

HOMEOWNERSHIP

CREATING A SOLID FOUNDATION IN FINANCIAL LITERACY TO AID IN THE
PROMOTION OF HOMEOWNERSHIP AND CAREERS IN OUR INDUSTRY

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Financial Education within our Schools

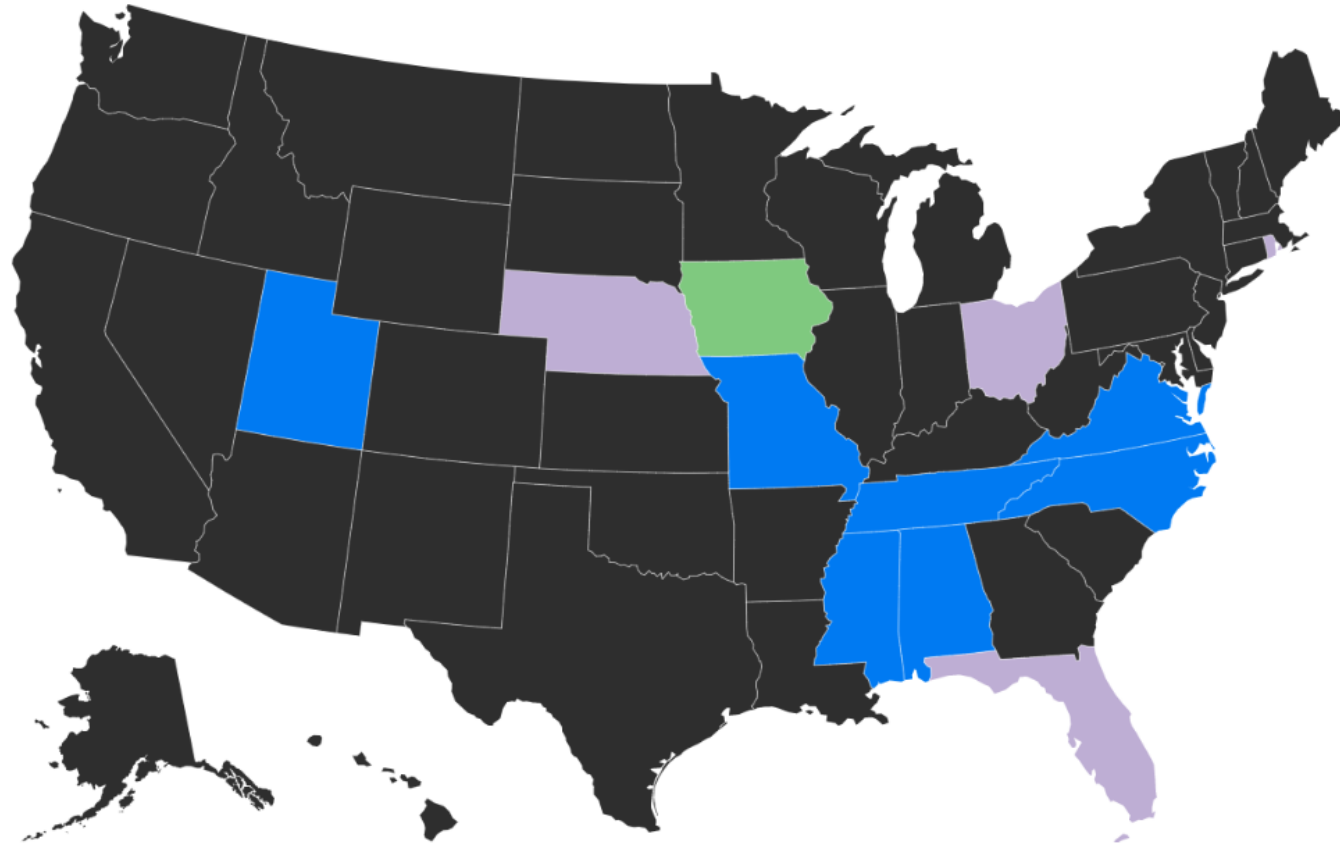


“A widely cited study by Standard and Poor’s in 2016 found that only 57% of adults in the United States are financially literate, meaning they understand three out of four fundamental concepts for financial decision-making.”

-Kelly Anne Smith, Forbes.com

States Where Personal Finance Classes Are A Graduation Requirement

■ Implementing ■ Not required ■ Required ■ Signed into law



Map: Forbes Advisor • Source: Next Gen Personal Finance • [Get the data](#) • Created with [Datawrapper](#)

Currently there are 65 bills in 26 states as of 5/3/22. Out of those, 50 bills are still alive across 19 states. The 26 states include: Alabama, Arizona, California, Connecticut, Florida, Georgia, Hawaii, Iowa, Illinois, Massachusetts, Maryland, Michigan, Minnesota, Mississippi, New Hampshire, New Mexico, New Jersey, New York, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Washington, West Virginia, Wisconsin.

Next Gen Personal Finance Financial Bill Tracker

Alabama, Mississippi, Missouri, North Carolina, Tennessee, Utah and Virginia require high school students to take at least one semester of a personal finance course before graduation; one is currently implementing the requirement (Iowa); and four (Florida, Nebraska, Ohio and Rhode Island) are preparing to implement it in the near future.

Forbes

A Closer Look

	Total # of Students	% Economically Disadvantaged Students	% of Minority Students	Graduation Rate
Portage High School	2443	56%	47%	93%
Zionsville High School	2065	6%	17%	97%
West Side Leadership Academy	1043	100%	99%	65%

www.inview.doe.in.gov

	Total # of Students	% Economically Disadvantaged Students	% of Minority Students	Graduation Rate
Iroquois High School	1250	80%	79%	82%
Oldham County High School	1252	36%	18%	97.2%
duPont Manual High School	1935	24%	46%	99.6%

www.kyschoolreportcard.com

	Owner-Occupied Housing Rate	Black	American Indian	Asian	Multiracial	Hispanic or Latino	White, alone
Gary, IN	50.30%	77.9	0.1	0.3	4.5	0.1	14.5
Portage, IN	68.60%	9.2	0.2	0.9	4.2	18.8	82.7
Zionsville, IN	84.60%	1.4	0.2	4.3	2	2.2	91.4
La Grange, KY	69.50%	6	0	1.6	4.4	4.3	85.4
Louisville/ Jefferson County, KY	60.10%	24	0.1	2.7	3.5	6.1	64.5

www.census.gov/quickfacts

Indiana

Course and Credit Requirements	
English/ Language Arts	8 credits Including a balance of literature, composition and speech.
Mathematics	6 credits (in grades 9-12) 2 credits: Algebra I 2 credits: Geometry 2 credits: Algebra II <small>Or complete Integrated Math I, II, and III for 6 credits. Students must take a math course or quantitative reasoning course each year in high school</small>
Science	6 credits 2 credits: Biology I 2 credits: Chemistry I or Physics I or Integrated Chemistry-Physics 2 credits: any Core 40 science course
Social Studies	6 credits 2 credits: U.S. History 1 credit: U.S. Government 1 credit: Economics 2 credits: World History/Civilization or Geography/History of the World
Directed Electives	5 credits World Languages Fine Arts Career and Technical Education
Physical Education	2 credits
Health and Wellness	1 credit
Electives*	6 credits <small>(College and Career Pathway courses recommended)</small>
40 Total State Credits Required	

Graduation Requirements

Kentucky

English/Language Arts	Four (4) Credits total (English I and II plus two (2) credits aligned to the student's ILP)
Social Studies	Three (3) Credits total – (Two (2) plus one (1) credit aligned to the student's ILP)
Mathematics	Four (4) Credits total (Algebra I and Geometry plus two (2) credits aligned to the student's ILP)
Science	Three (3) Credits total – (Two (2) credits incorporating lab-based scientific investigation experiences plus one (1) credit aligned to the student's ILP)
Health	One-half (1/2) Credit
P.E.	One-half (1/2) Credit
Visual and Performing Arts	One (1) Credit or a standards-based specialized arts course based on the student's ILP
Academic and Career Interest Standards-based Learning Experiences	Six (6) Credits total (Two (2) plus four (4) standards-based credits in an academic or career interest based on the student's ILP)
Technology	Demonstrated performance-based competency
Financial Literacy	One (1) or more courses or programs that meet the financial literacy requirements pursuant to KRS 158.1411 .

Current Programs and Resources

Programs/Courses Offered

Careers
Personal Finance
Government & Economics
Banking and Investment Capstone

Free Resources

[Junior Achievement](#)
[EVERFI](#)
[Next Gen Financial Literacy](#)
[The Council for Economic Education](#)
[Federal Reserve Bank of St. Louis- Econ LowDown](#)
[National Endowment for Financial Education](#)
[Take Charge Today \(FEFE\) The University of Arizona](#)

Kentucky Financial Empowerment Commission-
House Bill 139 (2019) brought about the KFEC under
State Treasurer Allison Ball with unanimous support from both chambers.

Indiana Graduation Paths 2023

#1 High School Diploma

- Core 40
- Academic Honors
- Technical Honors
- General

#2 Learn & Demonstrate Employability Skills

- Mindsets
- Learning Strategies
- Social & Emotional Skills
- Work Ethic

#3 Postsecondary Ready Competencies

Students must complete at least one of the following to fulfill this pathway:

- Honors Diploma
- ACT
- SAT
- ASVAB (Armed Services Vocational Aptitude Battery)
- State – and – Industry-recognized Credential or Certification
- Federally-recognized Apprenticeship
- Career-Technical Education Concentrator
- AP/IB/Dual Credit/Cambridge International courses or CLEP Exams
- Locally Created Pathways

Kentucky Financial Literacy Implementation

“Every district decides for themselves as to how the financial literacy standards are implemented. In our district a local credit union is providing free materials to be distributed in advisory or scheduled hives (study halls).”

Per the Chief Academic Officer of Woodford County Schools2,

Versailles, Kentucky



Questions Regarding Implementation!

- Who will decide if the curriculum reflects accurate information?
- Does the curricula reflect 21st century money practices (i.e. digital wallets, Apps such as CashApp, Venmo, and PayPal, Cryptocurrencies)?
- Does the material represent best practices in all areas of financial literacy?
- How will learning be measured?

Benefits of Homeownership



The Pros & Cons



Pro	Con
Buyer builds equity in the home	Requires upfront costs for down payment, closing fees, etc.
Credit scores increase with positive payment history	Process can be complex
Mortgage interest and property taxes may be tax deductible	Property taxes and HOA fees are the buyer's responsibility
Buyer has full control over home improvements and upgrades	Buyer incurs any maintenance and repair cost
Homes frequently increase in value over the life of a mortgage	Typically a long-term investment
Control over Living Space	Property and State Taxes
Federal tax benefits	Less Flexibility
More Privacy	
No Pet restrictions	



Access to Home Ownership for Minorities and Low-Income Borrowers

Preparation for Homeownership

Dodd-Frank Wall Street Reform and Consumer Protection Act- Requires lenders to distribute HUD list of counseling providers. These providers assist borrowers with detecting mortgage fraud, high interest rates, inflated appraisals, unaffordable repay terms, and other factors.

FannieMae HomeView- First time homebuyer course

FreddieMac- CreditSmart, myhome.freddiemac.com

Making Homeownership Affordable

FHA Financing- Serves credit-worthy borrowers with low wealth. Requires 3.5% down. Program gained popularity during the 2008-2009 housing crisis.

HUD Assistance Programs- Capped assistance of up to \$10k for down payment, closing costs and home rehab. Programs include “HOME Investment Partnerships”, “Community Development Block Grant” and “Self-Help Homeownership Opportunity Program”

Safe and Sound Financing

FHA Financing- Created national underwriting standards to accommodate lower down payments, higher debt ratios and weaker credit history. FHA insures mortgages for homebuyers and protects lenders, making lending safe and sustainable.



Socio-economic Impact for Minorities and Low-income Borrowers

In many cultures, homeownership is considered a component of wealth and is unequally distributed across social groups. The cultural aspects that homeownership influences are education, living standards and happiness.



Wealth-US homeowners have higher wealth than non-homeowners.

Career- Homeowners move less than renters, which can restrict employer prospects. However, when a homeowner has a mortgage, there becomes a strong incentive to stay employed.

Education- There is a positive association between homeownership and cognitive development in children.

Factors Contributing to Homeownership Gaps

- Lack of capital for a down payment and closing costs.
- Lack of access to credit and/or poor credit history.
- Lack of understanding and information about the home buying process.
- Language difficulties and cultural differences leading to misperceptions of the mortgage finance system.
- Regulatory burdens imposed on the production of housing that drive up costs; and continued housing discrimination.



Building Generational Wealth

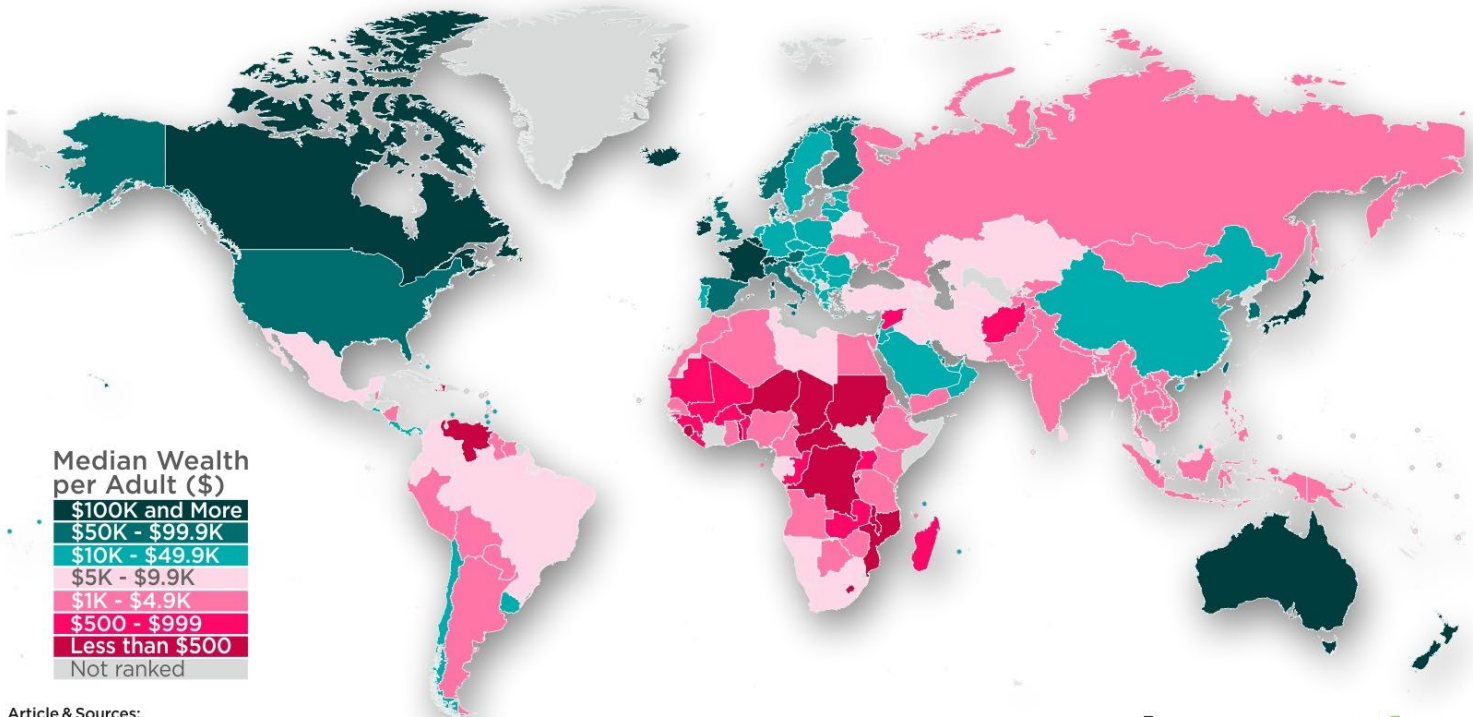




Wealth	Income
The sum of all tangible and intangible assets acquired by a person, community, or country	A fixed monetary return in exchange for goods and services or through an invested capital
Accumulated over time	Earned by providing goods and services or investing capital into financial assets such as real estate, bonds, and stocks
Calculated by adding the market value of all assets and subtracting existing debts and liabilities	Calculated by subtracting taxes and other expenses from the gross revenue
Accumulated over an extended period of time	Accrued within a specific period of time
Includes all tangible and intangible assets	Represented by a fixed amount of money
Deduction: wealth tax	Deduction: income tax

Key Variations Between Wealth & Income

Wealth per Adult Around the World in 2019



Article & Sources:
<https://howmuch.net/articles/wealth-per-adult-world-2019>
Credit Suisse - <https://www.credit-suisse.com>

GLOBAL WEALTH (USD TRILLION)



YEAR	2016	2017
Wealth	263.3	280

Global Wealth has risen

by **6.4%**



Richest **1%** own half (**50.1%**)
of all household wealth in the world

NORTH AMERICA

Total wealth in 2017
(USD billion)

101005

Growth rate (%)

9.9

Wealth
per adult

374869

EUROPE

Total wealth in 2017
(USD billion)

79639

Growth rate (%)

6.4

Wealth
per adult

135163

CHINA

Total wealth in 2017
(USD billion)

29000

Growth rate (%)

6.3

Wealth
per adult

26872

LATIN AMERICA

Total wealth in 2017
(USD billion)

8107

Growth rate (%)

3.9

Wealth
per adult

19049

AFRICA

Total wealth in 2017
(USD billion)

2499

Growth rate (%)

0.9

Wealth
per adult

4166

INDIA

Total wealth in 2017
(USD billion)

4987

Growth rate (%)

9.9

Wealth
per adult

5976

ASIA-PACIFIC (excluding India & China)

Total wealth in 2017
(USD billion)

55052

Growth rate (%)

0.7

Wealth
per adult

47479



Changes to promote a decrease in the generational gap globally

1. Increasing personal savings has a strong effect on reducing wealth inequality
 - The observed effect may seem counter intuitive due to the effect of the nonuniform distribution of savings, since it may seem that the rich use their money to earn larger returns and the poor have no savings with which they can produce returns or eliminate debt. However, the imperfect correlation between wealth and income enables the possibility of savings to reduce the relative gap between deciles (rank from lowest to highest). These results do not imply that extremely poor individuals can become very rich if they work and save a large fraction of their income. It only accounts for the possibility of mainly middle and higher wealth deciles to narrow the relative gap between their wealth and the wealth of the richer individuals...Nevertheless, these above results and their implications are valid, as long as the correlation between wealth and income remains low. As income inequality increases, this correlation is likely to increase as well.



Continued...

2. Altering the environment allows for opportunities framed around education, employment opportunities and areas of high economic growth (imports and exports)

- Identification of areas performing at high levels of economic growth is an intricate piece of information
- Areas of poverty, food deserts, red lining, absent transportation and complete lack of availability
- Positive environment allowing investment
- Health predictors, prominent diagnoses
- Understanding of current financial situations in relation to long-term outcomes
 - Income, education, retirement, stocks and bonds, equity
- Family dynamics: Legacy wealth, nuclear, extended, grandparent, single, blended, family by choice



Continued...

Prediction of future wealth accumulation

- Allows the economy to strategically become proactive by educating individuals to specialize in a skillset which will in high demand.
- Millennials have the ability to review trends with technology further possessing a history of cause and effects throughout various recessions as well as economic booms.
- Minorities constitute a substantially larger share of the millennial population than they do in any previous generation. Using cross-sectional and pooled regressions, we show that minority status is negatively associated with net worth, controlling for other household characteristics. The difference in wealth between black and white households appears to be growing over time
- Within the US, laws prohibit discrimination from attaining education; however, this is not a failsafe despite its regulation which in turn could disprove the theory behind its purpose.



Formal Valuation

- Areas of specified interest
- Areas of high development
- Areas of allowability
- Resources available and unavailable
- Positive growth with removal of antagonistic factors
- SMART goals



CAREERS IN THE MORTGAGE INDUSTRY

LOAN
OFFICER/ORIGINATOR

UNDERWRITER

HOME INSPECTOR

POST CLOSER

MORTGAGE BROKER

MORTGAGE SERVICING

APPRAISERS & ASSESSORS

CLOSER

REALTOR

ESCROW OFFICER

LOAN OFFICER/MORTGAGE LOAN ORIGINATOR

- May also be referred to as a mortgage planner, lending officer, MLO, mortgage specialist, dedicated lending associate, loan consultant, loan agent or mortgage professional
- Evaluate, authorize, or recommend approval of loan applications
- Obtain, verify, and analyze applicant's financial information, such as credit rating and income
- Review loan agreements to ensure that they comply with federal and state regulations
- Median pay: \$63,960 per year, \$30.75 per hour
- Typical entry-level education: high school diploma or GED

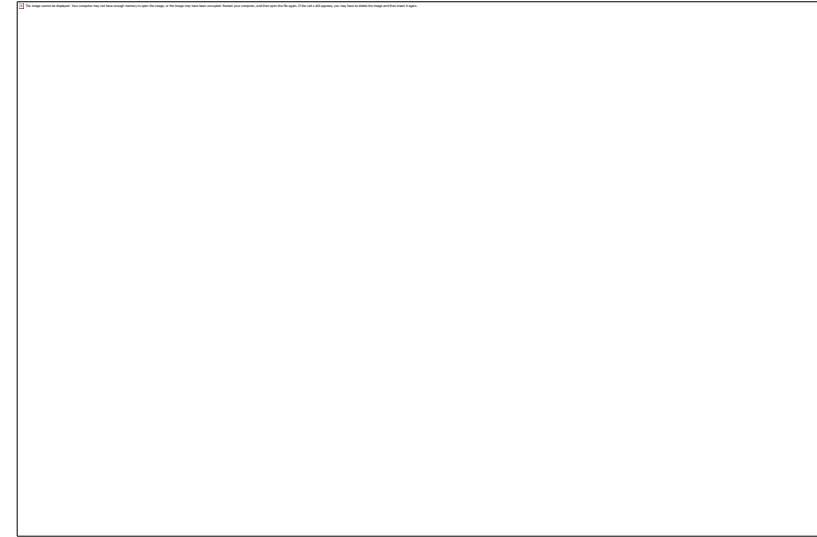
MORTGAGE BROKER

- Middleman who connects potential borrowers with available lenders
- Duties include helping clients to obtain pre-approval for a mortgage, select a lender, obtain documentation for the loan processor and apply for a mortgage
- Goal is to find lenders and mortgage products that suit the borrower's needs and circumstances
- Median pay: \$64,815 per year, \$31.16 per hour
- Typical entry-level education: high school diploma or GED



LOAN/MORTGAGE PROCESSOR

- Primary responsibility is to verify that the application is complete according to the mortgage company's standards before submitting it to the underwriter
- Works in tandem with loan officers and mortgage underwriters
- Responsible for gathering all of the needed documentation to submit the loan application
- Median pay: \$40,202 per year, \$19.33 per hour
- Typical entry-level education: high school diploma or GED, associate's degree recommended



MORTGAGE UNDERWRITER

- Reviews mortgage application once it is submitted by a loan officer and received by a processor
- Evaluate loan risk through verification of loan application information
- Verify application information against loan criteria guidelines and standards
- Median pay: \$59,671 per year, \$28.69 per hour
- Typical entry-level education: high school diploma or GED

CLOSER

- Prepare loan closing packages to ensure correct loan settlement and complete loan documentation
- Schedule loan closing and issue loan funds
- Ensure all conditions and regulatory requirements are met prior to closing
- Median pay: \$40,059 per year
- Typical entry-level education: high school diploma or GED, an associate degree is a plus



POST CLOSER

- Ensure closing file compliance with internal requirements and specific investor requirements
- Follow up with closers and attorneys on missing documentation
- Median pay: \$35,623 per year, \$17.13 per hour
- Typical entry-level education: high school diploma or GED and mortgage loan experience or an associate degree

ESCROW OFFICER

- Responsible for facilitating the legal exchange of real estate property from one party to another
 - o Does not work on behalf of either party, but acts as a neutral third party
- Obtain funds needed to complete the exchange and keeps them in an escrow account until disbursement of the funds
- Obtains necessary signatures, prepares titles and explains escrow guidelines
- Median pay: \$55,449 per year, \$22.00 per hour
- Typical entry-level education: high school diploma or GED

MORTGAGE SERVICING

- Manage inbound and outbound customer calls about mortgage products
- Provide post-sale customer service and interaction for any queries/issues/concerns
- Median pay: \$42,382 per year
- Typical entry-level education: high school diploma or GED

APPRAISERS AND ASSESSORS

- Inspect and verify description of property, noting its characteristics
- Photograph items or real estate
- Analyze “comparables”, or similar items or properties, to help provide values
- Prepare written reports on property values
- Median pay: \$58,650 per year, \$28.20 per hour
- Typical entry-level education: bachelor’s degree

HOME INSPECTOR

- Complete building inspections before properties are sold to ensure they are up to code and safe to inhabit
- Responsible for evaluating a house's air conditioning units, electrical wiring, plumbing systems, security systems, and structural components
- Median pay: \$51,445 per year
- Typical entry-level education: bachelor’s degree
- Thirty-five states require a license or certification

REALTOR

- Assist buyers and sellers in marketing and purchasing real estate property for the best price and terms
- Provide expertise about property types and specific neighborhoods, schedule showings, perform comparative pricing analyses, negotiate pricing
- May work for themselves, work in an agency, along with other agents, or work for a specific developer, showcasing model homes or units to sell newly developed property
- Median pay: \$96,807 per year
- Typical entry-level education: real estate agent or broker’s license





IMPORTANCE OF BILINGUAL EMPLOYEES IN THE MORTGAGE INDUSTRY

- Only about 15% of real estate agents nationwide are bilingual according to the National Association of Realtors
- The U.S. Census Bureau reveals that 67.8 million Americans speak a language other than English at home – that is over one-fifth of the population
- A study from industry research firm Common Sense Advisory has found that 72.4% of consumers are more likely to buy a product if provided with information in their native language, and more than half rate the ability to obtain information in their native tongue more important than price

Financial Education

<https://www.forbes.com>

<https://www.inview.doe.in.gov>

<https://education.ky.gov/Pages/default.aspx>

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Benefits of Homeownership

[Paths to Homeownership for Low-Income and Minority Households | HUD USER](#)

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Building Generational Wealth

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