

The First-Time Homebuyer Education and Counseling Demonstration: Take-Up Rates and Focus Group Findings

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The First-Time Homebuyer Education and Counseling Demonstration is a randomized controlled experiment designed to test the impact of two types of homebuyer counseling on a sample of 5,854 prospective low- to moderate- and middle-income (LMMI) first-time homebuyers (less than 120 percent of area median income). The research team worked with three national lenders and two national pre-purchase counseling intermediaries, and 63 HUD-approved local agencies to enroll and randomly assign the sample to one of three interventions and a control group in 28 metropolitan areas with high application volumes across the country.

The objective of the demonstration is to test the effectiveness and impact of two different types of homebuyer counseling modalities on mortgage preparedness, homebuyer outcomes, and loan performance for a large sample of prospective LMMI, first-time homebuyers (FTHB) over three to four years to determine to what extent their outcomes might be attributed back to the counseling intervention they received. This paper presents an overview of the demonstration, participation rates by education and counseling mode, and findings from 14 focus groups in 4 cities by mode for completers and non-completers.

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