5 percent down, and gotten that lower interest rate. We figured it out—it literally was almost $190 a month he would have saved just by getting the right advice. That’s huge. He was not a good fit for House Key, but because he came to the class, he learned a lot. Here’s an example of the class letting somebody know: House Key may not be the right program for me, but because I’ve been to the class, now I know what I want to do. It’s all about having choices.”

Her class evaluations, Laura says, are always very positive, “but we still get the feedback that the class is too long! Though I can honestly say that for the first time ever last weekend I got a survey where someone actually said they wished the class had been longer,” she laughs. “I think I’m going to frame that and put it up on the wall.”
Each year, about 600 homebuyer seminars are offered in Washington State. That’s added up to more than 12,000 seminars since we started doing this in 1991. More than 5,500 instructors have been trained to teach the seminars. Who keeps all this running smoothly? Over the past dozen years, that person has been Bill Conner.

Bill is Homebuyer Education and Training Administrator at the Commission. He’s been helping to run the Homebuyer Seminars since he joined us in 2000. In addition to his work in this program, Bill spends a lot of his time applying for grants, working to make sure that funding for the program continues. “The Homeownership Division first received a grant from the Department of Housing and Urban Development (HUD) for homeownership counseling in 1998,” Bill says, “and we’ve had funding from them every year since then. These funds are not only for homebuyer education; they also fund pre-purchase counseling, mortgage default counseling, reverse mortgage counseling—it’s been so very critical to have that HUD funding.”

Due to the many demands on housing dollars since the foreclosure crisis, HUD has had to cut back, Bill explains. For a time, it looked like Congress would not allocate housing counseling dollars in this current fiscal year. “Fortunately,” he says, “last December, HUD announced they had $40 million to allocate nationwide. We’re still waiting to hear what our state’s share of that will be.”

The seminars were the inspiration of one of our former Commissioners, Nancy Primley. A Realtor, Nancy clearly saw what a service this kind of training for homebuyers could provide. Around the same time, Fannie Mae came out with homebuyer education materials, and was considering making it a requirement that homebuyers take an introductory course. We put those two things together for Washington State residents.

When the seminars were created in 1991, the Commission made use of Fannie Mae’s community education program. Over the years, we’ve developed our own curriculum. “We have gotten a lot of input from organizations like HUD, Fannie Mae, and the Seattle Mortgage Bankers Association,” Bill says. “We’ve created benchmark standards that our instructors need to follow. There are 22 standards in all, with a lot of flexibility built in. The Homebuyer Education Seminar is required to be five hours in length. We encourage new instructors to go to other classes—everyone has a different way of teaching the material. This is a great partnership, and a service, that these instructors provide. We give so much credit to the instructors who give up their Saturdays and weeknights to teach these classes to our specifications.”

The Commission sponsors full-day trainings for the seminar instructors; these are usually held once a month here in Seattle and elsewhere around the state. “Because of recent changes in our program, we hadn’t had a training since October,” Bill says. The trainings started up again last month, “and we’ll be really busy for the next few months.”

“Due to the many demands on housing dollars since the foreclosure crisis, HUD has had to cut back...”
Paula Benson was Director of the Commission’s Homeownership Division from 1996 through 2000. She started at the Commission straight out of college in 1988, working under Heyward Watson, who was then our Homeownership Director. In her 12 years with the Commission, Paula was involved in many aspects of homebuyer education and affordable home financing. I asked her what she remembers of those early days during the launch of the homebuyer seminars.

She says she well recalls that from the start, the vision was that we would rely on outside professionals to be the volunteer instructors. As the details were being worked through, the Commission’s staff taught the classes. “We just couldn’t offer a class for less than six people,” she recalls. “To travel from Seattle to, say, Yakima for less than that was not an efficient use of Commission funds. We knew we needed to grow the classes and get more people involved.”

With the onset of the Commission’s down payment assistance programs in the mid-1990s, Paula says, “we worked on getting the classes certified, to meet the needs of the Commission’s programs. We also wanted to make sure the seminars met other public funders’ requirements as well. And it just grew from there.”

Paula is currently Manager, Real Estate Loss Management for Boeing Employees Credit Union (BECU). Throughout her career, she has focused on programs that help homebuyers. In her current role, Paula is helping people further down the road in the homeownership process, in this case, in an effort to “save their homes and keep their finances straight through difficult economic times.”

Paula has long been involved with the non-profit Washington Homeownership Resource Center (WHRC), and currently serves as president of its board of directors. WHRC has sponsored many of the homebuyer seminars, and continues to be a powerful educator and advocate for low- and moderate-income people in our state who are pursuing homeownership.

WHRC, then called the Community Homeownership Center, was integral in partnering with the Commission and enlisting the support of lender members to build the homebuyer seminar program, as Paula points out.

What’s her perspective on the value of homebuyer education? “At the Community Homeownership Center, we would follow up with people who had gone through our classes to see if they had successfully purchased a home, and if they were able to stay in that home. Unfortunately, we didn’t have the resources to do a fully documented follow-up and long-term determination regarding that. “But,” she says, “I do believe, given my experience and the experience of others, that when you give people the tools to get into homeownership successfully—where they’ve thought about the down payment and their budget and managing their life events, and are purchasing a home they can afford—I think we’ve made a difference by helping people learn how to get into a home responsibly.

And, she adds, while “WHRC is doing a lot of referrals right now for foreclosure prevention, we’re still very focused on being there for homebuyers. With prices nearing the bottom and getting more affordable, it seems that our services are needed more than ever.”

“I think we’ve made a difference in helping people learn how to get into a home responsibly.”
Our volunteer instructors have made all the difference: Thank you.

I hope you’ll spread the word to everyone you know who is contemplating buying a home: There’s a free and invaluable educational seminar being held somewhere close to where they live in Washington State. Here’s the url to learn more, including links to the upcoming seminar schedule: [http://www.wshfc.org/buyers/education.htm](http://www.wshfc.org/buyers/education.htm).

WHRC will soon launch a website that they hope will be a great resource for homebuyer information and education. This will include all the first-time homebuyer education programs, as well as all the lending options available to borrowers in our state. To find a link to that website, you can start here: [http://www.homeownership-wa.org/](http://www.homeownership-wa.org/).

I hope the biggest takeaway of this issue is that homebuyer education is an absolutely critical investment for homebuyers. We wish every first-time homebuyer would take this seminar or one like it. In closing, the Commission’s deepest gratitude goes to our volunteer instructors for the homebuyer education seminars. Their commitment, great energy, and Saturday-morning and weeknight sacrifices have truly made a difference for our state’s homebuyers!

The Washington State Housing Finance Commission is a publicly accountable, self-supporting team, dedicated to increasing housing access and affordability and to expanding the availability of quality community services for the people of Washington.