Walden University
ScholarWorks

Walden Dissertations and Doctoral Studies

Walden Dissertations and Doctoral Studies Collection

2021

How Federal Mortgage Programs Affect Homeownership Outcomes of Low-Income Households

LaWanda Alexia Brown
Walden University

Follow this and additional works at: https://scholarworks.waldenu.edu/dissertations

Part of the Law Commons, Public Administration Commons, and the Public Policy Commons

This Dissertation is brought to you for free and open access by the Walden Dissertations and Doctoral Studies Collection at ScholarWorks. It has been accepted for inclusion in Walden Dissertations and Doctoral Studies by an authorized administrator of ScholarWorks. For more information, please contact ScholarWorks@waldenu.edu.

Walden University

College of Social and Behavioral Sciences

This is to certify that the doctoral dissertation by

LaWanda A. Brown

has been found to be complete and satisfactory in all respects,
and that any and all revisions required by
the review committee have been made.

Review Committee
Dr. Amanda Deerfield, Committee Chairperson,
Public Policy and Administration Faculty

Dr. Michael Klemp-North, Committee Member,
Public Policy and Administration Faculty

Dr. Olivia Yu, University Reviewer,
Public Policy and Administration Faculty

Chief Academic Officer and Provost
Sue Subocz, Ph.D.

Walden University
2021

Abstract

How Federal Mortgage Programs Affect Homeownership

Outcomes of Low-Income Households

by

LaWanda A. Brown

MA, Walden University, 2013

BA, Howard University, 1984

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Administration

Walden University

May 2021

Abstract

Numerous laws and policies have been enacted to aid economic recovery and housing growth after the 2008 housing crisis in the United States; however, concern remains that low-income families interested in homeownership are in poor housing situations due to inadequate access to federal homeownership policies and program information. The purpose of this quantitative study was to analyze the relationship between the variables of income, race, and access to federal mortgage program policy information and dependent variable HEC on homeownership outcomes for aggregate years 2007 to 2018. Using a quasi-experimental design, the chi-square test of independence was used to test N = 14,489 households for statistical significance ($p < .001$) between the variables of income, race, access to federal mortgage purchase programs, and HEC and homeownership outcomes for aggregate survey years of 2007 to 2018. The theoretical framework for this study was the punctuated-equilibrium theory (PET). Data were accumulated from the National Survey of Mortgage Originations found in the National Mortgage Database on the Federal Housing Finance Agency website. Study results indicated a statistically significant association between income ($\chi^2(5, N = 14{,}489) = 580.16$, $p < .001$; race $\chi^2(3, N = 14{,}489) = 339.85$, $p < .001$; access $\chi^2(3, N = 14{,}489) = 389.87$, $p < .001$) and HEC in homeownership outcomes. The implications for positive social change include study results that aid policy makers in developing accessible homeownership policies, increase homebuyer HEC awareness and participation, while improving low-income homeownership outcomes.

How Federal Mortgage Programs Affect Homeownership Outcomes of Low-Income Households

by

LaWanda A. Brown

MA, Walden University, 2013

BA, Howard University, 1984

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Administration

Walden University

May 2021

Dedication

This dissertation is dedicated to my son and daughter always supporting me through this process, may you be inspired to reach for your dreams. I dedicate this study to my parents who have gone on to glory as they always believed in education and reaching for the stars.

I also dedicate this study to the disadvantaged in our world, those that need advocacy, the under-represented and underserved. I hope to be a tree planted for purpose in their lives, providing inspiration, advocacy, resources, and encouragement, leading to their development and improvement of life.

Acknowledgments

I want to acknowledge and thank God for the fortitude and strength to complete this dissertation. I acknowledge that my interest in Law and Public Policy started during my youth; however, I am grateful for the direction and inspiration to complete this achievement in my life. I sincerely thank my loving family for their patience and support, listening to my questions, accepting my study periods of quiet and many calls for prayer. Thank you to my good friends that encouraged me along the way; when I felt like throwing in the towel, they encouraged me to go forward. My sisters and brothers, Dr. Sherry Scott, Dr. Kim Martin and colleagues Dr. Michael Mallett, Dr. Bridget Burden, Dr. Naima Lusane and the late Dr. Ethel Treadwell, thanks for your support during my research. I gratefully acknowledge my Committee Chair, Dr. Amanda Deerfield, Dr. Mike Klemp-North, Dr. Olivia Yu for your ongoing leadership and support, thank you.

Finally, thank you to Michael J. Muhammad and Gina D. Muhammad, my children, thank you for your patience, support, and kindness, reading and encouraging me through this journey. To my family, and friends, thank you for your support and encouragement along the way.

Table of Contents

List of Tables v

List of Figures vi

Chapter 1: Introduction to the Study.....1

Background of the Study 1

Low Income Households 3

Accessibility..... 3

Problem Statement.....3

Purpose Statement.....5

Research Questions and Hypotheses 5

Theoretical Framework.....7

Punctuated Equilibrium Theory 7

Nature of the Study 7

Definition and Terms 8

Assumptions.....9

Scope, Delimitations, Limitations.....9

Scope 9

Delimitations..... 10

Limitations 10

Significance.....11

Summary 12

Chapter 2: Literature Review 14
Introduction 14
Organization of the Chapter 14
Literature Search Strategy 14
Theoretical Foundation 15
Punctuated Equilibrium Theory 15
Literature Review of Punctuated Equilibrium Theory 16
The Barriers to Low-Income Homeownership 18
Incremental Low-Income Homeownership Policy 19
Major Low-Income Homeownership Policy 22
Key Variables in Low-Income Homeownership 24
Access to Low-Income Homeownership Programs 24
Housing Education Counseling in Low-Income Homeownership 26
Summary 28
Chapter 3: Research Method 30
Introduction 30
Research Design and Rationale 30
Research Questions 31
Population and Geographic location 33
Data Collection and Instrumentation 34
Sample Design 37
Ethical Procedures 37

Summary 38
Chapter 4: Results 39
Introduction 39
Research Questions and Hypothesis 39
Data Collection 40
The Survey 40
The Public Use Files (Datasets) 41
Discrepancies in the Data 42
Data Analysis 43
Demographic Characteristics and Descriptive Statistics 43
Statistical Analysis Results 45
Research Question 1 and Null Hypothesis 46
Research Question 2 and Null Hypothesis 48
Summary 50
Chapter 5: Discussion, Conclusions, and Recommendations 51
Introduction 51
Interpretation of the Findings 51
Income and Race 52
Access to Federal Mortgage Programs (FHA) and HEC 53
Limitations of the Study 54
Recommendations 55
Implications for Social Change 56

Conclusion 57

References 59

Appendix A: NSMO Survey Letter 69

Appendix B: NSMO Questionaire 70

Appendix C: NSMO Code Book 82

List of Tables

Table 1. Average Annual Number of Low-Income and Minority First Time Homebuyers 21

Table 2. Annual Median U.S. Household Income 34

Table 3. Variable, Definition, and Source 35

Table 4. Variables and Measurement Level 36

Table 5. NSMO Survey Coding of Variables and Descriptions Instrumentation..... 41

Table 6. Originated Mortgage Loans Accessed by Year 43

Table 7. Demographic Characteristics of the Households..... 44

Table 8. Characteristics of Households Accessed Loan Type and HEC 45

Table 9. Chi Square of Income Level by Housing Education Counseling 466

Table 10. Chi Square of Race by Housing Education Counseling 477

Table 11. Chi Square of Difference Accessed Federal Mortgage Program (FHA) by HEC 499

List of Figures

Figure 1. Punctuated Equilibrium Diagram 18

Chapter 1: Introduction to the Study

Researchers have conducted many studies on the 2008 housing crisis and recession in the United States. Kim et al. (2017) investigated the debt profiles of low-income households after the 2008 recession, finding that they experienced debt and financial management barriers that affected their home buying opportunities (p. 22). Along with financial and debt barriers, low-income families seeking homeownership are often unaware of federal mortgage programs and how to access federal mortgage program policy information and housing education counseling (HEC) that may aid their homeownership dreams. In a recent Housing and Urban Development (HUD) study on low-income paths to homeownership, it was found that creditworthy low-income families face significant barriers to homeownership through down payments and affordable home prices (Goodman & Meyer, 2018). As a result, it is important to analyze the association between low-income homebuyers' income, race, access to federal mortgage program policy information, and HEC on low-income homeownership.

Background of the Study

Mortgage prepurchase counseling has been part of the federal program home buying process since the 1960s. Under the U.S. Department of HUD, public and private organizations and other entities became authorized to provide counseling to mortgagors (Quercia & Wachter, 1996). Many families seeking homeownership use federally sponsored mortgage programs to achieve their goal of purchasing a home. Although homebuyer prepurchase education counseling is intended to help individuals purchase a home, it has also helped homebuyers navigate the complexities of the housing market,

make wise home purchase decisions, improve financial management, and achieve homeownership (DeMarco et al., 2016).

Many U.S. metropolitan areas had some of the highest foreclosure rates after the 2008 housing crisis and Great Recession (Schuetz, 2019). Thus, the Federal Housing Administration (FHA) initiated new policies and programs to help homebuyers, households, and communities recover from the crisis. The federal response to the high rate of foreclosures and delinquencies prompted new federal housing laws such as the Housing and Economic Recovery Act (HERA), the Neighborhood Stabilization Program (NSP), and the Federal Reserve call for federal funding for foreclosure prevention counseling (Immergluck, 2009).

Research on economic housing recovery and affordable housing is among the most common topics under study. However, there was relevance in understanding homeownership for low-income families after the mortgage crisis. The purpose of this research study was to analyze low-income families seeking homeownership and the significance between income, race, access of federal mortgage purchase homeownership program policy information, and HEC programs. Understanding how these families access policy information on federally sponsored homeownership programs contribute to research on housing policy by identifying the needs of a specific demographic that is relevant to society, their communities and economic development. Thus, it was beneficial to analyze the accessibility of federal homeownership policy program information. The punctuated equilibrium theory (PET) was the theoretical foundation of this study, which was designed to explain the relationship between economic shifts in homeownership stability and the policy-making activities of major federal homeownership policies and

programs as well as low-income households' access to federally sponsored mortgage program policy information and HEC and the effects on homeownership outcomes for low-income households that sought federal home purchase mortgage programs from 2007 to 2018.

Low Income Households

A low-income household is defined in social programs as a family of four that has an annual income of $50,200, described as living at 200% of the federal poverty level (HHS, 2018). For the purposes of this study, *low-income* is defined by the Federal Housing Urban Development (HUD) as those single-family households with goals for home purchase mortgages as families with incomes no greater than 80% of the area median income (AMI) (HUD, 2018). *Very low-income* is defined by HUD as single-family households with goals for home purchase mortgages as families with incomes no more than 50% of AMI (HUD, 2018).

Accessibility

Access in housing and homeownership relates to usage and how low-income families seeking home ownership obtain and use federal home buying program information and HEC information (HUD, 2016).

Problem Statement

When drastic economic downturns and recessions occur, the federal government has often responded by enacting new laws and housing programs designed to stimulate affordable housing and home ownership. In 2004, HUD established regulations in down payment assistance programs for affordable housing for low-income families (HUD, 2016). The federal programs required local jurisdictions and community organizations to

provide education and counseling through loans and grants administered through the American Dream Down-payment Initiative (ADDI) (HUD, 2016). Baqutaya et al. (2016) researched affordable housing problems for middle-income groups and determined that housing price, housing loans, and housing schemes' policy were the main issues for some middle-income groups (p. 433). Yet, down payment programs were designed to establish affordable housing and home ownership for low-income families. In 2008, HERA allowed Fannie Mae (2017), the government-supported program that stimulates home ownership, to preserve its affordable housing mission and goals for low-income homebuyers. A review of studies on HEC found that existing studies failed to provide conclusive evidence that HEC was effective in allowing those who receive counseling to purchase a home, and future research should focus on a generalizable study population (Collin & O'Rourke, 2011). Few studies have examined the association between low-income homeownership outcomes between 2007 and 2018 and applicants' access to federal mortgage purchase programs and HEC. Because the goal of home buying programs and housing education and counseling is to assist low-income homebuyers in purchasing homes, the purpose of this quantitative study was to analyze the association between socioeconomic factors income, race, and access to federal mortgage purchase programs, and HEC on homeownership outcomes between 2007 and 2018.

Low-income homeownership and community sustainability are challenges in U.S. society. A study of 75,000 loans made between 2007 and 2009 on the federally funded Neighborhood Works pre purchase education program found that first time buyers who obtained HEC performed better on their loans after approval (Mayer & Temkin, 2016). This study on mortgage HEC was conducted on the success rates of all home loans using

HEC programs. However, a gap in research exists on the outcomes of low-income home buying and access to federally sponsored homeownership programs and HEC. Housing literature could benefit from research on low-income households' access to the federal mortgage purchase program policy when seeking to purchase a home and the effects of factors of access and HEC on low-income homeownership outcomes.

Purpose Statement

The purpose of this quantitative study was to analyze the association between low-income homeownership outcomes between aggregate years 2007 and 2018 and factors such as income, race, access to major federal mortgage purchase programs and HEC. This quantitative study was designed to address a gap in research literature of low-income household' and how they accessed federally sponsored mortgage purchase program policy. In this study, I examined the association between income, race, accessible federal mortgage program policy and HEC on homeownership outcomes by analyzing national aggregate secondary data from 2007 to 2018. The low-income households consisted of those single-family households that had goals for usage of federal mortgage purchase programs, as families with incomes no greater than 80% of the area median income (AMI) (HUD, 2018). Data were analyzed on those very low-income households, which were those single-family households that had goals for usage of federal mortgage purchase programs as families with incomes no greater than 50% of AMI (HUD, 2018).

Research Questions and Hypotheses

The quantitative research questions and hypotheses that I formed to test the null hypothesis of this study were as follows:

RQ1: Is there a significant association between income, and race and accessing HEC in homeownership outcomes?

RQ2: Is there a significant association between accessing major federal home purchase mortgage programs and accessing HEC in homeownership outcomes?

The hypothesis for the study was:

(IV) = (X1) – income

(X2) – race

(X3) – Access (usage) of major federal home purchase mortgage programs (FHA)

(DV) = (Y1) – Access (usage) of housing education counseling.

H_{01}:There is no statistical significant association between income, and race in relationship to accessing HEC in homeownership outcomes.

H_{A1}: There is a statistical significant association between income, and race in relationship to accessing HEC in homeownership outcomes.

H_{02}: There is no statistical significance between accessing major federal home purchase mortgage programs in relationship to accessing HEC in homeownership outcomes.

H_{A2}: There is a statistical significance between accessing major federal home purchase mortgage programs in relationship to accessing HEC in homeownership outcomes.

Applicable Population: Low-income households nationally that accessed federal home purchase mortgage programs and HEC during the aggregate study years 2007 to

2018 that had income no greater than 80% of the area median income (AMI) and incomes no greater than 50% of AMI (HUD, 2018).

Theoretical Framework

This quantitative study consisted of a chi-square test of independence of national aggregate archival data collected on low-income households that used federally sponsored mortgage purchase programs and HEC during the aggregate period of 2007 to 2018. In the study, I analyzed secondary survey data retrieved from the National Survey of Mortgage Originations (NSMO®) public use datafiles located on the Federal Housing Finance Agency (FHFA.gov, 2020) website.

Punctuated Equilibrium Theory

Baumgartner and Jones's PET argues that the policy making process occurs through periods of incremental change and periods of major policy change (Baumgartner & Jones, 1993). This theory was relevant to the study of federal homeownership policy due to the many incremental and major federal homeownership laws and policy changes that occurred through the years, which caused policy makers to develop major federal homeownership programs and policies.

Nature of the Study

The nature of my study was a quantitative approach that included aggregated archival data accumulated from FHFA.gov (2020) website NSMO® public use files. I analyzed national homeownership survey data and HEC data from the period 2007 to 2018. The study consisted of secondary data on low-income single-family households that had goals for home purchase mortgages as families with incomes no greater than 80% of the AMI and very low-income single-family households that had goals for home

purchase mortgages as families with incomes no greater than 50% of AMI during the period of January 2007 through December 2018. The chi-square test of independence was used to analyze archival data collected on households that participated in quarterly national homeownership surveys provided by the National Mortgage database program (fhfa.gov, 2020). I analyzed the data for any association between income, race, access to federal mortgage program policy, and HEC for aggregate years 2007 to 2018.

Definition and Terms

Access (*accessibility*): Factor of using, obtaining entry or information on home loans, backlog of foreclosures, impaired credit, and available federal home buying programs (McCoy, 2017).

Area median income: The Department of HUD annually calculates the median household income for every metropolitan region in the country (Hud.gov, 2019).

Federally sponsored home buying programs: Government-sponsored programs that promote homeownership and affordable homes for households (Rosen et al., 2017).

Housing education counseling (*HEC*): *Housing education and counseling* refers to homeownership educational activities that assists a household with a low long-term probability of ownership in buying a home and reducing default risk (Quercia & Wachter, 1996).

Low-income homebuyers: Families with incomes no greater than 80% of the area median income (AMI) (hud.gov, 2019).

Multiple streams analysis (*MSA*): Analysis that theorizes that three streams flow through the policy process: problems, policies, and politics enhancing the opportunity for policy adoption (Zahariadis, 2007).

Outcomes: Refers to the actual number of homes purchased by low-income households; Lindblad et al. (2017) described *outcome* as the actual home purchase.

Punctuated equilibrium theory (*PET*): Theory that argues that U.S. policy making is characterized by incremental and major policy changes periods that generate new public policies (Baumgartner & Jones, 1993).

Very low-income homebuyers: Families with income no greater than 50% of the AMI (hud.gov, 2019).

Assumptions

Assumptions are the necessary premises that are considered unproven (Frankfort-Nachmias et al., 2015). One assumption was that low-income borrowers used federal home buying programs and HEC during the years of 2007 to 2018. Additionally, I assumed that FHFA.gov, HUD, the HMDA websites, and the Census Bureau website had representative archival data that could be used to support the study. Third, I assumed that federally sponsored mortgage purchase program policy was distributed to the public to provide access and education for low-income borrowers interested in homeownership through federal mortgage purchase home buying programs.

Scope, Delimitations, Limitations

Scope

The focus of this research study was whether homebuyers' income, race, access to federal mortgage purchase programs and HEC are associated. Although recent studies indicate the nation is continuing to recover from the 2008 mortgage crisis, this research study is limited to understanding how nationally underserved, low-income populations achieve access and information on the FHA mortgage programs. This study was to

provide insight on how low-income populations fared in the home buying process when they utilized federal mortgage purchase programs and HEC.

Delimitations

The boundaries for this study were using national archival data for low-income federal mortgage purchase program users during the period of 2007 to 2018. Low-income households are families likely to live in unaffordable housing while experiencing cost burden, defined as paying more than 30% of family income for housing cost or having an annual income of less than $50,200 (Coley et al., 2014). The low-income households considered for this study consisted of those national single-family households that had goals for home purchase with incomes no greater than 80% of the AMI or very low-income households' that were those national single-family households that had goals for home purchase mortgages with incomes no greater than 50% of AMI (HUD, 2018). Although positive social change in low-income homeownership was a goal of this study, a delimitation for this study was the use of specific demographic information and income status that qualifies certain buyers as potential low-income borrowers and homeowners.

Limitations

Limitations on the research design are restrictions in the study that the researcher cannot control (Rudestam & Newton, 2007). Thus, one limitation for this study that may have been a threat to validity was the use of archival data. However, this limitation was controlled for by limiting data collection through retrieving, annotating accurately, and analyzing national archival data on homebuyer income, race, access to federal mortgage purchase programs and HEC for study years 2007 to 2018 from FHFA.gov public use data files, HUD datasets, HMDA datasets, and U.S. Census Bureau surveys. I reviewed

data on prior low-income home buyers who accessed federal home buying programs and HEC through FHFA.gov public use data files and surveys.

Another limitation that could have been a risk to this study was the large population of national homebuyers represented in homebuying data survey. However, I addressed this by ensuring the sampling unit was a random sample of national households that accessed federal mortgage programs and HEC.

Significance

The significance of this research was to address a gap in research literature on low-income homeownership. The study was significant because it addressed low-income homeownership and socioeconomic factors of income, race, and the association to access to federal homebuying mortgage purchase programs, and HEC for aggregate study survey years 2007 to 2018. The research study will add to the body of research on housing and homeownership policy, providing insight on whether policy requirements, regulations, and mandates are accessible. Additionally, I delved into how access to federally sponsored home purchase program policy information and HEC are associated with income and race. Understanding how low-income families' accessed information on federally sponsored mortgage programs contributed to research on housing policy by identifying the needs of a specific demographic that is relevant to society, their wealth building, community, and economic development.

The study is significant to the field of public policy because it consisted of an analysis of archival national mortgage survey data accumulated from households that met study low-income household backgrounds on homeownership. The study has social change significance because I analyzed federal policies and mortgage surveys for

analysis of federal procedures on policy dissemination and household's access to housing education and mortgage program information. I also reviewed literature that highlighted federally sponsored home purchase mortgage programs and housing education and counseling processes that impact the national home buying process for low-income applicants that are seeking an opportunity to own a home.

Summary

Although many studies on affordable housing, foreclosures, and housing policy exist, this study of the accessibility of federal mortgage purchase program information and the effects of homeownership housing education and counseling on low-income homeownership was to bridge the gap in research on the success rates of low-income home buyers and how they access federally sponsored mortgage purchase program policy and housing education counseling. This research study provides insight and understanding into the nature of low-income homeownership policy. Many factors are involved in the low-income homeownership process. Thus, understanding PET in relationship to federal homeownership policy, homebuyer access expectations, federal mortgage purchase program information, HEC, and low-income homeownership outcomes provides perspective on housing policy implementation and interpretation when major policy changes occur and the effects of the policy changes on low-income households' social and community development.

The 2016 study of Bayer et al. of minority homeownership in relationship to credit scores and delinquency determined that minority households drawn into homeownership late in the housing market boom were vulnerable to different lenders or loans that adversely affected their wealth and credit (p. 8). Therefore, Chapter 2 consists

of an extensive search of research literature on PET in federal homeownership policy, the history of low-income home buying policy that relates to how homebuyers access federal home buying program information when seeking homeownership, and the history and significance of HEC on low-income homeownership. The literature review on low-income homeownership findings lends to understanding the influence of having consistent and accessible federal mortgage purchase program information and HEC information available for low-income homebuyers.

Chapter 2: Literature Review

Introduction

The purpose of the literature review was to synthesize literature on low-income homeownership. Low-income homeownership is often linked to studies on affordable housing, community development, and empowerment. Coley et al. (2014) researched low-income families and the numerous constraints and opportunities in accessing affordable housing and safe neighborhoods (p. 5). Therefore, it was necessary to review the accessibility of federal home buying program information and federal HEC that may have been correlated to low-income homeownership. In this chapter, I reviewed literature related to the theoretical framework of PET in relationship to the federal policy making process. Additionally, I review barriers to low-income homeownership and the incremental and major housing policies in low-income homeownership. Federal housing policy and programs designed to promote low-income homeownership are ineffective in their goals (Landis & McClure, 2010). Therefore, a review of the literature was needed on homeownership policy goals, policy problems and low-income access, and HEC.

Organization of the Chapter

In this chapter, I introduce a review of the literature search strategy, theoretical foundation, and literature on key variables, low-income homeownership, and access to homeownership and HEC, concluding with a summary and transition into the methodology of the study in Chapter 3.

Literature Search Strategy

In this study, I examined literature using the databases of the Walden University Library, such as EBSCO, Sage, JSTOR, Google Scholar, Emerald, and Thoreau Multi

Database. The search process consisted of key terms related to homeownership, low-income home buying, low-income homeownership, low-income housing policies, punctuated equilibrium, housing policy, federal housing administration housing programs, barriers to homeownership, and all needed subject searches.

Theoretical Foundation

Punctuated Equilibrium Theory

Theoretically, the PET grounded this study through a review of the literature on the federal homeownership programs and policies that have been enacted through the years by incremental and brief periods of major policy change (Baumgartner et al., 1993). A thorough review of literature on low-income homeownership and the policies in low-income homeownership adds to the body of literature on PET while shedding light on the policy making process for federal low-income homeownership policy and programs. Housing policy research is often void of theoretical foundations that guide the policy making process (Clapham, 2004). Prior to research on the PET framework, the multiple streams analysis (MSA), which considered three streams in the policy making process of problems, policy, and politics, was considered to ground this study. However, the investigation of research studies on low-income housing found that Kingdon's (1996) MSA theory was rarely used in studies of federal homeownership and housing policy research. Thus, research on low-income homeownership policy and problems viewed through the lens of PET benefits future research on low-income homeownership outcomes and policy. Jones and Baumgartner (1993) argued that policy making occurs through a political process that is characterized by stability and incrementalism that

occasionally causes major policy changes (Sabatier, 2007). Therefore, a review of the literature on punctuated equilibrium and low-income homeownership is appropriate.

Literature Review of Punctuated Equilibrium Theory

In analyzing the policy making process through the PET (1993) model, this study focused on the policy making process and problems in low-income homeownership. Additionally, this literature review considered access to federal homeownership program information and HEC in relationship to PET. Jones et al. (1997) argued that punctuated equilibrium stresses the difficulty of new ideas and disfavored groups breaking through the policy making system (p. 33). Considering the fluctuations in low-income homeownership, John (2003) argued that policy change punctuations occur when social problems or events disrupt the political systems, punctuating the equilibrium (p. 489). Moreover, John's study on punctuated equilibrium maintained that policy changes occur when political systems are hit by major events like the 1970s oil crisis that caused political responses in the form of new policies, laws, and political parties. Similarly, the housing crisis of 2008 proved to be a major economic and political event that generated new homeownership laws, policies, rules, and programs designed to promote, educate, and maintain low-income homeownership.

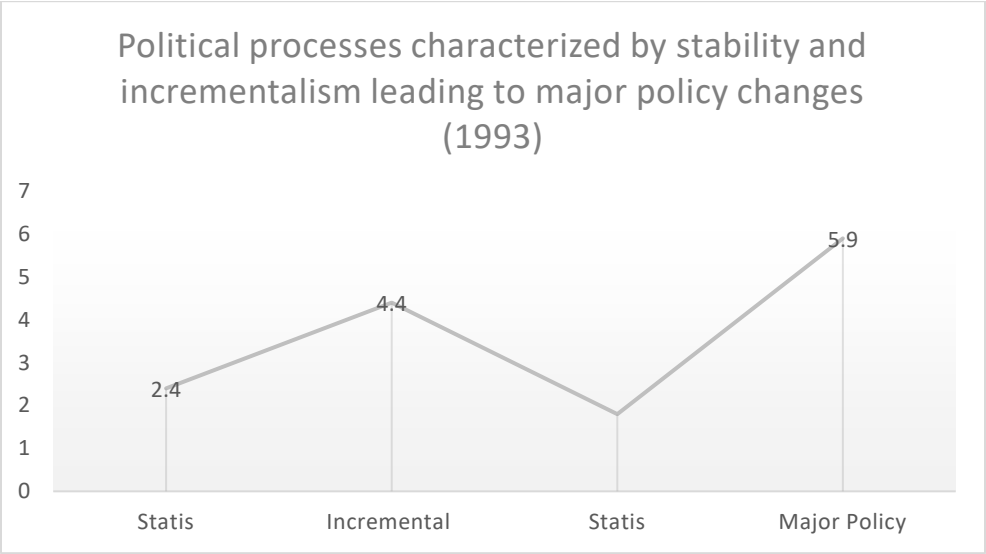
Jones et al. (2003) focused on the policy making process in their examination of institutional friction or interactions in the political process, positing that whatever the policy problem, the output flow or response will be both more stable and more punctuated, indicating that a policy core exists that is not responsive to political changes allowing major policy changes to occur (p. 152). Furthermore, examining punctuated equilibrium and the policy process, Jones et al. found that early in the process scheduling

of a policy issue for a hearing is indicative that policy makers are taking the topic seriously, placing the matter on the governmental agenda (p. 159). Olsen's (2007) study of low-income homeownership and housing assistance found outcomes that indicate the disadvantages of the poorest households that want to be homeowners. Study results highlighted that government subsidies focused more on low-income populations as renters and less as homeowners in 2003 (Olsen, 2007).

Clearly, intervention is needed in the promotion of low-income homeownership. Considering the punctuations in the policy making process, circumstances, problems, or barriers related to low-income homeownership have not become major punctuations in public policy problems that have generated significant policy changes in low-income homeownership. Givel (2010) tested punctuated equilibrium and found that significant factors contribute to the resistance of punctuated equilibrium in the form of negative feedback as policy monopolies, courts, and rules of law lack acceptance of new policy ideas tied to a public policy and the U.S. political system in which certain jurisdictions may adopt major new legislation (p. 188). Figure 1 is a sample of the punctuated equilibrium policy process.

Figure 1

Punctuated Equilibrium Diagram



Note. Punctuation Equilibrium Theory (PET) – The forces that create stability during some periods are the same that combine during critical periods to force dramatic and long-lasting policy change (Baumgartner and Jones, 1993).

The Barriers to Low-Income Homeownership

Responding to the problems in low-income housing and homeownership, the federal government began supporting homeownership programs and initiatives prior to the Great Depression. President Warren G. Harding and Secretary of Commerce Herbert Hoover initiated the Better Homes in America Plan (Meloney, 1922), which created housing, homeownership programs, and initiatives designed to generate and improve U.S. homeownership. In 1920, homeownership rates nationally started at 46.5%. By 1930, rates dropped to 43% (Census, 2000). Thus, government incentives and policies were created to increase homeownership nationally. But during this period, families seeking homeownership had to provide 50% down payment toward any home purchase, often

leaving many low-income families with limited opportunities in homeownership during the 1930s (Habitat.org, 2010).

Housing programs and policy can be traced back to the early 1930s, when the Federal Home Loan Back Act and Emergency Relief and Construction Act were legislated to provide housing for low-income families (HUD, 2016). The National Housing Act of 1934 (HUD, 2016) established the Federal Housing Administration (FHA) in 1934 to stimulate homeownership through mortgage insurance and mortgage regulations. However, many of FHA's regulatory systems initiated after the New Deal did not make homeownership accessible to minorities and low-income members of society (Gordon, 2005). To mitigate the limitations in homeownership, Congress passed the National Housing Act of 1949, promoting homeownership and housing, urban redevelopment renewal programs, FHA mortgage insurance, federal public housing units and Farmers Home Administration grant mortgages (Lang & Sohmer, 2000).

Incremental Low-Income Homeownership Policy

The 1949 Housing Act was initiated to provide citizens the opportunity of homeownership; however, many citizens' homes were displaced by renewal projects the Act engendered (Lang & Sohmer, 2000). The National Housing Act of 1949 was one of the first housing and homeownership programs of the twentieth century (Martinez, 2000). It was not until 1949 that most of the nation's households became homeowners, making the national homeownership rate 55% in 1950 (Martinez, 2000). Yet minority and low-income households did not achieve homeownership and equal opportunities as promised in the new housing programs, as they were steered toward public housing and rental housing programs as opposed to homeownership. Further, racial segregation, redlining

and discrimination hampered minority and low-income goals of homeownership. Although the federal government did not invent housing racism and lending discrimination, it did reinforce bureaucratic racism through federal policies like the Home Owners Loan Corporation (HOLC, 1933) which created redlining (Rheingold et al., 2001). In a HUD report detailing the gaps among low-income and minority homebuyers, Herbert et al. (2005) identified several problems in low-income homeownership persisting. Factors associated with gaps in low-income homeownership have been identified as limitations on access to mortgage financing needed to purchase a home, lack of down payment requirements, credit barriers, income, and wealth (Herbert et al., 2005).

During the period of 1950 through 1975, homeownership rates increased to 62% (Census, 2000), but federal homeownership policy and programs designed to promote low-income homeownership seemed ineffective and weak toward the goal of homeownership. During the 1970s, the federal government was responsible for initiating homeownership programs for land grants, subsidizing GI bill mortgages and creating fair housing laws (Retsinas & Belsky, 2002). Yet low-income ownership rates were at a low 40%, indicating the necessity to examine the barriers to federal homeownership. Incremental and major homeownership program policies developed over the years.

Table 1 indicates the homeownership numbers for low-income and minority first time homebuyers according to the annual American Housing Survey (AHS) between 1989 – 2005.

Table 1

Average Annual Number of Low-Income and Minority First Time Homebuyers

AHS Survey Years	Low-Income Homebuyers	African American Homebuyers	Hispanic Homebuyers
1989 – 1991	514	128	88
1991 – 1993	578	96	120
1993 – 1995	594	180	152
1995 – 1997	761	252	196
1997 – 1999	693	228	200
1999 – 2001	643	192	219
2001 – 2003	690	156	230
2003 – 2005	730	196	254

Note. These AHS numbers reflect per thousands of homebuyers (American Housing Surveys Tabulations, 2005).

The above national AHS homeownership data indicates that between 1940 – 1990 national homeownership rates rose from 43.6% to 64% (HUD, 1994), while poor and low-income household 1990 homeownership rates were near 36% (HUD, 1994). A review of the literature on low-income homeownership indicates there is a gap in research on data, problems, policy, and politics in the low-income homeownership process. Further, some low-income households encounter barriers to homeownership from a lack of access to knowledge and information about the home buying process and eligibility determinations (Weiss et al., 2008). These factors indicate problems in the increase of low-income homeownership and the necessity for research of the federal homeownership policies and programs to better understand accessibility and homeownership. This requires managing the challenges and problems of access to knowledge and information on the home buying process, eligibility determinations and HEC for low-income homeownership. The policies in low income homeownership have

often been motivated by advocacy concerns and community outreach organizations working to ensure that low-income community members seeking homeownership had homeownership opportunities.

Major Low-Income Homeownership Policy

The Community Reinvestment Act of 1977 (Federal Reserve, 2014) was designed to expand national homeownership by encouraging depository institutions to help meet the credit needs of entire communities including low- and moderate-income neighborhoods. Jacobus & Abromowitz (2010) found that wealth barriers are the most significant obstacle to homeownership for low-income families, as many federal homeownership programs often fail to focus on overcoming wealth barriers to homeownership (p. 314). Thus, HUD continued to design programs that encouraged low-income homeownership. Neighbor Works America was a Title VI program initiated through the Housing and Community Development Amendments of 1978 (HUD, 2017) was created to provide community revitalization efforts through opportunities for low-income residents to live in affordable, safe homes and neighborhoods (HUD, 2017). Additionally, the Housing and Economic Recovery Act (HERA) was initiated in July 2008 to address the subprime mortgage crisis through the initiation of various temporary economic housing programs designed to help citizens recover from the major economic housing crisis of 2008 (HUD, 2017). HOPE for homeowners was created to help borrowers refine faulty FHA mortgages, and Neighborhood Stabilization Programs (NSP), a component of the Community Development Block Grant (CDBG) program, offered emergency assistance grants that allow for the redevelopment of foreclosed and

abandoned homes (HUD, 2017). Moreover, NSP funds allowed for the purchase and redevelopment of foreclosed homes (HUD, 2017).

The Dodd-Frank Act (2010) was signed into law as major legislation designed to protect consumers from abusive financial services and practices. Through the Bureau of Consumer Financial Protection (CFPB, 2010)), Congress established this independent bureau to "look out for people as they interact with financial systems." Although there are varying opinions on the effectiveness and authority of the Dodd-Frank Act, Dana (2011) examined the housing crisis in relationship to the act, finding that simplified legislation designed to benefit social welfare problems needs meaningful constructive political change that can meet the hard challenges like the housing crisis (p. 732).

Federal homeownership policy plays a central role in the housing choices available to families through federal mortgage guarantees and FHA homeownership programs (Jacobus & Abromowitz, 2010). Similarly, McCarty et al. (2014) researched federal housing assistance and homeownership programs aimed at making housing affordable for low-income families (2014). In the study on federal housing assistance, it is noted that Congress created federal housing rental assistance, state and local housing assistance programs and homeownership assistance programs through Section 236 of the Housing Urban Development Act of 1968 (HUD, 2017).

The Low-Income Housing Tax Credit (LIHTC) was enacted through the Tax Reform Act of 1986, allowing incentives for the development of affordable rental housing units financed with tax credits (McCarty et al., 2014). The Community Development Block Grant (CDBG) program, enacted through the Housing and Community Development Act of 1974, was designed to develop urban communities

through housing and economic opportunities for low-income and moderate households (McCarty et al., 2014). HUD also developed the HOME Investment Partnerships Program to provide safe and affordable housing through rehabilitation of homes, homebuyer assistance and rental housing construction.

Key Variables in Low-Income Homeownership

Orlebeke (2000) analyzed federal housing policy up to 1973 and found three policy instruments that had risen from the many tried and cancelled housing and homeownership programs (p. 491). The instruments included the housing voucher rental subsidy programs, the formal transfer of housing program control from the federal government to state and local governments and the use of the tax system to induce positive housing outcomes (Orlebeke, 2000). Herbert and Belsky (2008) found in their review of the homeownership experiences of low-income and minority households that there were a variety of benefits that accrued to individual homeowners and to society (p. 7). Although there are many benefits and programs related to low-income homeownership, it remained necessary to analyze how low-income households accessed federal homeownership program information and how it impacted of HEC on achieving homeownership.

Access to Low-Income Homeownership Programs

There are innumerable perceptions associated with the implication of access to homeownership program information. Access is described as a factor of obtaining entry or information on home loans, a backlog of foreclosures, post-pre-purchase counseling, impaired credit, and available federal home buying programs (McCoy, 2017). Rohe, Quercia, and Van Zandt (2002) examined neighborhood reinvestment homeownership

pilot program NeighborWorks® Home Ownership (NWOs, 1998), finding that services of the program were designed to increase low-income households' access to homeownership. Funding and technical assistance was granted to NeighborWorks® organizations, expanding homeownership opportunities (Rohe et al., 2002). Further, the goal of the pilot program was to secure homeownership for 10,000 low- and moderate-income families, educate and counsel potential buyers, and work with lenders and real estate agents to improve access to homeownership (Rohe et al., 2002). Study findings hold that most clients heard about homeownership services offered by NWOs through word of mouth, faith-based organization presentations, lenders, and real estate brokers (Rohe et al., 2002).

Collins (2002) surveyed federal housing policy and found renter households may be prevented from home buying because they lack income, savings, credit history and information on how to shop for a home and apply for a loan (p. 9). Furthermore, evidence suggest that many potential homebuyers opt out of the process due to fear of rejection, confusion of the process and misunderstandings about their financial status (Collins, 2000). The federal government has responded to information barriers by supporting agency pre-purchase education through HUD and state housing finance agencies as well as national outreach and marketing projects to underserved communities through HUD's National Homeownership Strategy and annual "Homeownership Week" (Collins, 2000). The previous study found a need for policy proposals that include the expansion of access to services and loan products for low-income families and minorities, providing resources for promoting first-time homeownership (Collins, 2000).

Herbert and Tsen (2007) analyzed data on some 11,000 renters over a three-year period for the relationship of down payment assistance and increases in homeownership, finding that financial assets are statistically significant predictors of homeownership (p. 153). Furthermore, the study investigated down payment assistance programs such as the American Dream Downpayment Initiative Act (ADDI) of 2003, which was a federal home buying assistance program enacted to provide down payment assistance of up to $10,000 through the HOME Investments Partnership Program to up to 40,000 households a year (Herbert and Tsen, 2007).

Collins (2002) found there are five barriers to homeownership: income, credit, wealth, information, and supply (p. 50). Therefore, it was relevant to analyze the association between low-income homebuyer access to information and HEC and homeownership. Furthermore, too few first-time homebuyers received pre-purchase education counseling, and potential homebuyers need to have objective and accurate information to achieve successful home buying (Collins, 2002).

Housing Education Counseling in Low-Income Homeownership

HEC began in the late 1960s through the implementation of the 1968 HUD Act, which authorized public and private organizations to provide counseling to mortgagors in Section 235 of the program (Quercia and Wachter, 1996). Because of continual HUD efforts to increase HEC, the National Federation of Housing Counselors (NFHC) was created in 1973 to provide training and advocacy for its members (1996). Since the introduction of HEC, researchers have debated its effectiveness and impact on low-income homeownership. Quercia and Wachter (1996) provided a methodological framework to evaluate HEC, suggesting the use of a controlled experimental study that

consisted of randomly assigned subjects to a control group that only received a government subsidy and a treatment group that received HEC and a subsidy, evaluating groups after a three-year period for mortgage success or defaults rates (p. 196). Thus, evaluating HEC is critical in reducing mortgage default rates and increasing homeownership opportunities for low-income households (Quercia & Wachter, 1996).

Expanding on research of HEC, Grinstein-Weiss et al. (2008) analyzed longitudinal experimental data from the American Dream Demonstration study and determined through a logistic regression test that low-income families that participated in Individual Development Account (IDA) programs significantly cleared old debt, making them potentially high probable homeowners (p. 711). Furthermore, Grinstein-Weiss et al. (2008) found that low-income families that use savings incentives along with pre-purchase homeownership counseling for FHA-insured loans are more likely to be successful and sustainable low-income families to achieve homeownership (p. 731). Pre-purchase counseling usually includes credit reviews and ways to improve credit while establishing consistent records of on-time monthly bill payments (Grinstein-Weiss et al., 2008).

Elliehausen, Lundquist, and Staten (2007) analyzed the impact of credit counseling, stating their awareness of no studies through 2007 that demonstrate the impact of credit counseling on subsequent credit usage of counseled borrowers (p. 1). Although homeownership counseling has long been offered by HUD in conjunction with a variety of affordable housing programs, literature is silent on the impact of credit counseling on borrowers who are experiencing financial distress (Elliehausen et al., 2007). Additionally, some of the identified counseling agencies include the Consumer

Credit Counseling Service (CCCS), Catholic Charities USA, National Urban League, Neighborhood Stabilization Corporation, NeighborWorks America and United Way, just to name a few (HUD Exchange, 2018). Elliehausen et al. (2007) concluded that families that receive direct credit counseling see improved borrower credit profiles that assist families in the home buying process (p. 26).

In recent HUD studies on housing counseling, Myhre and Watson (2017) found in their summary of recent research that credit counseling is associated with positive consumer outcomes that can benefit some counseling clients (p. 4). Moulton et al. (2018) provided insight on first time homebuyers in their HUD study on who participates in housing education counseling. Moulton et al. (2018) explained that homebuyer education and counseling is delivered to homebuyers by HUD approved agencies. Further, Moulton et al. (2018) determined that women were more likely to participate in HEC at an early stage of the homebuying process. Thus, additional research on the impact of access and HEC on low-income homeownership in relationship to PET is needed and relevant to the body of research on affordable housing needs and homeownership.

Summary

The literature review included an analysis of the theoretical foundation of punctuated equilibrium (PE) (Baumgartner & Jones, 1993), with consideration of the incremental and major policy changes in federal homeownership programs over the years. Specifically, although there are many studies on the numerous housing and homeownership programs and policy changes since the twentieth century, there remain many challenges for low-income homebuyers seeking information and access to federal home buying program information (Collins, 2002; Rohe, Van Zandt, & McCarthy, 2002;

Retsinas & Belsky, 2004; Herbert & Belsky, 2008). Additionally, HEC research can benefit from further studies on its impact on low-income homeownership (Hirad & Zorn, 2001; Hartarska & Gonzalez-Vega, 2004; Hornburg, 2004; Quercia &Wachter, 2006; Ding, Quercia, & Ratcliffe, 2008). Therefore, it is necessary to further research and quantitatively analyze archival data on low-income home buying outcomes after the 2008 housing crisis, 2007 – 2018. This study will lessen the gap in research on low-income homeownership outcomes and the association to access to program information and HEC. Thus, Chapter 3 of this quantitative research study will provide the research design, population, sample, data collection, analysis procedures and summary.

Chapter 3: Research Method

Introduction

The purpose of this quantitative study was to analyze the association between income, race, access to federal mortgage purchase programs and HEC between aggregate years 2007 and 2018 for homeownership outcomes. The study addressed a gap in the literature of low-income families and the homeownership processes and programs accessible to them. In this chapter, I address the research design, target population, data analysis plan, and ethical procedures.

Research Design and Rationale

The research design of this quantitative study was a quasi-experimental design that consisted of a chi-square test of independence analyzing data collected on the study variables. Chi-square tests of independence are used to analyze the independence of two categorical variables (Field, 2014). Throughout the 20th century, strategies of inquiry associated with quantitative research invoked the postpositivist perspectives of true experiments called quasi-experiments and correlation studies (Creswell, 2013). The quantitative approach is one in which the investigation uses postpositive claims of cause and effect thinking and employs experiments, surveys, and data collection on predetermined instruments that yield statistics data (Creswell, 2013).

The archival data was retrieved from the National Survey of Mortgage Organizations (NSMO, 2020). The data are available to the public at the Federal Housing Finance Agency (FHFA) website. FHFA, established by the Housing and Economic Recovery Act (HERA, 2008), is a regulatory agency that is responsible for the supervision and oversight of Fannie Mae, Freddie Mac, Common Securitization

Solutions, LLC, and the Federal Home Loan Bank System (FHFA.gov, 2020). The NSMO® (2020) public use files are a component of the National Mortgage Database (NMDB, 2020) program, which is voluntary survey to collect data that consists of 21 quarterly waves of data collected from a sample of 29,962 borrowers of newly originated mortgages from 2013 to 2018, (FHFA.gov, 2020).

This research study consisted of a chi-square test of independence of national archival data of the variable's income, race, access to major federal home purchase mortgage programs, and HEC for aggregate study for years 2007 to 2018. The variable, access (use) of major federal home purchase mortgage programs, refers to those low-income households that applied for FHA purchased loans during the aggregate years of 2007 to 2018. The dependent variable, HEC participation, refers to a strategy that leads low-income households toward sustainable homeownership by providing them with access to sustainable mortgage credit (Argento et al., 2019). HEC programs are designed to assist first-time homebuyers with financial counseling that should improve their overall homebuying process. Argento et al. (2019) stated that although various delivery models in prepurchase counseling exists, borrowers who participated in the HEC study reported significant knowledge regarding mortgages and the homebuying process. Overall, low-income homebuyers that access federal mortgage purchase programs are often referred to participate in HEC as part of the mortgage process (Argento et al., 2019).

Research Questions

The quantitative research questions and hypotheses that I formed to test the null hypothesis of this study are as follows:

RQ1: Is there a significant association between income, race and accessing HEC in homeownership outcomes?

RQ2: Is there a significant association between accessing major federal home purchase mortgage programs and accessing HEC in homeownership outcomes?

The hypothesis for the study is:

(IV) (X1) – income

(X2) – race

(X3) – Access (usage) of major federal home purchase mortgage programs (FHA).

(DV) = (Y1) – Access (usage) of housing education counseling.

H_{01}: Null hypothesis – There is no statistical significant association between income, and race in relationship to accessing HEC in homeownership outcomes.

H_{A1}: Alternative – There is a statistical significant association between income, and race in relationship to accessing HEC in homeownership outcomes.

H_{02}: Null hypothesis – There is no statistical significance between accessing major federal home purchase mortgage programs in relationship to accessing HEC in homeownership outcomes.

H_{A2}: Alternative – There is a statistical significance between accessing major federal home purchase mortgage programs in relationship to accessing HEC in homeownership outcomes.

Applicable Population: Low-income households nationally that accessed federal home purchase mortgage programs and HEC during the aggregate study years 2007 to

2018 that had income no greater than 80% of the AMI and incomes no greater than 50% of AMI (HUD, 2018).

Population and Geographic location

The population for this study included national homebuyer households with incomes no greater than 80% of the AMI or very low-income homebuyer households with income no greater than 50% of the AMI (Table 2). The study population was taken from the National Survey of Mortgage Originations (NSMO®, 2020) datasets, retrieved from the National Mortgage Database (NMDB) of the Federal Housing Finance Agency (FHFA) website (fhfa.gov, 2020).

Using chi-square test of independence, I analyzed the reported national survey data on owner occupied homebuyer households that purchased homes through federally sponsored mortgage purchase programs and HEC during the aggregate study years of 2007 to 2018. The owner-occupied households are the sampling groups with income that is described as those families with incomes no greater than 80% of the AMI and very low-income households as families with incomes no greater than 50% of AMI (Hud.gov, 2018). The annual federal median household incomes are listed in Table 2.

Table 2

Annual Median U.S. Household Income

2018	$63,179
2017	$61,136
2016	$59,032
2015	$56,516
2014	$53,657
2013	$53,585
2012	$50,017
2011	$50,054
2010	$49,276
2009	$49,777
2008	$50,303
2007	$50,233

Note. U.S. Census Bureau (2020).

Data Collection and Instrumentation

Instrumentation or measures of a study explain the numbers assigned to represent each variable in the study (Frankfort-Nachmias et al., 2015). Tables 3 and 4 provide a table of the variables, level of measurement, data format, and where the downloadable data will be retrieved.

Table 3

Variable, Definition, and Source

Variable	Definition	Data Source
Accessed application for Fed Mortgage Purchase Program	Accessed FHA, federal mortgage application for purchase program process for study period	FHFA.gov datasets; NSMO datasets
Completion of 8-hour housing education counseling	Accessed 8 hrs. HEC	FHFA.gov datasets; NSMO datasets

Table 4

Variables and Measurement Level

Variable	Coding	Level of Measurement
Independent Variable		
Income	1=less than $35k 2=$35K-$49,999K 3=$50K-$74,999 4 = $75K - $99,999 5=$100k - $174,999	Nominal
Race	1=White, 2= Black, 3=Asian, 4=All other races	Nominal
Accessed Application for Fed Mortgage Purchase Program	1=Conventional 2=FHA insured 3=VA guaranteed 4=FSA/RHS insured	Nominal
Dependent		
Completion of 8 hours Housing education Counseling	1=less than 3 hours, 2= 3-6 hours, 3=7-12 hours 4=more than 12 hours	Nominal

Data was retrieved from the NSMO® (2020) public use files which are a component of the National Mortgage Database (NMDB, 2020) program of voluntary survey data that consisted of 21 quarterly waves of data collected from a sample of 29,962 borrowers of newly originated mortgages from 2013 – 2018, (FHFA.gov, 2020). See Appendix A survey letter.

Sample Design

Archival data was accumulated from Federal Housing Finance Agency (FHFA) website (FHFA.gov, 2020), through the National Mortgage Database (NMDB) National Survey of Mortgage Originations (NSMO®, 2020) public usage database of national survey data accumulated over 21 quarterly waves from 2013 through 2018. The units of analysis for this study were those survey households that originated mortgages during the aggregate study years. The NSMO survey consisted of 29,965 households for aggregate years of 2013 – 2018. The random sample of households taken from that survey total was, n = 14,489. The large sample is representative of national data collected in the survey. The study sample consisted of those households that originated a mortgage during the national survey years. In this study, the statistical data collected was analyzed through the SPSS system version 25. The research questions were answered by chi-square test of independence of the study variables. Field (2014) indicated that null hypothesis significance test is the most common approach to test the research questions (p. 60). The level of significance or p-value of .01 was used in this study, which indicates that the null hypothesis is to be rejected if the sample outcome is among the results that would have occurred by change no more than 5% or 1% of the time, (Nachmias et al., 2015).

Ethical Procedures

Ethical issues for the study are associated with research on low-income households. Thus, this quantitative study consisted of analysis of archival data on low-income households, ensuring no human participants or identifying information of survey study households was received; thus, reducing ethical harm toward low-income

households participating in the study. Additionally, the IRB application was completed and submitted for review and approval to access archival data on low-income households. The IRB approval number (04-27-20-0282936) was received from Walden University.

Summary

Through quantitative research that utilized a quasi-experiment research design, Chapter 3 provided an introduction on the research method, the research design and rationale, the population of the study, sample design, data collection process and ethical procedures. The SPSS data analysis system was used to analyze data collected on low-income homebuyers through chi-square analysis addressing the research hypothesis and questions. Data collection, findings and results of this quantitative study have been provided in Chapter 4 of this research study.

Chapter 4: Results

Introduction

The purpose of this quantitative research study was to analyze the association between the variables of income, race, access to major federal mortgage purchase programs, and access to HEC and homeownership outcomes between aggregate study years 2007 and 2018. The research questions and hypothesis used to test the null hypothesis of the study are as follows:

Research Questions and Hypothesis

RQ1: Is there a significant association between income, and race and accessing HEC in homeownership outcomes?

RQ2: Is there a significant association between accessing major federal home purchase mortgage programs and accessing HEC in homeownership outcomes?

The hypothesis for the study was:

(IV) (X1) – income

(X2) – race

(X3) – Access (usage) of major federal home purchase mortgage programs (FHA)

(DV) (Y1) – Access (usage) of housing education counseling.

H_{01}: There is no statistical significant association between income, and race in relationship to accessing HEC in homeownership outcomes.

H_{A1}: There is a statistical significant association between income, and race in relationship to accessing HEC in homeownership outcomes.

H_{02}: There is no statistical significance between accessing major federal home purchase mortgage programs in relationship to accessing HEC in homeownership outcomes.

H_{A2}: There is a statistical significance between accessing major federal home purchase mortgage programs in relationship to accessing HEC in homeownership outcomes.

Applicable Population: Low-income households nationally that accessed federal home purchase mortgage programs and HEC during the aggregate study years 2007 to 2018 that had income no greater than 80% of the AMI and incomes no greater than 50% of AMI (HUD, 2018).

Data Collection

The data collection process began after receipt of IRB approval. The IRB approval number (04-27-20-0282936) was received from Walden University. Data were collected after thorough research and review of the Federal Housing Finance Agency website (fhfa.gov, 2020). The FHFA website had available public use datafiles from the National Mortgage Database (NMDB, 2020) on the National Survey of Mortgage Originations (NSMO, 2020) public use files.

The Survey

The NSMO is a quarterly survey provided by the NMDB® program (fhfa.gov, 2020). Through management and funding by FHFA and the Consumer Financial Protection Bureau (CFPB), a random sample of 6000 newly reported credit bureau first - lien residential mortgagors are mailed voluntary surveys quarterly (fhfa.gov, 2020). The quarterly surveys have been conducted since 2014. All survey data have been updated

into public use files that currently total 29,962 sample mortgages that originated 2013 through 2018 (fhfa.gov, 2020). See survey questionnaire in Appendix B.

The Public Use Files (Datasets)

The NSMO survey is a compilation of direct borrower feedback on their mortgage and homebuying experience. According to the fhfa.gov website, all survey responses will remain anonymous and questionnaire information does not request any participant personal identifying information (2020). Additionally, all public file users must acknowledge, read, and agree to the notice of monitoring and terms of service before downloading the CSV formatted public use files. The NSMO survey variable coding and tabulations can be seen in Appendix C. Additionally, all selected NSMO survey variables and NSMO survey coding, descriptions and instrumentation are in Table 5.

Table 5

NSMO Survey Coding of Variables and Descriptions Instrumentation

Variable	Question	Description	Coding
Race/ethnicity	X78R	Race	1=White, 2= Black, 3=Asian, 4=All other races
Sex of buyer	X75R	Sex: Buyer	1=male, 2=female
Unit/borrower/buyer	NSMOID	NSMO Identification Number Sequential number for a sample mortgage	200001 – 229962
Aggregate years of the study 2007-2018	Survey_Wave	NSMO Survey Wave (quarterly) starting with quarter 1 of 2014.	1=2014 2=2014 3=2004 4=2014 5=2015 6=2015 7=2015 8=2015 9=2016 10=2016 11=2016 12=2016 13=2017 14=2017 15=2017 16=2017
Income	X83	Approximately how much is your total annual household come from all sources?	1=less than $35k 2+$35K-$49,999K 3=$50K-$74,999 4 = $75K - $99,999 5=$100k - $174,999 6 = $175k or more
Access federal mortgage program	Loan_Type	Mortgage Type	1=Conventional 2=FHA insured 3=VA guaranteed 4=FSA/RHS insured

Accessed housing education counseling	X29	Did you take a course about homebuying or housing counseling?	1=Yes, 2=No
Accessed housing education counseling	X31	How many hours was your housing counseling	1=less than 3 hrs, 2= 3-6 hrs, 3=7-12 hours 4=more than 12 hours
Access federal mortgage program	X33	What is the primary purpose of this mortgage?	1=purchase property, 2=refinance or modification, 3=add remove co-borrower, 4=permanent finance for construction loan, 5=new loan on mortgage free property.
Number of Borrowers	Borrower _Num	Number of borrowers at origination	1=1,2=2,3=3, 4=4

Discrepancies in the Data

The original independent, dependent variables, and research questions for this study included Clark County Nevada, homeownership rates, and achievement of homeownership. Additionally, the research questions were designed to determine if these variables impacted low-income homeownership outcomes. However, HEC data for Clark County Nevada was unavailable; therefore, I obtained IRB approval to update the study search to national homebuyer mortgage data and HEC data.

The research questions and variables were updated to determine the association between independent variables; income, race, access to mortgage programs and dependent variable HEC on homeownership outcomes. Therefore, the original assumption that Clark County Nevada data would be available for review was not met, leading the researcher to obtain approval, replace, and update variables and research questions as indicated in Chapter 3.

Data Analysis

Demographic Characteristics and Descriptive Statistics

Table 6 describes the originated mortgage loans of the study by frequency and year, followed by the sample population demographics which are: White (85.6%) and Black (5.2%). The sample consists of 54.7% males and 45.3% females. As Table 7 shows, the most common income for loans was 100K-$174K (28.7%) followed by $50K – $74,999 (19.5%).

Table 6

Originated Mortgage Loans Accessed by Year (N=14,489)

	Frequency	%
2014	4079	28.2
2015	3154	21.8
2016	3052	21.1
2017	2784	19.2
2018	1420	9.8

Table 7

Demographic Characteristics of the Households (*N=14,489*)

		Frequency	%
Race	White	12404	85.6
	Black	822	5.7
	Asian	851	5.9
	All others	412	2.8
Gender	Male	7928	54.7
	Female	6561	45.3
Income	Less than $35k	840	5.8
	$35K-$49,999K	1612	11.1
	$50K-$74,999	2830	19.5
	$75K - $99,999	2697	18.6
	$100k - $174,999	4155	28.7
	$175k or more	2355	16.3

In Table 8, characteristics on HEC and types of loan accessed, and frequency with percentages are presented. Many loans were conventional (69.8%) followed by FHA loans (17.6%). Regarding HEC characteristics, 8.9% attended some form of HEC and of those who attended a class, 46% (4.1% of the sample) attended less than 3 hours of HEC, while 1.7% of sample attended 7-12 hours of HEC.

Table 8

Characteristics of households Accessed loan type and HEC (*N = 14,489*)

		Frequency	%
Loan Type	Conventional	10114	69.8
	FHA insured	2547	17.6
	VA guaranteed	1337	9.2
	FSA/RHS insured	491	3.4
Attended HEC	Yes	1285	8.9
	No	13204	91.1
Hours of HEC	None	13204	91.1
	Less than 3 hrs.	592	4.1
	3-6 hrs.	370	2.6
	7-12 hours	246	1.7
	More than 12 hours	77	0.5

Statistical Analysis Results

A chi-square test of independence was performed to determine any statistical significant relationship between income, race, access to federal mortgage programs, and HEC on homeownership. Collins and O'Rourke (2011) examined the effectiveness of HEC and determined that HEC is effective in improving the financial outcomes of homeowners; however, research on HEC is a work in progress. Thus, this researcher sought to add to the body of research on HEC and the relationship between accessing

federal mortgage programs and improving low-income homeownership processes and outcomes.

Research Question 1 and Null Hypothesis:

RQ1: Is there a significant association between income and race and accessing HEC in homeownership outcomes?

H_{01}: Null hypothesis -There is no statistical significant association between income and race in relationship to accessing HEC in homeownership outcomes.

Table 9

Chi Square of Income Level by HEC (*N = 14,489*)

	Housing education counseling?	
	Yes	No
Less than $35k	169	671
	20.1%	79.9%
$35K-$49,999K	274	1338
	17.0%	83.0%
$50K-$74,999	389	2441
	13.7%	86.3%
$75K - $99,999	222	2475
	8.2%	91.8%
$100k - $174,999	170	3985
	4.1%	95.9%
$175k or more	61	2294
	2.6%	97.4%
χ^2		580.16***
Df		5

Income and HEC

Analysis: The null hypothesis of RQ1 states that there is no statistically significant association between income in relationship to HEC in homeownership outcomes. The chi-square test shows that Lower income earners are significantly more likely to take HEC classes (See Table 9). Those in the lower income levels under 50K took HEC classes more than other groups. The statistical analysis indicated that there was a significant difference across income for whether someone took HEC classes $\chi^2(5, N=14{,}489) = 580.16$, $p < .001$. Therefore, the null hypothesis is rejected as there is a statistical significant association between income level and taking HEC classes. Specifically, those very low-income households under $35K (20.1%) and low-income households, $35-$49,999 (17.0%) were the most likely to take HEC.

Table 10

Chi Square of Race by HEC (*N = 14,489*)

	Housing education counseling?	
	Yes	No
White	942	11462
	7.6%	92.4%
Black	212	610
	25.8%	74.2%
Asian	67	784
	7.9%	92.1%
All others	64	348

	15.5%	84.5%
χ^2		339.85***
Df		3

Race and HEC

Analysis: The null hypothesis of RQ1 states that there is no statistical significant association between income and race in relationship to HEC in homeownership outcomes. However, statistical analysis indicated that there was a significant difference across race for whether someone took HEC classes $\chi^2(3, N = 14{,}489) = 339.85$, $p < .001$. Therefore, the null hypothesis is rejected as there was a statistically significant difference between race and taking HEC classes in homeownership outcomes. Specifically, Blacks (25.8%) are more likely to take classes more than any other group.

Research Question 2 and Null Hypothesis:

RQ2: Is there a significant association between accessing major federal home purchase mortgage programs (FHA) and accessing HEC in homeownership outcomes?

$H_{02:}$ Null hypothesis – There is no statistical significance between accessing major federal home purchase mortgage programs (FHA) in relationship to accessing HEC in homeownership outcomes.

Table 11

Chi Square of Difference Accessed Federal Mortgage Program (FHA) by HEC (N=14489)

	Housing education counseling?	
	Yes	No
Conventional	666	9448
	6.6%	93.4%
FHA insured	456	2091
	17.9%	82.1%
VA guaranteed	75	1262
	5.6%	94.4%
FSA/RHS insured	88	403
	17.9%	82.1%
χ^2		389.87***
Df		3

Accessed Federal Mortgage Program (FHA) and HEC

Analysis: The null hypothesis of RQ2 stated that there is no statistical significance between accessing major federal home purchase mortgage programs (FHA) in relationship to accessing HEC in homeownership outcomes; however, there was a significant difference across accessed federal mortgage program (FHA) for whether someone took HEC classes $\chi^2(3, N = 14{,}489) = 389.87$, $p < .001$; therefore, the null hypothesis is rejected as there was statistical significant association between accessing major federal home purchase mortgage programs (FHA) in relationship to taking HEC in

homeownership outcomes. Specifically, those with FHA accessed loans (17.9%) were more likely to take HEC classes (17.9%) than any other group (see Table 11).

Summary

Chapter 4 consisted of an introduction to the study variables and purpose, the research questions and null hypothesis of the study. Information regarding the data collection process, discrepancies, assumptions, and descriptive statistics were presented. Additionally, the results of the statistical analysis completed by chi-square test of independence was presented in detail, indicating the statistically significant association between study variables; income, race, access, and HEC in homeownership outcomes. Study results indicated that there was statistical significant association between income $\chi^2(5, N = 14{,}489) = 580.16$, $p < .001$; race $\chi^2(3, N = 14{,}489) = 339.85$, $p < .001$; access $\chi^2(3, N = 14{,}489) = 389.87$, $p < .001$ and HEC in homeownership outcomes. In chapter 5, I provide a summary of the key findings, interpretation of findings, and limitations of the study, along with recommendations for social change.

Chapter 5: Discussion, Conclusions, and Recommendations

Introduction

The purpose of this quasi-experimental quantitative study was to analyze the association between income, race, and access to federal mortgage purchase programs and HEC in relationship to homeownership outcomes. The theoretical framework, PET, was the foundation of this study that policy changes occur through periods of stasis and major shifts that lead to policy changes. Thus, research on factors that may be associated with homeownership outcomes was valid in addressing possible inequities and barriers that may exist in the homeownership process. Archival data were retrieved from the NMDB (2020), NSMO® (2020) survey for aggregate study years 2007 to 2018, with 14,489 households that participated in the random sample survey. In Chapter 4, the statistical data analysis using chi-square test of independent presented study results that rejected all null hypothesis and supported the hypothesis of the study that income, race, access, and HEC are associated with homeownership outcomes. Chapter 5 provides the study summarization of key findings, analysis and interpretation of the findings, study limitations, and recommendations for social change.

Interpretation of the Findings

Researchers have examined varying perspectives on homeownership. Goodman and Meyer (2018) recently analyzed U.S. homeownership for correlations between the homeownership rate and age, race, ethnicity, education, income, and family status, determining that Black homeownership has fallen every decade for the past 30 years and those families with college education are still less likely to own a home than white households that did not graduate high school (p. 33). Therefore, the results of this study

may support the body of research on homeownership by results on factors of income and race, with a supplementary analysis of access to federal mortgage programs, and HEC in relationship to homeownership outcomes.

Income and Race

RQ1: Is there a significant association between income and race and accessing HEC on homeownership outcomes? The analysis indicated there was statistically significant association between income, race, and HEC in homeownership outcomes. Furthermore, the chi-square indicated that the majority of household's that participated in the survey sample were White males with income between $100K - $174K. Males were 54.7% of the sample while Black households represented only 5.7%. Very low-income households with income less than $35K made up 5.8%.

It is unclear whether the low percentage of Black family participation in the NSMO® (2020) survey is due to low Black homeownership rates during the survey period or personal choice of non-survey participation. Evidence indicates that there is room for continued research on homeownership outcomes related to Black households. Immergluck et al. (2019) researched Black homebuying after the housing crisis to determine Black homebuying appreciation rates in comparison to White and Latino homebuyers in 15 major metro areas (p. 2). The regression study of all metro areas and three races indicated Black homebuyers had lesser appreciation than White buyers in low-appreciation metro areas, finding diverse neighborhoods aid in higher appreciation value for homebuyers (Immergluck et al., 2019). Since the tenets of PET was the framework of this research study, research indicated that homeownership policy changes are often static until a major crisis or event occurs, thus provoking major policy shifts and

changes that will aid community growth and development. However, Immergluck et al. (2019) stated that policy makers should pay attention to regional data and housing markets to maintain ongoing finance and homebuying programs and strong consumer protections and regulations, thus improving Black homebuying and market appreciation.

Analysis of the income levels of the study sample indicated that very low-income households which had income levels of $35K or less only made up 5.8% of the sample and low-income households ($35K- $49,999K) made up 11.1%. Although these were the lowest frequencies in the survey sample, these households were survey participants that were able to purchase a home. Yet, the data analysis indicated that the frequency of very low-income households' participation in HEC was 169 participation and 671 of this same income group not participating in HEC. While 274 of the low-income households participated in HEC, 1,338 did not participate. Moulton et al. (2018) researched first-time homebuyers' participation in HEC, finding that in-person HEC was perceived as time consuming and too long and those with little mortgage knowledge were less likely to take courses (p. 19). This study results indicated that households that accessed federal mortgage loans (FHA) and HEC had a statistically significant association with homeownership outcomes.

Access to Federal Mortgage Programs (FHA) and HEC

RQ2: Is there a significant association between accessing major federal home purchase mortgage programs (FHA) and accessing HEC in homeownership outcomes? 17.6% of households accessed a federal mortgage program (FHA) and 8.9% attending HEC. The statistical analysis of all loan types indicated a significant association across all loan types and HEC on homeownership outcomes; specifically, those that accessed

federal mortgage programs (FHA) loans were more likely to participate in HEC. Thus, HEC was highly associated with homeownership outcomes in relationship to loan types including accessed federal mortgage programs (FHA) loans.

In a previous study on HEC, Myhre et al., (2017) summarized various studies on the effectiveness of HEC, determining that HEC can be an effective tool in helping households determine if they are ready for homeownership and aid households in avoiding foreclosure (p. 2). Likewise, the results of this study on the association between income, race, access and HEC on homeownership outcomes, has indicated a significant association between all study variables in relationship to homeownership outcomes. Additionally, these findings confirmed that HEC is an effective tool in the homebuying process and can aid low-income families, especially minorities accessing FHA mortgages.

Theoretically, PET is an applicable foundation for this study, in that policy changes that have occurred during major shifts in society have been beneficial in improving the homebuying process for households. However, policymakers and administrators should shift toward continual policy improvements and changes that are made available to the public and homebuyers in the form of regular training, counseling and policy dissemination processes that prepare and assist families in the homebuying process.

Limitations of the Study

A noteworthy limitation to this study that should be reviewed was in the data collection process. Unfortunately, my data collection process began during the 2020 Coronavirus pandemic (CDC, 2020) which limited the access I was initially seeking to

obtain in data collection from the Department HUD. My original proposal was to collect data on the study variables in relationship to Clark County Nevada household's. I searched the HUD website, submitted in writing request for public use datafiles related to Clark County Nevada and homeownership and housing education counseling, to no avail. There were no responses to my written requests, emails, and license applications.

Fortunately, communication with my committee was useful in directing me toward the evaluation of similar studies and surveys that contained data sets applicable to my study variables. To solve this limitation, I confirmed, through approval from my committee and the IRB department for Walden University, that my study data collection process could be updated to a national dataset. I mitigated the limitation by data collection from the National Survey of Mortgage Originations (NSMO®, 2020) public use data files, located on the National Mortgage Database (NMDB, 2020) public use files available to the public via the Federal Housing Finance Agency, (FHFA.gov, 2020).

Recommendations

In this study, I found that income, race, access to federal mortgage programs (FHA), and HEC were significantly associated with homeownership outcomes. I was able to find a representative sample from the NMDB (2020) database and randomly analyze the survey data for significance. Similarly, agencies like HUD.gov (2020) and FHFA.gov (2020) have worked to regularly research and report on the homeownership process and research the effectiveness of HEC on homeownership. Moreover, there have been some studies on socio-economic factors that impact homeownership (Goodman & Mayer, 2018; Markley, Hafley, & Allums, 2020; McCabe, 2018; Newman & Holupka, 2016; Wainer & Zabel, 2020); however, more can be researched on barriers and factors that

impact the prospects of homeownership for some families based on their income, race, and access to federal programs and policy information.

I believe that homeownership policy and factors associated with the outcomes should be researched continually. Homeownership and housing research are essential future study topics that should be examined to ensure opportunities and policy information can be accessed by the public. In review of the first-time homebuyer baseline report presented by DeMarco et al., (2017), it was found that since many study participants have varied preferences and characteristics, diverse strategies should exist to reach the needs of first-time homebuyers. Moreover, the study findings determined through the review of numerous studies that homeownership and HEC services sometimes have favorable results for participants however, the impact of HEC intervention on prospective homebuyers is sometimes unclear (DeMarco et al, 2017). Therefore, future research should work to ensure that prospective homebuyers are able to access possible home purchase program information and HEC to gain advantages that will improve their homebuying process.

Implications for Social Change

The implications for positive social change include study results that may affect the homebuying process for low-income and minority households seeking homeownership. Additionally, social change in policy access and dissemination of program information will benefit stakeholders, advocates, homebuyers, policymakers, and program administrators. Goodman and Mayer (2017) researched the financial benefits of homeownership finding that building wealth through homeownership depends on the ability to sustain homeownership during economic downturns. Additionally, they

found that low-income and minority households struggled to maintain homeownership during economic downturns (Goodman & Mayer, 2017). Thus, when major economic downturns occur and policy changes are implemented due to punctuated equilibrium, policymakers should develop sustainable homeownership policy that can aid homeowners over all periods of stasis and major economic shifts. The development of sustainable homeownership policy should improve low-income and minority homeownership outcomes.

Conclusion

The purpose of the quantitative study was to analyze the income, race, access to federal mortgage programs (FHA) and HEC for statistical significance on homeownership outcomes. This study was designed to expand on the research and literature of homeownership policy. The study consisted of chi-square analysis of National Survey Mortgage Originations (NSMO®) data found on the National Mortgage Database (NMDB, 2020) public use data files provided by the Federal Housing Finance Agency (fhfa.gov, 2020). Study findings show that income, race, access to federal mortgage programs (FHA), and HEC were significantly associated with homeownership outcomes.

Low-income and minority households can benefit from additional research on access and HEC in the homebuying process. Often the homebuying process can be stressful and uncomfortable. If advocates, realtors, policymakers, and administrators worked with researchers to develop accessible homebuying information, some of the barriers to ownership could be broken. The data in this research study contributes to the gap in research on homeownership policy, income, race, access and HEC on

homeownership outcomes. Specifically, finding sustainable ways to provide access to disseminated homeownership policy serves society and add to the economic growth and development of communities as homeownership increases.

References

Antoniades, A., & Marafi, F. (2017). Can Jane get a mortgage loan? Depends on when and where. *Quantitative Finance and Economics*, *1*(1), 67-93. doi:10.3934/QFE.20171.67

Argento, R. B., Koulayev, S., Li, G., Myhre, M., Pafenberg, F., & Patrabansh, S. (2019). First-time homebuyer counseling and the mortgage selection experience in United States: Evidence from the National Survey of Mortgage Originations. *Cityscape: A Journal of Policy Development and Research*, *21*(2), 51–74. Retrieved from https://www.huduser.gov/portal/periodicals/cityscape

Bai, B., Zhu, J., & Goodman, L. (2015). A closer look at the data on first-time homebuyers. Washington, D.C.: Urban Institute. Retrieved from http://www.urban.org/research/publication/closer-look-data-first-timebhomebuyers

Baqutaya, S., Ariffin, A. and Raji, F. (2016). Affordable housing policy: Issues and challenges among middle-income groups. *International Journal of Social Science and Humanity*, *6*(6), 433 – 436. doi:7763/IJSSH. 2016.V6.686

Baumgartner, F. R., & Jones, B. D. (1993). *Agendas and instability in American politics*. Chicago: University of Chicago Press.

Bayer, P., Ferreira, F., & Ross, S. L. (2016). The vulnerability of minority homeowners in the housing boom and bust. *American Economic Journal: Economic Policy*, *8*(1), 1-27. doi:10.3386/w19020

Beard, V. (2013). A theoretical understanding of housing and homelessness: Federal homelessness and housing policy through the lenses of punctuated equilibrium theory and advocacy coalition frameworks. *Poverty and Public Policy*, *5*(1), 67-87. doi:10.1002/pop4.6

Bhutta, N. (2015). The ins and outs of mortgage debt during the housing boom and bust. *Journal of Monetary Economics*, *76*(C), 284-298. doi:10.1016./j.jmoneco.2015.02.005

Cairney, P., & Jones, M. D. (2016). Kingdon's multiple streams approach: What is the empirical impact of this universal theory? *Policy Studies Journal*, *44*(1), 37-58. doi:10.1111/psj.12111

CDC.gov. (2020). Coronavirus information. Retrieved from: www.CDC.gov

Clapham, D. (2004). Housing pathways: A social constructionist research framework. In Jacobs, K., Kemeny J., and Manzi, T. (Eds). *Social constructionism in housing research*. Aldershot: Ashgate. pp. 93-116.

Coley, R., Kull, M., Leventhal, T., & Lynch, A. (2014). Profiles of housing and neighborhood contexts among low-income families: Links with children's well-being. *Cityscape*, *16*(1), 37-60. Retrieved from http://www.jstor.org/stable/26326857.

Collins, J. M., & O'Rourke, C. (2011). Homeownership education and counseling: Do we know what works? Research Institute for Housing America, Research Paper No. 1102.

Collins, M. (2002). Pursuing the American dream: Homeownership and the role of federal housing policy. *Report to the Millennial Housing Commission.* Washington, D.C. Retrieved from https://govinfo.library.unt.edu/mhc/papers/collins.pdf

Creswell, J. W. (2013). *Research design: Qualitative, quantitative, and mixed methods approaches*. Los Angeles: Sage.

Dana, D. (2011). A simple approach to prevent the next housing crisis: Why we need one, what one would look like, and why Dodd-Frank isn't it. *Fordham Urban Law Journal, 721*. Retrieved from https://ir/lawnet.fordham.edu/ulj/vol38/iss3/4

Dawkins, C., Jeon, J. S., & Knaap, G. J. (2016). Creating and preserving affordable homeownership opportunities: Does inclusionary zoning make sense? *Journal of Planning Education and Research*, doi:10.1177/0739456X16659763.

DeMarco, D., Fiore, N., Bocian, D. Moulton, S., & Peck, L. (2016). The first-time homebuyer

education and counseling demonstration: *Early Insights*. http://dx.doi.org/10.2139/ssrn.3055285

Ding, L., Quercia, R., & Ratcliffe, J. (2008). Post-purchase counseling and default resolutions among low-and moderate-income borrowers. *Journal of Real Estate Research*, *30*(3), 315-344. doi:10.1080/10511482.1996.9521217

Elliehausen, G., Lundquist, C., Staten, M. (2007). The impact of credit counseling on subsequent borrower behavior. *Journal of Consumer Affairs*, *41*(1), 1-28. Retrieved from https//doi.org/10.1111/j.1745-6606.2006.00066

Faul, F., Erdfelder, E., Lang, A.-G., & Buchner, A. (2007). G*Power 3: A flexible statistical power analysis program for the social, behavioral, and biomedical sciences. *Behavior Research Methods*, *39*, 175-191.

Field, A. (2014). *Discovering statistics using IBP SPSS Statistics.* Sage Publications, New Delhi.

Frankfort-Nachmias, C., Nachmias, D., & DeWaard, J. (2015). *Research methods in the social sciences*. Worth Publishers, New York.

Galster, G. (2007). Neighborhood social mix as a goal of housing policy: A theoretical analysis. *International Journal of Housing Policy*, *7*(1), 19-43. doi:10.1080/14616710601132526

GAO Report. (2016). Rural housing service: *Action needed to strengthen management of the single-family mortgage guarantee program*. Retrieved from https://www.gao.gov

Givel, M. (2010). The evolution of the theoretical foundations of punctuated equilibrium theory in public policy. *Review of Policy Research*, *27*(2), 187-198. Retrieved from https://doi.org/10.1111/j.1541-1338.2009.00437.x

Goodman, L. (2017). Quantifying the tightness of mortgage credit and assessing policy actions. Washington, D.C.: *Urban Institute*. Retrieved from https://www.urban.org.

Goodman, L. S., & Mayer, C. (2018). Homeownership and the American dream. *Journal of Economic Perspectives*, *32*(1), 31-58. DOI:10.1257/JEP.32.1.31

Gordon, A. (2005). The creation of homeownership: How new deal changes in banking regulation simultaneously made homeownership accessible to whites and out of reach for blacks. *Yale Law Journal*, 115(1), 186-226. Retrieved from: https://digitalcommons.law.yale.edu/ylj/vol115/iss1/5.

Grinstein-Weiss, M., Lee, J.S., Greeson, J.K., Han, C.K., Yeo, Y.H., & Irish, K. (2008). Fostering low-income homeownership through individual development accounts: A longitudinal, randomized experiment. *Housing Policy Debate*, *19*(4), 711-739. Retrieved from: https://doi.org/10.1080/10511482.2008.9521653.

Hartarska, V., & Gonzalez-Vega, C. (2005). Credit counseling and mortgage termination by low-income households. *The Journal of Real Estate Finance and Economics*, *30*(3), 227-243. Retrieved from: https//doi.org/10.1007/s11146-005-6405-z.

Herbert, C., & Belsky, E. (2008). The homeownership experience of low-income and minority households: A review and synthesis of the literature. *Cityscape*, *10*(2), 5-59. Retrieved from http://www.jstor.org/stable/20868655

Herbert, C.E., Haurin, D.R., Rosenthal, S.S., & Duda, M. (2005). Homeownership gaps among low-income and minority borrowers and neighborhoods. Washington, D.C.: *U.S. Department of Housing and Urban Development*. Retrieved from http://www.huduser.org/publications/HOMEOWN/HGapsAmongLInMBnN.html.

Herbert, C.E., & Tsen, W. (2007). The potential of downpayment assistance for increasing homeownership among minority low-income households. *Cityscape*, Vol.9(2) 153-183. Retrieved from: https//ssrn.com/abstract=1084122.

Hirad, A., & Zorn, P.M. (2001). *A little knowledge is a good thing: Empirical evidence of the effectiveness of pre-purchase homeownership counseling*. Cambridge, MA: Joint Center for Housing Studies of Harvard University.

Hornburg, S. (2004). Strengthening the case for homeownership counseling: Moving beyond A little bit of knowledge. *Joint Center for Housing Studies*, Graduate School of Design [and] John F. Kennedy School of Government, Harvard University. W04-12. Retrieved from: http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/w04-12.pdf.

Immergluck, D. (2009). The foreclosure crisis, foreclosed properties, federal policy: Some implications for housing community development planning. *Journal of the American Planning Association*, *75*(4), 406-423. Retrieved from: https://doi.org/10.1080/01944360903124316.

Immergluck, D.; Earl, S.; and Powell, A., (2019). Black Homebuying after the Crisis: Appreciation Patterns in Fifteen Large Metropolitan Areas. *USI Publications*. 35. Retrieved from: https://scholarworks.gsu.edu/urban_studies_institute/35.

Jacobus, R., & Abromowitz, D.M. (2009). A path to homeownership: Building a more sustainable strategy for expanding homeownership. *J. Affordable Housing & Community Development. L.*, *19*, 313. Retrieved from: https://community-wealth.org/sites/clone.community-wealth.org/files/downloads/article-jacobus-abromowitz.pdf.

Jenkins, G. (2020). Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership by Keeanga-Yamahtta Taylor. *International Journal of Human Rights Education*, 4(1). Retrieved from https://repository.usfca.edu/ijhre/vol4/iss1/12

John, P. (2003). Is there life after policy streams, advocacy coalitions, and punctuations?

Using evolutionary theory to explain policy change. *Policy Studies Journal*, *31*(4), 481-498. Retrieved from: https://doi.org/10.1111/1541-0072.00039.

Jones, B.D., Sulkin, T., & Larsen, H.A. (2003). Policy punctuations in American political institutions. *American Political Science Review*, *97*(1), 151-169. Retrieved from: https//www/jstor.org/stable/3118227.

Jones, K., Carpenter, D., Hoskins, S., Keightley, M., McCarty, M., & Weiss, N. (2014). Housing Issues in the 113th Congress (CRS Report No. R43367). Retrieved from Congressional Research Service website: https//fas/org/sgp/crs/.

Kara, A., & Molyneux, P. (2016). Household access to mortgages in the UK. *Journal of Financial Services Research*, 1-23. doi:10.1007/s10693-016-0246-1.

Kim, K.T., Wilmarth, M.J., & Henager, R. (2017). Poverty levels and debt indicators among low-income households before and after the great recession. *Journal of Financial Counseling and Planning*, 28(2), 196-212, 2017. Available at SSRN: https://ssrn.com/abstract=3009900.

Landis, J.D., & McClure, K. (2010). Rethinking federal housing policy. *Journal of the American Planning Association*, *76*(3), 319-348. Retrieved from: https://doi.org/10.1080/01944363.2010.484793.

Lang, R.E., & Sohmer, R.R. (2000). Editors' introduction legacy of the housing act of 1949: The past, present, and future of federal housing and urban policy. *Housing Policy Debate*, *11*(2), 291. Retrieved from: https://doi.org/10.1080/10511482.2000.9521369.

Larsen, A.M. (2013). Examining housing policy: A select annotated bibliography of Housing policy-focused periodicals. *The Serials Librarian*, *65*(2), 181-201. doi:10.1080/036156x.2013.816650.

Laufer, S., A. Paciorek (2016). The effects of mortgage credit availability: Evidence from minimum credit score lending rules. *FEDS Working Paper* No. 2016-098.

Li, W., Goodman, L., & Bonsu, D. (2016). The Lasting impact of foreclosures and negative public records. Washington, D.C.: *Urban Institute*. Retrieved from https://www.urban.org.

Lindbad, M.R, Han, H.S., Yu, S., & Rohe, W.M. (2017) First-time homebuying: attitudes and behaviors of low-income renters through the financial crisis. *Housing Studies*, 32(8), 1127 – 1155. doi:10.1080/02673037.2017.1301397.

Macey, J. (2017). A public choice approach to the unequal treatment of securities market participants and home borrowers. *The Russell Sage Foundation Journal of the Social Sciences*, 3(1), 94-101. doi:10.7758.2FRSF.2017.3/1/05.

Markley, S. N., Hafley, T. J., Allums, C. A., Holloway, S. R., & Chung, H. C. (2020). The Limits of Homeownership: Racial Capitalism, Black Wealth, and the Appreciation Gap in Atlanta. *International Journal of Urban and Regional Research*, *44*(2), 310-328. doi:10 1111/1468-2427.12873.

McCabe, B. J. (2018). Why buy a home? Race, ethnicity, and homeownership preferences in the United States. *Sociology of Race and Ethnicity*, *4*(4), 452-472. doi:10.1177/2332659217753648.

Martinez, S.C. (2000). The Housing Act of 1949: Its place in the realization of the American dream of homeownership. *Housing Policy Debate*, *11*(2), 467-487. Retrieved from: https://doi.org/10.1080/10511482.2000.9521374.

Mayer, N.S., & Temkin, K. (2016). Prepurchase counseling effects on mortgage performance: Empirical analysis of NeighborWorks America's experience. *Cityscape*, *18*(2), 73. Retrieved from: https://www.chapa.org/site/default/files/NWA.

McCarty, M., Perl, L., & Jones, K. (April 2014). Overview of federal housing assistance programs and policy. *Congressional Research Service*, Library of Congress.

McCoy, P.A. (2017). Has the mortgage pendulum swung too far? Reviving access to mortgage credit. Retrieved from: http://dx.doi.org/10.2139/ssrn.2927723.

Meloney, M.W. (1922). Better homes in America. *The Delineator*, *2*. Retrieved from: http://www.searchengine.org.uk/pdfs/5/632.pdf.

Olsen, E.O. & Urban Institute (2007). Promoting homeownership among low-income households. Washington, D.C. *Urban Institute*. Retrieved from https:// www.urban.org.

Moulton, S. R., Peck, L. R., Fiore, N., Bocian, D. G., & DeMarco, D. (2018). Who participates in homebuyer education and counseling services and why. *Insights from HUD's First-Time Homebuyer Education and Counseling Demonstration.* Retrieved from: Associates. Washington, DC: US Department of Housing and Urban Development.

Myhre, M. L., & Watson, N. E. (2017). *Housing counseling works*. US Department of Housing and Urban Development, Office of Policy Development and Research. Retrieved from, https://www.huduser.gov/portal/sites/default/files/pdf/Housing-Counseling-Works.pdf

Newman, S. J., & Holupka, C. S. (2016). Is timing everything? race, homeownership, and net worth in the tumultuous 2000s. *Real Estate Economics*, *44*(2), 307-354. doi:10.1111/1540-6229.12118.

Orlebeke, C.J. (2000). The evolution of low-income housing policy, 1949 to 1999. *Housing policy debate*, *11*(2), 489-520. Retrieved from: https://doi.org/10.1080/10511482.2000.9521375.

Quercia, R.G., & Wachter, S.M. (1996). Homeownership counseling performance: How can it be measured? *Housing Policy Debate*, *7*(1), 175-200. Retrieved from: http//doi.org/10.1080/10511482.1996.9521217.

Reid, C.K. (2005). Achieving the American dream? A longitudinal analysis of the

homeownership experiences of low-income households. *CSD Working Paper* No. 05-20, 2005. Retrieved from: https://csd.wustl.edu/Publications/Documents/WP05-20.pdf.

Reiss, David J. (2017). The federal housing administration and African American homeownership." *Brooklyn Law School, Legal Studies Paper* No. 500. Retrieved from: SSRN: https://ssrn.com/abstract=2954157.

Retsinas, N.P., & Belsky, E.S. (2002). *Low-income homeownership: Examining the unexamined goal*. Brookings Institution Press.

Rohe, W.M., Quercia, R.G., & Van Zandt, S. (2002). Supporting the American dream of home ownership: An assessment of neighborhood reinvestment's homeownership pilot program. *Neighborhood Reinvestment Corporation*. Retrieved from: https://www.researchgate.net/publiation/255610508.

Rosen, K.T., Bank, D., Belfor, H., Eckstein, A., Gade, A., & Tcheau, M. (2017). Hurdles to homeownership: Understanding the barriers. *Fisher Center for Real Estate & Urban Economics*. Retrieved from: https://cloudfront.escholarship.org/dist/prd/content/qt51w4x9gr/qt51w4x9gr.pdf.

Rudestam, K. Newton, R. (2007). *Surviving your Dissertation: A comprehensive guide to content and process*. Publications, California.

Sabatier, P. (2007). *Theories of policy process*. Westview Press, Colorado.

Schelkle, W. (2012). A crisis of what? Mortgage credit markets and the social policy of promoting homeownership in the United States and in Europe. *Politics & society*, *40*(1),59-80. doi:10.1177/0032329211434690.

Schuetz, J. (2019). Should Las Vegas bet on homeownership? Trends in Housing Affordability

and Homeownership. 1-18. Retrieved from: https://digitalscholarship.unlv.edu/brookings_pubs/55

Shlay, A.B. (2006). Low-income homeownership: American dream or delusion? *Urban Studies*, *43*(3), 511-531. Retrieved from: https://doi.org/10/1080/00420980500452433.

U.S. Department of Housing and Urban Development (2016). Retrieved from www.hhs.gov/programs/social-services/research/index.

Wainer, A., & Zabel, J. (2020). Homeownership and wealth accumulation for low-income households. *Journal of Housing Economics*, *47*. doi:10.1016/j.jhe.2019.03.002.

Whittemore, A. (2012). How the federal government zoned America: The Federal Housing Administration and zoning. *Journal of Urban History* 39(4), 620-642. doi:10.1177/0096144212470245.

Zahariadis, N., & Herweg, N. (2017). The Multiple Streams Approach. *The Routledge Handbook of European Public Policy* (pp. 54-63). Routledge.

Ziegler, C.L., Schmiedl, E., & Callahan, T. (2017). One mortgage: A model of success for low-income homeownership. *BCJL & Soc. Just.*, *37*, 339. Retrieved from: http://lawdigitalcommons.bc.edu/jlsj/vol37/iss2/8.

Appendix A: NSMO Survey Letter

IMPROVING MORTGAGE EXPERIENCES IN AMERICA

1234567 1234567 101
<FIRST NAME1> <LAST NAME1> August 24, 2020
<FIRST NAME2> <LAST NAME2>
<ADDRESS>
<CITY> <STATE> <ZIP>

We are writing to ask for your help.

It is our understanding that you have either taken out or co-signed on a mortgage loan sometime in the last two years. We want to learn about the experiences of recent borrowers, whether your mortgage was to purchase a housing property, or to refinance or modify an existing loan. Understanding your experience is particularly important in developing policies to assist consumers who are getting a mortgage, especially now as many people face difficult financial situations because of the novel coronavirus.

The Federal Housing Finance Agency and the Consumer Financial Protection Bureau are working together on this study. To be successful, we need to hear from borrowers like yourself. Your answers to this survey will help us understand how the mortgage process is working today and how the mortgage market could be improved.

We want to make it as easy as possible for you to answer this survey. You can complete the paper copy or complete the survey online. Many people find the online survey easier to complete because it automatically skips past questions that do not apply to them. Online returns can also be processed more quickly and at less cost.
To complete the survey online, please go to: www.NSMOsurvey.com
Then, enter this unique access code: <123 456 789>

Completing the survey is voluntary. Your answers will not be connected to your name or any other identifying information. The unique access number helps us keep track of returned surveys and not send needless reminders. If you have any questions about this study, please call us toll free 1-XXXXXXXXX or visit our web sites, www.fhfa.gov/nsmo or www.consumerfinance.gov.

We realize that answering this survey will take some time and effort. Because of the importance of this national survey, we have enclosed a small token of appreciation as a way of saying thanks.
Many thanks for considering our request.

LXXXFXXX
Deputy Director for Research and Statistics
Federal Housing Finance Agency

DO NOT COPY

Appendix B: NSMO Questionnaire

National Survey of Mortgage Originations

*COPYRIGHT * FHFA.GOV* DO NOT COPY*

Improving Mortgage Experiences in America

National Survey of Mortgage Originations

We are conducting this survey of people who have taken out or co-signed for a mortgage loan to purchase a housing property, or to refinance or modify an existing loan.

Learning directly from borrowers like you about your mortgage experiences will help us improve lending practices and the mortgage process for future borrowers like you. It is important to get the perspective of all borrowers for making government policies.

You can mail back the paper survey in the enclosed business reply envelope or complete the survey online. The online version may be easier to complete because it skips any questions that do not apply to you based on your responses. Online responses are also processed more quickly making it less likely that you will receive reminders to complete this survey. We appreciate your help either way.

ABOUT THE SPONSORS: The Federal Housing Finance Agency and the Consumer Financial Protection Bureau are working together to sponsor this survey. We are doing this because both agencies are concerned with improving the safety of the U.S. housing finance system and making sure all consumers have better access to mortgages. Thanks so much for helping us assist future borrowers.
You can find more information on our websites -

Your answers to this survey will help us as we improve the safety of the U.S. housing finance system and help to ensure that people have access to funds needed to build or improve housing.

We look forward to hearing from you.

Privacy Act Notice: In accordance with the Privacy Act, as amended (5 U.S.C. § 552a), the following notice is provided. The information requested on this Survey is collected pursuant to 12 U.S.C. 4544 for the purposes of gathering information for the National Mortgage Database. Routine uses which may be made of the collected information can be found in the Federal Housing Finance Agency's System of Records Notice (SORN) FHFA-21 National Mortgage Database. Providing the requested information is voluntary. Submission of the survey authorizes FHFA to collect the information provided and to disclose it as set forth in the referenced SORN.

Paperwork Reduction Act Statement: Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number.

OMB No. 2590-0012
Expires *6/30/2023*

1. **Did you take out or co-sign for a mortgage loan sometime in the last couple of years including a purchase or any refinance/modification of an existing loan?**

   ☐ Yes
   ☐ No → **Skip to 72 on page 7**

2. **When did you take out this mortgage?** If you took out or co-signed for more than one mortgage, please refer to your experience with the most recent refinance, modification, or new mortgage.

   _____ / _____
   month year

3. **Did we mail this survey to the address of the property you financed with this mortgage?**

   ☐ Yes ☐ No

4. **Who signed or co-signed for this mortgage?** *Mark all that apply.*

   ☐ I signed
   ☐ Spouse/partner including a former spouse/partner
   ☐ Parents
   ☐ Children
   ☐ Other relatives
   ☐ Other (e.g. friend, business partner)

→ **If you co-signed this loan with others, take into account all co-signers as best you can when answering the survey. If no co-signers, answer based on your own situation.**

5. **When you began the process of getting this mortgage, how familiar were you (and any co-signers) with each of the following?**

	Very	Somewhat	Not At All
The mortgage interest rates available at that time	☐	☐	☐
The different types of mortgages available	☐	☐	☐
The mortgage process	☐	☐	☐
The down payment needed to qualify for a mortgage	☐	☐	☐
The income needed to qualify for a mortgage	☐	☐	☐
Your credit history or credit score	☐	☐	☐
The money needed at closing	☐	☐	☐

6. **When you began the process of getting this mortgage, how concerned were you about qualifying for a mortgage?**

   ☐ Very ☐ Somewhat ☐ Not at all

7. **How firm an idea did you have about the mortgage you wanted?**

   ☐ Firm idea ☐ Some idea ☐ Little idea

8. **How much did you use each of the following sources to get information about mortgages or mortgage lenders?**

	A Lot	A Little	Not At All
Your mortgage lender/broker	☐	☐	☐
Other mortgage lenders/brokers	☐	☐	☐
Real estate agents or builders	☐	☐	☐
Material in the mail	☐	☐	☐
Websites that provide information on getting a mortgage	☐	☐	☐
Newspaper/TV/Radio	☐	☐	☐
Friends/relatives/co-workers	☐	☐	☐
Bankers, credit unions or financial planners	☐	☐	☐
Housing counselors	☐	☐	☐
Other (specify) _____	☐	☐	☐

9. **Which one of the following best describes your shopping process?**

   ☐ I picked the loan type first, and then I picked the mortgage lender/broker
   ☐ I picked the mortgage lender/broker first, and then I picked the loan type

10. **Which one of the following best describes how you applied for this mortgage?**

    ☐ Directly to a lender, such as a bank or credit union
    ☐ Through a mortgage broker who works with multiple lenders to get you a loan
    ☐ Through a builder who arranged financing
    ☐ Other (specify) _____

11. **How many different mortgage lenders/brokers did you seriously consider before choosing where to apply for this mortgage?**

    ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 or more

12. How many different mortgage lenders/brokers did you end up applying to?

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 or more

13. Did you apply to more than one mortgage lender/broker for any of the following reasons?

	Yes	No
Searching for better loan terms	☐	☐
Concern over qualifying for a loan	☐	☐
Information learned from the "Loan Estimate"	☐	☐
Turned down on earlier application	☐	☐

14. How important were each of the following in choosing the mortgage lender/broker you used for the mortgage you took out?

	Important	Not Important
Having an established banking relationship	☐	☐
Having a local office or branch nearby	☐	☐
Used previously to get a mortgage	☐	☐
Mortgage lender/broker is a personal friend or relative	☐	☐
Paperless online mortgage process	☐	☐
Recommendation from a friend/ relative/co-worker	☐	☐
Recommendation from a real estate agent/home builder	☐	☐
Reputation of mortgage lender/broker	☐	☐
Spoke my primary language, which is not English	☐	☐

15. Who initiated the first contact between you and the mortgage lender/broker you used for the mortgage you took out?

☐ I (or one of my co-signers) did
☐ The mortgage lender/broker did
☐ We were put in contact by a third party *(such as a real estate agent or home builder)*

16. How open were you to suggestions from your mortgage lender/broker about mortgages with different features or terms?

☐ Very ☐ Somewhat ☐ Not at all

17. How important were each of the following in determining the mortgage you took out?

	Important	Not Important
Lower interest rate	☐	☐
Lower APR *(Annual Percentage Rate)*	☐	☐
Lower closing fees	☐	☐
Lower down payment	☐	☐
Lower monthly payment	☐	☐
An interest rate fixed for the life of the loan	☐	☐
A term of 30 years	☐	☐
No mortgage insurance	☐	☐

18. Your lender may have given you a booklet "Your home loan toolkit: A step-by-step guide," do you remember receiving a copy?

☐ Yes
☐ No
☐ Don't know

Skip to 20

19. Did the "Your home loan toolkit" booklet lead you to ask additional questions about your mortgage terms?

☐ Yes ☐ No

20. In the process of getting this mortgage from your mortgage lender/broker, did you…

	Yes	No
Have to add another co-signer to qualify	☐	☐
Resolve credit report errors or problems	☐	☐
Answer follow-up requests for more information about income or assets	☐	☐
Have more than one appraisal	☐	☐
Redo/refile paperwork due to processing delays	☐	☐
Delay or postpone closing date	☐	☐
Have your "Loan Estimate" revised to reflect changes in your loan terms	☐	☐
Check other sources to confirm that terms of this mortgage wereareasonable	☐	☐

21. Was the "Loan Estimate" you received from your mortgage lender/broker…

	Yes	No
Easy to understand	☐	☐
Valuable information	☐	☐

22. Did the "Loan Estimate" lead you to…

	Yes	No
Ask questions of your mortgage lender/ broker	☐	☐
Seek a change in your loan or closing	☐	☐
Apply to a different mortgage lender/broker	☐	☐

23. During the application process were you told about mortgages with any of the following?

	Yes	No
An interest rate that is fixed for the life of the loan	☐	☐
An interest rate that could change over the life of the loan	☐	☐
A term of less than 30 years	☐	☐
A higher interest rate in return for lower closing costs	☐	☐
A lower interest rate in return for paying higher closing costs *(discount points)*	☐	☐
Interest-only monthly payments	☐	☐
An escrow account for taxes and/or homeowner insurance	☐	☐
A prepayment penalty *(fee if the mortgage is paid off early)*	☐	☐
Reduced documentation or "easy" approval	☐	☐
An FHA, VA, USDA or Rural Housing loan	☐	☐

24. In selecting your settlement/closing agent did you use someone…

	Yes	No
Selected/recommended by the mortgage lender/broker, or real estate agent	☐	☐
You used previously	☐	☐
Found shopping around	☐	☐

☐ Did not have a settlement/closing agent

25. Do you have title insurance on this mortgage?

☐ Yes
☐ No
☐ Don't know

Skip to 27

26. Which one best describes how you picked the title insurance?

☐ Reissued previous title insurance
☐ Used title insurance recommended by mortgage lender/broker or settlement agent
☐ Shopped around

27. Overall, how satisfied are you that the mortgage you got was the one with the...

	Very	Somewhat	Not At All
Best terms to fit your needs	☐	☐	☐
Lowest interest rate for which you could qualify	☐	☐	☐
Lowest closing costs	☐	☐	☐

28. Overall, how satisfied are you with the…

	Very	Somewhat	Not At All
Mortgage lender/broker you used	☐	☐	☐
Application process	☐	☐	☐
Documentation process required for the loan	☐	☐	☐
Loan closing process	☐	☐	☐
Information in mortgage disclosure documents	☐	☐	☐
Timeliness of mortgage disclosure documents	☐	☐	☐
Settlement agent	☐	☐	☐

29. Did you take a course about home-buying or talk to a professional housing counselor?

☐ Yes
☐ No → **Skip to 33 on page 4**

30. Was your home-buying course or counseling...

	Yes	No
In person, one-on-one	☐	☐
In person, in a group	☐	☐
Over the phone	☐	☐
Online	☐	☐
Required	☐	☐

31. How many hours was your home-buying course or counseling?

☐ Less than 3 hours
☐ 3 – 6 hours
☐ 7 – 12 hours
☐ More than 12 hours

32. Overall, how helpful was your home-buying course or counseling?

☐ Very ☐ Somewhat ☐ Not at all

33. Which one of these reasons best describes this most recent mortgage?

- ☐ To buy a property
- ☐ To refinance or modify an earlier mortgage
- ☐ To add/remove co-signer(s)/co-owner(s)
- ☐ To finance a construction loan
- ☐ To take out a new loan on a mortgage-free property
- ☐ Some other purpose (specify) _____

Skip to 37

34. Did you do the following before or after you made an offer on this house or property?

	Before Offer	After Offer	Did Not Do
Contacted a lender to explore mortgage options	☐	☐	☐
Got a pre-approval or pre-qualification from a lender	☐	☐	☐
Decided on the type of loan	☐	☐	☐
Made a decision on which lender to use	☐	☐	☐
Submitted an official loan application	☐	☐	☐

35. Did you use any of the following sources of funds to buy this property?

	Used	Not Used
Proceeds from the sale of another property	☐	☐
Savings, retirement account, inheritance, or other assets	☐	☐
Assistance or loan from a nonprofit or government agency	☐	☐
A second lien, home equity loan, or home equity line of credit (HELOC)	☐	☐
Gift or loan from family or friend	☐	☐
Seller contribution	☐	☐

36. What percent of the purchase price was the down payment to buy this property (including money from a prior home sale, gifts, etc.)?

- ☐ 0%
- ☐ Less than 3%
- ☐ 3% to less than 5%
- ☐ 5% to less than 10%
- ☐ 10% to less than 20%
- ☐ 20% to less than 30%
- ☐ 30% or more

Skip to 40

37. How important were the following in your decision to refinance, modify or obtain a new mortgage?

	Important	Not Important
Change to a fixed-rate loan	☐	☐
Get a lower interest rate	☐	☐
Remove private mortgage insurance	☐	☐
Get a lower monthly payment	☐	☐
Consolidate or pay down other debt	☐	☐
Repay the loan more quickly	☐	☐
Take out cash	☐	☐

38. Approximately how much was owed, in total, on the old mortgage(s) and loan(s) you refinanced?

$ _____ .00

☐ Zero *(the property was mortgage-free)*

39. Did you use the money you got from this new mortgage for any of the following?

	Yes	No
College expenses	☐	☐
Auto or other major purchase	☐	☐
Buy out co-signer(s)/co-owner(s)	☐	☐
Pay off other bills or debts	☐	☐
Home repairs or new construction	☐	☐
Savings	☐	☐
Closing costs of new mortgage	☐	☐
Business or investment	☐	☐
Other (specify) _____	☐	☐

☐ Did not get money from refinancing

This Mortgage

40. When you took out this most recent mortgage or refinance, what was the dollar amount you borrowed?

$ _____ .00 ☐ Don't know

41. What is the monthly payment, including the amount paid to escrow for taxes and insurance?

$ _____ .00 ☐ Don't know

42. What is the interest rate on this mortgage?

_____ % ☐ Don't know

43. Is this an adjustable-rate mortgage (one that allows the interest rate to change over the life of the loan)?

☐ Yes ☐ No ☐ Don't know

44. Which one of the following best describes how you decided on the interest rate of your mortgage?

☐ Paid higher closing costs to get lower interest rate
☐ Paid lower closing costs with a higher interest rate
☐ Got a balance between closing costs and interest rate

45. Does this mortgage have…

	Yes	No	Don't Know
A prepayment penalty *(fee if the mortgage is paid off early)*	☐	☐	☐
An escrow account for taxes and/or homeowner insurance	☐	☐	☐
A balloon payment	☐	☐	☐
Interest-only payments	☐	☐	☐
Private mortgage insurance	☐	☐	☐

46. At any time after you made your final loan application did any of the following change?

	Higher	Same	Lower
Monthly payment	☐	☐	☐
Interest rate	☐	☐	☐
Other fees	☐	☐	☐
Amount of money needed to close loan	☐	☐	☐

47. The "Closing Disclosure" statement you received at closing shows the loan closing costs and other closing costs separately. What were the loan closing costs you paid on this loan?

$ _____ .00 ☐ Don't know

48. How were the total closing costs (loan costs and other costs) for this loan paid?

	Yes	No	Don't Know
By me or a co-signer with a check or wire transfer	☐	☐	☐
Added to the mortgage amount	☐	☐	☐
By mortgage lender/broker	☐	☐	☐
By seller/builder	☐	☐	☐
Other (specify) _____	☐	☐	☐

☐ Loan had no closing costs

49. Were the loan costs you paid similar to what you had expected to pay based on the Loan Estimates or Closing Disclosures you received?

☐ Yes ☐ No

50. After closing on this mortgage, how much cash reserves in checking, savings, and other similar assets did you have remaining?

☐ Less than one month's mortgage payment
☐ 1-2 months' worth of mortgage payments
☐ 3-6 months' worth of mortgage payments
☐ 7 months' worth or more of mortgage payments

51. Did you seek input about your closing documents from any of the following people?

	Yes	No
Mortgage lender/broker	☐	☐
Settlement/closing agent	☐	☐
Real estate agent	☐	☐
Personal attorney	☐	☐
Title insurance agent	☐	☐
Trusted friend or relative who is not a co-signer on the mortgage	☐	☐
Housing counselor	☐	☐
Other (specify) _____	☐	☐

52. Did you face any of the following at your loan closing?

	Yes	No
Loan documents not ready at closing	☐	☐
Closing did not occur as originally scheduled	☐	☐
Three-day rule required re-disclosure	☐	☐
Mortgage terms different at closing than expected, *e.g.* interest rate, monthly payment	☐	☐
More cash needed at closing than expected, *e.g.* escrow, unexpected fees	☐	☐
Less cash needed at closing than expected	☐	☐
Asked to sign blank documents at closing	☐	☐
Asked to sign pre-dated or post-dated documents at closing	☐	☐
Felt rushed at closing or not given time to read documents	☐	☐

53. Is there any additional problem you encountered while getting this mortgage that you'd like to tell us about?

54. At the same time you took out this mortgage, did you also take out another loan on the property you financed with this mortgage *(a second lien, home equity loan, or a home equity line of credit (HELOC))*?

☐ Yes
☐ No → **Skip to 56**

55. What was the amount of this loan?

$ _____ .00
☐ Don't know

56. How well could you explain to someone the…

	Very	Somewhat	Not At All
Process of taking out a mortgage	☐	☐	☐
Difference between a fixed- and an adjustable-rate mortgage	☐	☐	☐
Difference between a prime and subprime loan	☐	☐	☐
Difference between a mortgage's interest rate and its APR	☐	☐	☐
Amortization of a loan	☐	☐	☐
Consequences of not making required mortgage payments	☐	☐	☐
Difference between lender's and owner's title insurance	☐	☐	☐
Relationship between discount points and interest rate	☐	☐	☐
Reason payments into an escrow account can change	☐	☐	☐

This Mortgaged Property

57. When did you first become the owner of this property?

_____ / _____
month year

58. What was the purchase price of this property, or if you built it, the construction and land cost?

$ _____ .00 ☐ Don't know

59. Which one of the following best describes how you acquired this property?

☐ Purchased an existing home
☐ Purchased a newly-built home from a builder
☐ Had or purchased land and built a house
☐ Received as a gift or inheritance
☐ Other (specify) _____

60. Which one of the following best describes this property?

☐ Single-family detached house
☐ Mobile home or manufactured home
☐ Townhouse, row house, or villa
☐ 2-unit, 3-unit, or 4-unit dwelling
☐ Apartment (or condo/co-op) in apartment building
☐ Unit in a partly commercial structure
☐ Other (specify) _____

61. Does this mortgage cover more than one unit?

☐ Yes ☐ No

62. About how much do you think this property is worth in terms of what you could sell it for now?

$ _____ .00 ☐ Don't know

63. Do you rent out all or any portion of this property?

☐ Yes
☐ No → **Skip to 65 on page 7**

64. How much rent do you receive annually?

$ _____ .00 per year

65. Besides you, the mortgage co-signers, and renters, does anyone else help pay the expenses for this property?

☐ Yes ☐ No

66. Which of the following best describes how you use this property?

☐ Primary residence *(where you spend the majority of your time)*
☐ It will be my primary residence soon
☐ Seasonal or second home
☐ Home for other relatives
☐ Rental or investment property
☐ Other (specify) _____

Skip to 68

67. If primary residence, when did you move into this property?

_____ / _____
month year

68. In the last couple years, how have the following changed in the neighborhood where this property is located?

	Significant Increase	Little/No Change	Significant Decrease
Number of homes for sale	☐	☐	☐
Number of vacant homes	☐	☐	☐
Number of homes for rent	☐	☐	☐
Number of foreclosures or short sales	☐	☐	☐
House prices	☐	☐	☐
Overall desirability of living there	☐	☐	☐

69. What do you think will happen to the prices of homes in this neighborhood over the next couple of years?

☐ Increase a lot
☐ Increase a little
☐ Remain about the same
☐ Decrease a little
☐ Decrease a lot

70. In the next couple of years, how do you expect the overall desirability of living in this neighborhood to change?

☐ Become more desirable
☐ Stay about the same
☐ Become less desirable

71. How likely is it that in the next couple of years you will…

	Very	Somewhat	Not At All
Sell this property	☐	☐	☐
Move but keep this property	☐	☐	☐
Refinance the mortgage on this property	☐	☐	☐
Pay off this mortgage and own the property mortgage-free	☐	☐	☐

Your Household

72. What is your current marital status?

☐ Married
☐ Separated
☐ Never married
☐ Divorced
☐ Widowed

73. Do you have a partner who shares the decision-making and responsibilities of running your household but is not your legal spouse?

☐ Yes ☐ No

Please answer the following questions for you and your spouse or partner, if applicable.

74. Age at last birthday:

You	Spouse/ Partner
_____ years	_____ years

75. Sex:

	You	Spouse/ Partner
Male	☐	☐
Female	☐	☐

76. Highest level of education achieved:

	You	Spouse/ Partner
Some schooling	☐	☐
High school graduate	☐	☐
Technical school	☐	☐
Some college	☐	☐
College graduate	☐	☐
Postgraduate studies	☐	☐

77. Hispanic or Latino:

	You	Spouse/ Partner
Yes	☐	☐
No	☐	☐

78. Race: *Mark all that apply.*

	You	Spouse/ Partner
White	☐	☐
Black or African American	☐	☐
American Indian or Alaska Native	☐	☐
Asian	☐	☐
Native Hawaiian or Pacific Islander	☐	☐

79. Current work status: *Mark all that apply.*

	You	Spouse/ Partner
Self-employed full time	☐	☐
Self-employed part time	☐	☐
Employed full time	☐	☐
Employed part time	☐	☐
Retired	☐	☐
Unemployed, temporarily laid-off or on leave	☐	☐
Not working for pay *(student, homemaker, disabled)*	☐	☐

80. Ever served on active duty in the U.S. Armed Forces, Reserves or National Guard?

	You	Spouse/ Partner
Never served in the military	☐	☐
Only on active duty for training in the Reserves or National Guard	☐	☐
Now on active duty	☐	☐
On active duty in the past, but not now	☐	☐

81. Besides you (and your spouse/partner) who else lives in your household? *Mark all that apply.*

- ☐ Children/grandchildren under age 18
- ☐ Children/grandchildren age 18 – 22
- ☐ Children/grandchildren age 23 or older
- ☐ Parents of you or your spouse or partner
- ☐ Other relatives like siblings or cousins
- ☐ Non-relative

- ☐ No one else

82. Do you speak a language other than English at home?

- ☐ Yes
- ☐ No → **Skip to 85**

83. Was it important to get your mortgage documents in this language?

☐ Yes ☐ No

84. Did you get mortgage documents in this language?

☐ Yes ☐ No

85. Approximately how much is your total annual household income from all sources *(wages, salaries, tips, interest, child support, investment income, retirement, social security, and alimony)*?

- ☐ Less than $35,000
- ☐ $35,000 to $49,999
- ☐ $50,000 to $74,999
- ☐ $75,000 to $99,999
- ☐ $100,000 to $174,999
- ☐ $175,000 or more

86. How does this total annual household income compare to what it is in a "normal" year?

- ☐ Higher than normal
- ☐ Normal
- ☐ Lower than normal

87. Does your total annual household income include any of the following sources?

	Yes	No
Wages or salary	☐	☐
Business or self-employment	☐	☐
Interest or dividends	☐	☐
Alimony or child support	☐	☐
Social Security, pension or other retirement benefits	☐	☐

88. Does anyone in your household have any of the following?

	Yes	No
401(k), 403(b), IRA, or pension plan	☐	☐
Stocks, bonds, or mutual funds *(not in retirement accounts or pension plans)*	☐	☐
Certificates of deposit	☐	☐
Investment real estate	☐	☐

89. Which one of the following statements best describes the amount of financial risk you are willing to take when you save or make investments?

- ☐ Take substantial financial risks expecting to earn substantial returns
- ☐ Take above-average financial risks expecting to earn above-average returns
- ☐ Take average financial risks expecting to earn average returns
- ☐ Not willing to take any financial risks

90. Do you agree or disagree with the following statements?

	Agree	Disagree
Owning a home is a good financial investment	☐	☐
Most mortgage lenders generally treat borrowers well	☐	☐
Most mortgage lenders would offer me roughly the same rates and fees	☐	☐
Late payments will lower my credit rating	☐	☐
Lenders shouldn't care about any late payments, only whether loans are fully repaid	☐	☐
It is okay to default or stop making mortgage payments if it is in the borrower's financial interest	☐	☐
I would consider counseling or taking a course about managing my finances if I faced financial difficulties	☐	☐

91. In the last couple of years, have any of the following happened to you?

	Yes	No
Separated, divorced or partner left	☐	☐
Married, remarried or new partner	☐	☐
Death of a household member	☐	☐
Addition to your household (not including spouse/partner)	☐	☐
Person leaving your household (not including spouse/partner)	☐	☐
Disability or serious illness of household member	☐	☐
Disaster affecting a property you own	☐	☐
Disaster affecting your (or your spouse/partner's) work	☐	☐
Moved within the area (less than 50 miles)	☐	☐
Moved to a new area (50 miles or more)	☐	☐

92. In the last couple of years, have any of the following happened to you (or your spouse/partner)?

	Yes	No
Layoff, unemployment, or reduced hours of work	☐	☐
Retirement	☐	☐
Promotion	☐	☐
Starting a new job	☐	☐
Starting a second job	☐	☐
Business failure	☐	☐
A personal financial crisis	☐	☐

93. In the last couple years, how have the following changed for you (and your spouse/partner)?

	Significant Increase	Little/No Change	Significant Decrease
Household income	☐	☐	☐
Housing expenses	☐	☐	☐
Non-housing expenses	☐	☐	☐

94. In the next couple of years, how do you expect the following to change for you (and your spouse/partner)?

	Significant Increase	Little/No Change	Significant Decrease
Household income	☐	☐	☐
Housing expenses	☐	☐	☐
Non-housing expenses	☐	☐	☐

95. How likely is it that in the next couple of years you (or your spouse/partner) will face…

	Very	Somewhat	Not At All
Retirement	☐	☐	☐
Difficulties making your mortgage payments	☐	☐	☐
A layoff, unemployment, or forced reduction in hours	☐	☐	☐
Some other personal financial crisis	☐	☐	☐

96. If your household faced an unexpected personal financial crisis in the next couple of years, how likely is it you could…

	Very	Somewhat	Not At All
Pay your bills for the next 3 months without borrowing	☐	☐	☐
Get significant financial help from family or friends	☐	☐	☐
Borrow a significant amount from a bank or credit union	☐	☐	☐
Significantly increase your income	☐	☐	☐

The Federal Housing Finance Agency and the Consumer Financial Protection Bureau thank you for completing this survey.

We have provided space below for any additional comments.
If the COVID-19 (coronavirus) situation has affected or might affect your ability to make your mortgage payments, please tell us about it here.
Please do not put your name or address on the questionnaire.

Please use the enclosed business reply envelope to return your completed questionnaire.
FHFA

For any questions about the survey or online access you can call toll free

Appendix C: NSMO Code Book

*COPYRIGHT * FHFA.GOV* DO NOT COPY*

Section 1: Codebook

This codebook consists of two parts. The first part lists 309 variables from the National Survey of Mortgage Originations (NSMO). The second part lists an additional 118 supplementary variables. In the first part, the responses to each survey sub-question in NSMO are recorded as separate variables. There are five types of survey variables.

1. ***X variables with a 2-digit number suffix*: Multiple-choice questions yielding categorical variables are named with a prefix of X followed by the question number in the 15th wave of the survey (*e.g.*, responses to the multiple-choice question 6 are recorded in the variable X06).**

2. ***X variables with a 2-digit number and a 1 letter suffix*: Multi-part questions are marked with letters after the question number in the variable name (*e.g.*, responses to the first part of multiple-choice question 5 are recorded in the variable X05a, responses to the second part are recorded in the variable X05b, etc.).**

3. ***X variables with a 2-digit number and an "R" or "S" suffix*: Near the end of the survey, respondents were asked to answer questions both for themselves and for their spouse/partner. For these questions, variables recording the respondent's answers for themselves have a suffix of R appended to the end of their variable name (*e.g.*, X74R records the response to the categorical question 74 pertaining to the respondent). Variables recording the respondent's answers for their spouse or partner have a suffix of S appended to the end of their variable name (*e.g.*, X74S records the response to the categorical question 74 pertaining to the respondent's spouse/partner).**

4. ***X variables with a 2-digit number and an "_1" suffix*: Questions were edited between waves to improve response quality. When these questions were altered to the extent that responses are not directly comparable between waves, the data from the first waves' responses are recorded with a suffix of "_1" at the end of the variable name. For example, Question 14 asks respondents to rank how important various factors are when selecting a lender or mortgage broker. In the first six waves of the survey, respondents' responses "Very", "Somewhat", and "Not at all" are recorded in X14_1. In subsequent waves, the responses "Important" or "Not important" are recorded as X14. Responses from early waves are recorded in variables ending in "_1" and responses from**

latter waves are recorded in variables named as described above. This codebook details exactly how questions changed between waves, with alterations marked in red text. In a small number of cases, multiple questions were combined in later waves. These cases have additional letters and numbers before the "_1" in the variable name to clarify how questions changed between waves (*e.g.*, X53e is a combination of two previous questions, name X53e1_1 and X53e2_1).

5. ***Z variables with a 2-digit number suffix*: Questions yielding continuous variables are named with a prefix of Z followed by the question number in the 15th wave of the survey. In the public use file, these variables record whether the respondent chose to answer that question, where "1" indicates that the question was not answered and a "2" indicates that the question was answered. Exact values of the continuous variables are not provided in the public use file in order to protect respondents' privacy.**

6. ***R variables with a 2-digit number suffix*: Multiple-choice questions yielding categorical variables are named with a prefix of R followed by the question number in the 15th wave of the survey if the questions were retired after the 15th wave. (*e.g.*, R39 and R52). Please use these variables with caution.**