Independent Fellowship: Home-ownership Preparation Program

Source: MVHfH Homeowner Marta Rentas, Author

What Steps Should Merrimack Valley Habitat for Humanity Implement to Increase Home-ownership Sustainability?

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I. Introduction

I.1 Fellowship Background

This report is the result of a partnership between the MIT@Lawrence program of the Department of Urban Studies and Planning (DUSP) at the Massachusetts Institute of Technology (MIT) and the Merrimack Valley Habitat for Humanity (MVHfH) affiliate of Habitat International located in Lawrence, Massachusetts. Under the umbrella of this partnership, DUSP master's candidate Carlos Espinoza-Toro developed a proposal that used his experience as a Habitat AmeriCorps volunteer and the academic support of DUSP faculty to address the current needs of MVHfH families in the Merrimack valley area. This proposal was awarded a fellowship grant through the Independent Fellowships Program of the MIT Public Service Center.

I.2 Problem Definition

As a non-profit, ecumenically based organization, MVHfH started operations in Lawrence in 1985 and currently serves 50 families. Its mission is to stabilize communities in the Merrimack valley area by providing home-ownership opportunities for those in need (MVHfH, 2007, Our Mission). MVHfH is funded primarily by private donors and federal government grants. Although the program is successful at producing an average of 7 houses per year, in the past three years it has experienced a typical pattern of mortgage delinquency. MVHfH believes that this pattern may be the result of families being challenged by socioeconomic conditions in the Merrimack valley area.

This report aims to identify these challenges and recommend steps to act upon them by answering the following question:

What Steps Should Merrimack Valley Habitat for Humanity Implement to Increase Home-ownership Sustainability?

I.3 Fellowship Overview

The research approach first defines home-ownership success and uses this definition to evaluate mortgage delinquency among MVHfH families. Second, key socioeconomic factors that influence mortgage delinquency are identified and a questionnaire is designed, which subdivides these factors into several indicators of home-ownership sustainability. The questionnaire was distributed to the 50 families that MVHfH serves, resulting in 14 responses. Using data from the questionnaire, the relationships between these indicators and home-ownership sustainability are discussed and the strength of such relationships evaluated. Finally, the report offers recommendations as steps to be taken in order to increase home-ownership sustainability among MVHfH families.

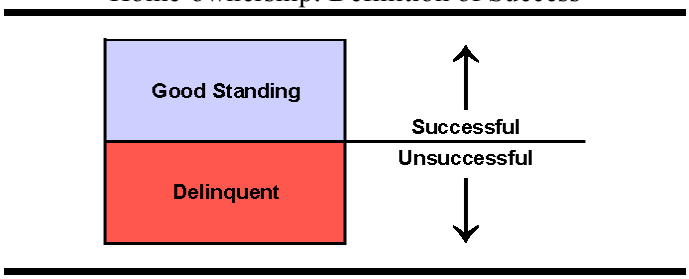
II. MVHfH Home-ownership

II.1 Definition of Successful Home-ownership

Currently MVHfH defines success as a family's ability to sustain home-ownership status. This definition, while basic, is consistent with MVHfH's mission: "to eradicate poverty housing by providing home-ownership opportunities to those in need" (MVHfH, 2007, Our Mission). This mission disintegrates if families are unable to maintain this home-ownership opportunity and lose their homes.

This study measured this ability to sustain home-ownership status by evaluating a family's mortgage payment record. These records are provided to MVHfH in the form of monthly mortgage reports (See Appendix A). If the monthly report indicates that a family is behind, then this family is considered Delinquent. On the other hand, if the monthly report shows that a family is current (or ahead), this family is considered in Good Standing. While a Delinquent family is considered unsuccessful, a family in Good Standing is considered successful. (See Diagram 1)

Diagram 1
Home-ownership: Definition of Success



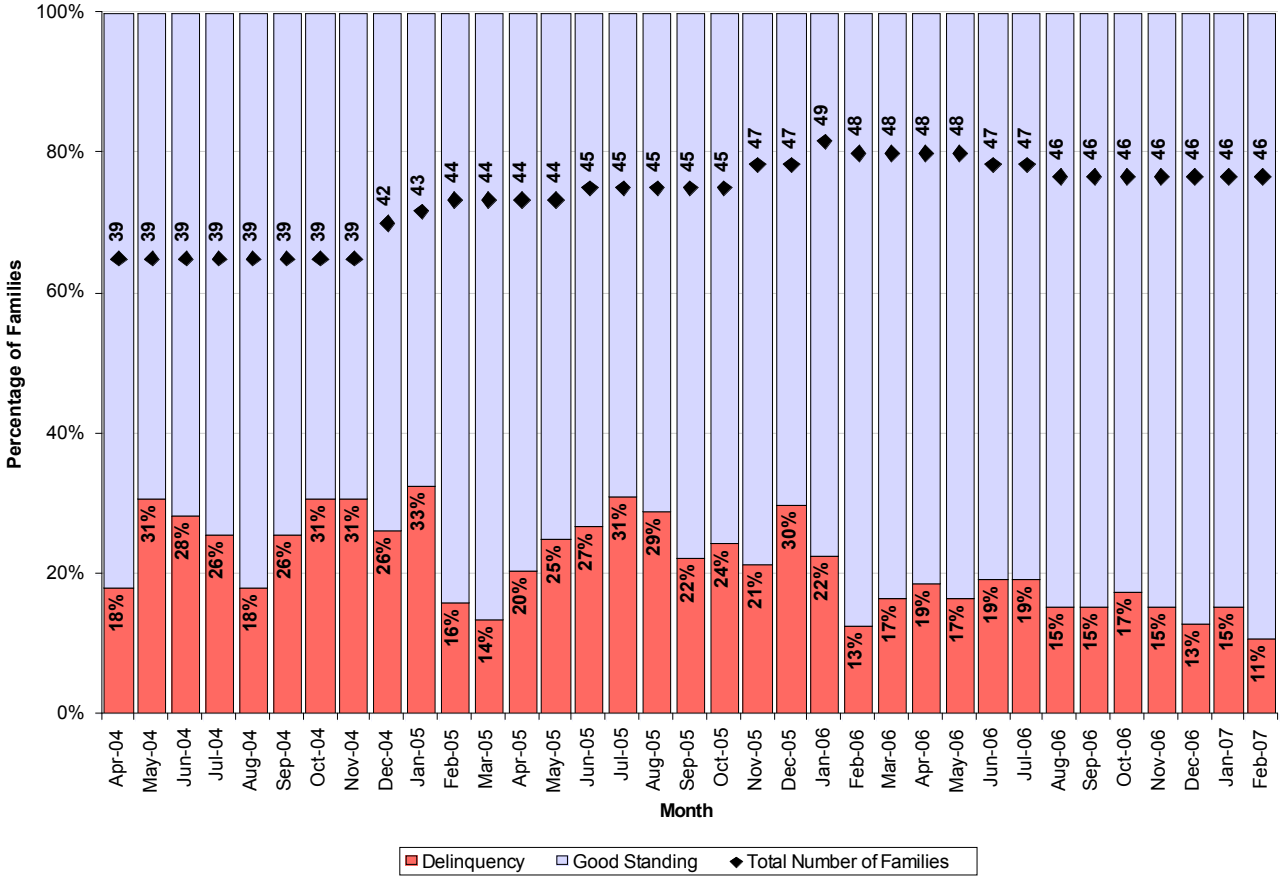
Source: MVHfH, Author

In addition, this study looks beyond this definition of success by identifying additional socioeconomic factors that may influence a family's home-ownership sustainability. This influence is analyzed later in subsection III.1 (Research on Home-ownership Sustainability)

II.2 Mortgage Delinquency

This study evaluated each family's mortgage payment record to determine mortgage delinquency. Mortgage delinquency is defined as the number of months a family's mortgage payment is behind. The study uses the available monthly mortgage reports to document the mortgage delinquency throughout a period of 35 months, from April 2004 to February 2007. The Mortgage Delinquency Table (See Appendix B) consists of 50 rows representing all MVHfH families as of February 2007, and 35 columns representing their mortgage payment status each month. A negative value indicates delinquency in number of months behind. In contrast, a 0 or a positive value indicates Good Standing. For instance, on January 2005, family F-1 is shown in Good Standing with a positive value of 1 month (ahead). In the same month, family F-49 is shown as delinquent with a negative value of 9 months (behind). With a few exceptions, families F-1 through F-32 are consistently in Good Standing. On the other hand, families F-33 through F-50 exhibit a common variation between being Delinquent and in Good Standing. This record suggests that families in Good Standing do not become delinquent. However, Delinquent families may sometimes come out of delinquency, but immediately fall back into it.

Graph 1
Mortgage Delinquency
(April 2004 - February 2007)



Source: MVHfH, TD Banknorth, Author

This suggestion is confirmed by the fluctuation between low and high percentage of Delinquent families shown in Graph 1: Mortgage Delinquency. The darker shaded bars at the bottom with the corresponding percentage values show the percentage of families that were delinquent and the number in the top bars are the total number of families participating in MVHfH in that particular month. The general pattern of the percentage delinquency indicates it starts low during the months of February and March but increases until it reaches high percentages during the summer months of June and July. During the rest of the year, delinquency decreases until, during the Christmas months of December and January, it abruptly increases to some of the highest percentages of this 35-month period. Low delinquency during February and March completes this pattern. This delinquency behavior might suggest that many families spend heavily on summer and Christmas activities; such as travel expenses, food consumption and presents; giving low priority to mortgage payments and, as a result, becoming delinquent. A similar pattern was observed among the 14 Surveyed Families (See Appendix C). These families are discussed in depth in section IV (Data Analysis).

Overall, the good news is that higher percentages of families are in Good Standing than Delinquent. In addition, delinquency decreases from a high 33% in January 2005 to a low 11% in February 2007. In fact, during this same period, there is an overall decrease in the total number of delinquent families from 14 to 5. This delinquency decrease may be in part a result of the departure of 4 families from the MVHfH's program. These 4 families, who refinanced their homes, were consistently delinquent (see F-38, F-40, F-

42 and F-49 in Appendix B). On the other hand, this delinquency decrease may also be influenced by an overall increase in the total number of families, from 43 in January 2005 to 46 in February 2007. MVHfH executive director Larry Sharp, who took office in December 2004, attributes this delinquency decrease to an improved selection process. This process includes the use of a standardized grading system. In addition, Mr. Sharp also points out that delinquency levels have been more strongly monitored and acted upon (Sharp, 2007).

II.3 Levels of Delinquency

In order to prevent a family from losing its home, MVHfH identifies different levels of delinquency and performs foreclosure prevention actions at each level (See Table 1).

Table 1
Levels of Delinquency & MVHfH Actions

Level of Delinquency (number of months behind)	MVHfH Action
1	No action
2	Warning Letter
3	Strong Warning Letter
4 to 6	Begin Foreclosure Process
7 plus	Foreclosure

Source: MVHfH, Author

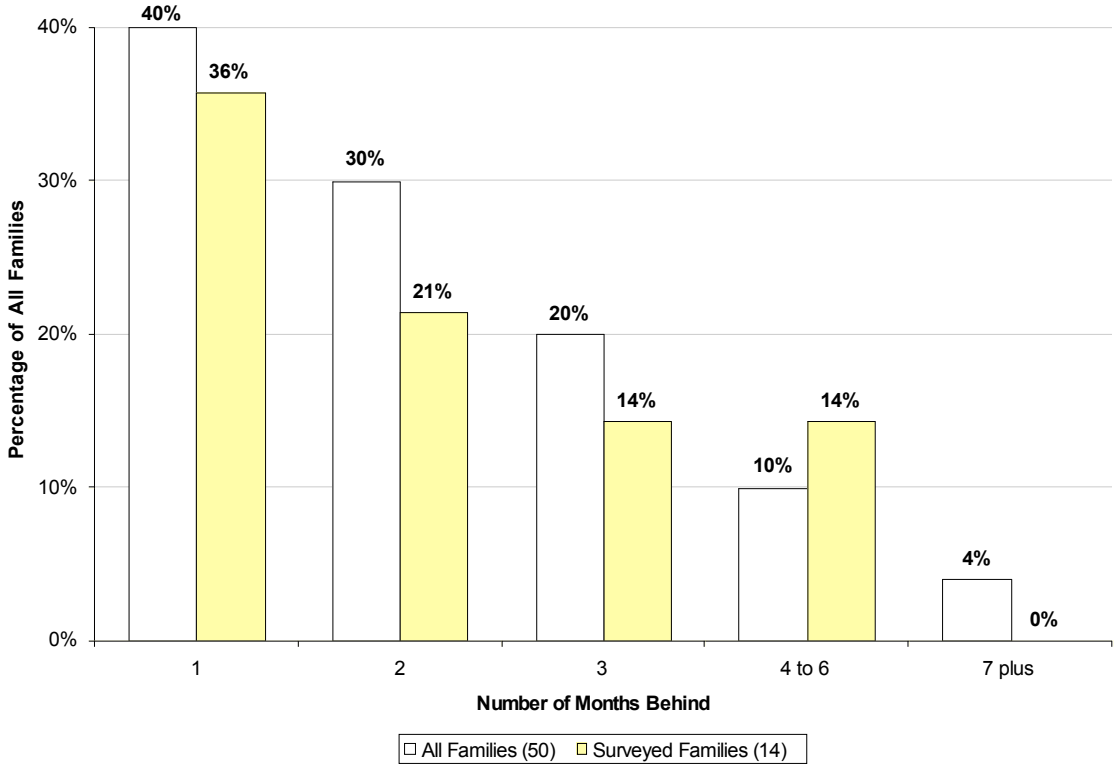
In order to assess the gravity of mortgage delinquency, this study analyzed the distribution of all families that fell under different levels of delinquency (See Graph 2). At least once, 40% (20 out of the current 50 families) of all families were "1 month behind," 30% (15 out of 50) were given a Warning Letter for being "2 months behind," 20% (10 out of 50) were given a Strong Warning Letter for being "3 months behind," and 10% have been at risk of foreclosure. From the 2 out of 50 families (4%) that were "7 plus months behind," one family (F-49) refinanced and the other (F-50) was able to come out of delinquency in December 2006, only to fall back into delinquency the month after (See Appendix B).

Considering that MVHfH has produced a total of 55 houses since 1985, 5 houses being at risk of foreclosure represents nearly 10% of the total production that could be lost to the mainstream housing market through refinance or foreclosure. In fact, as mentioned above, 4 families, who were consistently delinquent, did refinance their homes giving up their MVHfH no-interest mortgage to acquire money to pay off other high-interest loans. In addition, one family that had refinanced later lost its home to foreclosure.

The MVHfH program provides home-ownership opportunities for families in need; i.e. all of these families are economically disadvantaged. Therefore, a certain level of mortgage delinquency is a realistic expectation and does not mean failure for the program. However, considering the total number of houses produced by this Habitat affiliate, it is important to keep the level of mortgage delinquency low or decrease it. One way of accomplishing this task is by implementing measures such as tightening the selection process or performing foreclosure prevention actions, as Larry Sharp mentioned above. These measures may work with Delinquent families who have been 1 or 2 months behind and from time to time in Good Standing, but may not help Delinquent families who are at risk of foreclosure. In order to deal with mortgage delinquency in a comprehensive manner, MVHfH must first understand how being economically disadvantaged challenges home-ownership sustainability. A goal of this study is to provide some insight into these challenges.

Graph 2

Percentage of All Families by Level of Delinquency
(April 2004 - February 2007)



Source: MVHfH, TD Banknorth, Author

III. Data Gathering

III.1 Research on Home-ownership Sustainability

During the course of exploring some of the challenges to home-ownership sustainability, this study found one survey and one paper regarding similar research. The survey was prepared by Applied Real Estate Analysis (AREA), Inc. for the Office of Policy Development and Research of the U.S. Department of Housing and Urban Development (AREA, 1998). The paper was produced by Mark Wiranowski with the support of the Neighborhood Reinvestment Corporation and the Harvard Joint Center on Housing Studies of Harvard University (Wiranowski, 2003)

Wiranowski's paper supports the analysis of mortgage delinquency as one measure of a family's financial stability and found the reasons for mortgage delinquency vary; from financial choices, such as expensive spending patterns; to unexpected expenses triggered by change in employment, marital problems, illness or death, and other unexpected events. (Wiranowski, 2003, p. 9)

Both Wiranowski and AREA find that delinquency is most predominant among low-income families (Wiranowski, 2003, p. 10) (AREA, 1998, p. V-6). These findings confirm this study's analysis of delinquency among MVHfH families. Low-income earnings and few cash reserves leave MVHfH families vulnerable to the delinquent effects of large unexpected expenses (Wiranowski, 2003, p. 10). On the other hand, Wiranowski warns researchers and practitioners not to evaluate home-ownership sustainability through the lens of mortgage delinquency only, but also to consider alternative hard-to-measure aspects such as quality of life, community building and housing quality (Wiranowski, 2003, p. 11).

III.2 Homeowner Questionnaire

In response to Wiranowski's observations, this study designed a questionnaire to identify not only previously studied socioeconomic factors that influence home-ownership sustainability, but also alternative ones. Among previously studied factors, the questionnaire considered level of education (education), employment and income. Among the alternative factors, it considered domestic environment (family), neighborhood, financial literacy (budget), home maintenance and homeowner satisfaction (home-ownership preparation).

Appendix D shows the basic structure that was used in developing the questionnaire and summarizes the questions. Each nominal ("Yes" or "No") question, or equivalent group of questions, measured the relationship between a socioeconomic indicator and home-ownership sustainability. For instance, under Education, question 3 measured the relationship between pursuing further education and success. In analyzing the responses, if the percentage of families who answered "Yes" and were in Good Standing was greater than the percentage of families who answered "No" and were in Good Standing, then pursuing further education was associated with an increase in home-ownership sustainability. In contrast, if the percentage of families who answered "Yes" and were in Good Standing was less than the percentage of families who answered "No" and were in Good Standing, then pursuing further education was associated with a decrease in home-ownership sustainability. In addition, the questionnaire also asked descriptive questions in order to further understand this association. For instance, under Budget, question 2 not only measured the relationship between skipping bills and success, but also asked for the kind of bills skipped. Knowing this additional information might reveal if "mortgage payment" was the skipped bill. Appendix E shows the final version of the Homeowner Questionnaire.

III.3 Questionnaire Implementation

Due to the nature of the information asked, the questionnaire was classified as personal and confidential. A mail delivery strategy was considered the fastest and most effective way to reach all (50) families at the same time, allowing them the same amount of time to complete and return the questionnaire. A packet consisting of an introductory letter, a questionnaire and a pre-paid and pre-addressed envelope was prepared. The introductory letter served two purposes: first, it informed the families of the purpose of the study (See Appendix F) and second, it enabled the questionnaire to comply with MIT policies regarding research on human subjects (COUHES, 2007, Overview). The pre-paid and pre-addressed envelope guaranteed confidentiality and allowed families to return the survey at no monetary cost. The complete packet was sent to the MIT Committee on the Use of Humans as Experimental Subjects (COUHES) for their review and approval. Once COUHES approval was granted, the letters were delivered. An additional incentive was specified in the introductory letter in the form of a 100-dollar drawing prize among those families who completed and returned the questionnaire by a certain date.

After one and a half weeks, a reminder letter was sent to all families. After two and a half weeks, the initial number of responses was less than expected; only 3 families had responded. In order to increase the number of responses, families were contacted by telephone. The main purpose of this second strategy was to determine if families had received the packet and if they needed additional help filling out the questionnaire. In addition, they were also reminded of the purpose of the study and encouraged to respond. During these telephone conversations, 5 families requested Spanish translations of the packet. Within those 5, 3 stated that they had not received the packet. In compliance, 5 packets in Spanish were sent out.

After two and a half weeks, the initial number of responses increased only slightly to 7 families. To further increase this number, a door-to-door strategy was considered. A cluster with the highest amount of MVHfH homes was identified. Sixteen families were visited; about half of them were given Spanish translations of the packet, only 3 were given English versions of the packet. Most of these families promised to respond and only 2 decided not to respond at all. It is also important to point out that within these families, 4 respondent families provided a significant amount of additional information relevant to the study. This additional information is discussed in subsection IV.2 (What Influenced Home-ownership Sustainability?).

At the end of the implementation, the number of responses was low. Only 14 out of 50 families completed and returned the questionnaire. One of these families was randomly chosen and awarded the 100-dollar drawing prize. An in depth analysis of these 14 Surveyed Families is discussed in the following section.

IV. Data Analysis

IV.1 The Success Index

The analysis began with the classification of the 14 Surveyed Families into either Delinquent or in Good Standing. As mentioned in subsection II.1 (Definition of Successful Home-ownership), based on their monthly mortgage record, the study considered Delinquent families as unsuccessful, and families in Good Standing as successful. However, this monthly-based classification did not account for the common variation between being Delinquent and in Good Standing. In order to account for this variation, the study used a Success Index, which measured the sum of all monthly mortgage records throughout the entire 35-month period (See Table 2).

Table 2

Mortgage Delinquency & Home-ownership Sustainability

(14) Surveyed Families

FN	Apr-04	May-04	Jun-04	Jul-04	Aug-04	...	Nov-06	Dec-06	Jan-07	Feb-07	Success Index	Home-ownership Sustainability
F-2	N/A	N/A	N/A	N/A	N/A	...	-1	-1	-1	-1	22	(9) Good Standing
F-5	N/A	N/A	N/A	N/A	N/A	...	-1	-1	-1	-1	16	
F-8	0	0	-1	0	0	...	0	0	0	0	11	
F-16	0	0	0	0	0	...	0	0	0	0	2	
F-21	N/A	N/A	N/A	N/A	N/A	...	0	0	0	0	0	
F-22	0	0	0	0	0	...	0	0	0	0	0	
F-23	0	0	0	0	0	...	0	0	0	0	0	
F-24	N/A	N/A	N/A	N/A	N/A	...	0	0	0	0	0	
F-25	0	0	0	0	0	...	0	0	0	0	0	
F-33	N/A	N/A	N/A	N/A	N/A	...	1	0	0	0	-1	(5) Delinquent
F-36	0	1	1	0	0	...	0	1	1	0	-10	
F-43	1	1	1	1	1	...	1	0	1	0	-29	
F-45	0	1	1	2	0	...	0	0	0	0	-44	
F-47	2	2	2	1	1	...	2	2	1	0	-49	

Success Index: Sum of all Monthly Mortgage Records from April 2004 to February 2007

Source: MVHfH, TD Banknorth, Author

Similar to The Mortgage Delinquency Table (See Appendix B), Table 2 consists of 14 rows representing all the Surveyed Families, and 35 columns representing their mortgage delinquency per month. The Success Index column was a sum of all the values for each pay period and was used to classify families based on their ability to sustain home-ownership over time. While a negative Success Index value classified a family as unable to sustain home-ownership, thus Delinquent; a zero or positive Success Index value classified it as able to sustain home-ownership, thus in Good Standing. Among the 14 Surveyed Families, 5 were Delinquent and 9 were in Good Standing.

IV.2 What Influenced Home-ownership Sustainability?

Once the 14 Surveyed Families were classified, the analysis used the "Percentage Difference" method to expose any relationships between the questionnaire's socioeconomic factors and home-ownership sustainability and then to assess the strength of such relationships. The data collected from the questionnaire results were cross-tabulated between each of the questions and home-ownership sustainability (e.g. Table SF-1). The analysis evaluated nominal ("Yes" or "No") questions as indicators

of home-ownership sustainability. Additional descriptive questions were evaluated to provide support for such indicators. Raw and percentaged cross-tabulation tables were used to calculate the difference between the percentage of families in Good Standing who answered either "Yes" or "No." Depending on its direction, positive or negative (-), this percentage difference associated each indicator with either an increase or a decrease in home-ownership sustainability. Only percentage differences above 10% were considered significant. In addition, a question that generated 13 or more (2 or less) equal responses was not considered an indicator.

For example, Table SF-1 shows the cross-tabulations between home-ownership sustainability and the questions on "Change in Level of Education" and "Pursuing Further Education." The raw data side for "Pursuing Further Education" shows that the 4 out of 5 families who answered "Yes" and the 5 out of 9 families who answered "No" were in Good Standing. The percentaged cross-tabulations table converted these values into percentages and calculated their percentage difference. As a result, the percentage of families who answered "Yes" and were in Good Standing was higher than the percentage of those who answered "No" and were in Good Standing (80% vs. 56%). Therefore, "Pursuing Further Education" was associated with a 24% (80%-56%) increase in home-ownership sustainability. Following this example, the analysis calculated and discussed the percentage differences for each indicator, under their respective socioeconomic factor.

Education

Table SF-1 shows how education influences home-ownership sustainability.

Table SF-1

Percentage Difference: Education

Raw Data				Percentaged Cross-Tabulations			
Q 1: What level of education did you have before you became a Habitat homeowner?							
Q 2: What is your level of education now?							
Change in Level of Education							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	1	8	9	Good Standing	33%	73%	**-39%**
Delinquent	2	3	5	Delinquent	67%	27%	
Total	3	11	14	Total	100%	100%	
Q 3: Are you currently pursuing further education and/or training?							
Pursuing Further Education							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	4	5	9	Good Standing	80%	56%	**24%**
Delinquent	1	4	5	Delinquent	20%	44%	
Total	5	9	14	Total	100%	100%	

Q: Homeowner Questionnaire Question Number
SOR: Strength of Relationship

Source: MVHfH, Author

A change in level of education was associated with a 39% decrease in home-ownership sustainability. Only 33% of families who reported a change in their level of education were in Good Standing, compared to 73% of those who did not report a change in their level of education and were in Good Standing. This negative relationship suggests that homeowners who obtained further education may not have applied their newly obtained degrees directly to obtain better jobs or they may have invested a lot of money on their degrees and prioritized paying off their education loans instead of their mortgage. According to the results of the survey, all homeowners who obtained further education received a college degree. These homeowners may have invested a considerable amount of money in their education and reduced their working hours (and paychecks) to be able to study.

On the other hand, as previously discussed, pursuing further education was associated with a 24% increase in home-ownership sustainability. The percentage of families who were pursuing further education and were in Good Standing was higher than that of families who were not pursuing further education and were in Good Standing (80% vs. 56%). In contrast to those homeowners who obtained further education, homeowners who were pursuing further education may have applied their education directly to their jobs and obtained higher wages and/or promotions. According to the survey results, 2 of the 5 homeowners who were pursuing further education reported an upwards change in employment and a household income increase.

Employment

Table SF-2 shows how employment influences home-ownership sustainability.

Table SF-2

Percentage Difference: Employment

Raw Data | **Percentaged Cross-Tabulations**

Q 1: What type(s) of employment did you have before you became a Habitat homeowner?
Q 2: What type(s) of employment do you have now?

Change in Employment

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	3	6	9	Good Standing	38%	100%	-63%
Delinquent	5	0	5	Delinquent	63%	0%	
Total	8	6	14	Total	100%	100%	

Q 3: Are there any other employed household member?

Having Another Employed Household Member

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	4	5	9	Good Standing	80%	56%	24%
Delinquent	1	4	5	Delinquent	20%	44%	
Total	5	9	14	Total	100%	100%	

Q 3a: What type(s) of employment did they have before you became a Habitat homeowner?
Q 3b: What type(s) of employment do they have now?

Change in Employment (Other Household Member)

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	2	7	9	Good Standing	100%	58%	42%
Delinquent	0	5	5	Delinquent	0%	42%	
Total	2	12	14	Total	100%	100%	

Q: Homeowner Questionnaire Question Number
SOR: Strength of Relationship

Source: MVHfH, Author

A change in employment was associated with a 63% decrease in home-ownership sustainability. Only 38% of families who reported a change in employment were in Good Standing, compared to 100% of those who did not report a change in employment and were in Good Standing. All 5 Delinquent families reported changing jobs. This negative association suggests that most changes in employment may have not increased household income. These job changes may have been a result of a layoff or the end of a temporary assignment. In this situation, household income may have decreased and forced families to fall in mortgage delinquency. According to the survey results, only 3 of the 8 homeowners that changed jobs reported an upwards change in employment and a household income increase. Among these 3, only 1 was a Delinquent family, the rest were families in Good Standing.

Understandably, having another employed household member was associated with a 24% increase in home-ownership sustainability. The percentage of families who had another employed household member

and were in Good Standing was higher than that of families who did not have another employed household member and were in Good Standing (80% vs. 56%). This positive association suggests that having an additional source of income may have allowed families to allocate enough funds towards making mortgage payments. Furthermore, a change in employment reported for this other household member was associated with a 42% increase in home-ownership sustainability. However, the low number of families (2 out of 14) who reported this situation suggests that this association may have been based on isolated cases. Therefore, a "change in employment (other household member)" was not considered an indicator of home-ownership sustainability.

Income

Table SF-3 shows how household income influences home-ownership sustainability.

Table SF-3

Percentage Difference: Income

Raw Data				Percentaged Cross-Tabulations			
Q 1: Has your household income increased since you became a Habitat homeowner?							
	Increase in Income						
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	8	1	9	Good Standing	89%	20%	**69%**
Delinquent	1	4	5	Delinquent	11%	80%	
Total	9	5	14	Total	100%	100%	

Q: Homeowner Questionnaire Question Number
SOR: Strength of Relationship

Source: MVHfH, Author

An increase in income was associated with a 69% increase in home-ownership sustainability. The percentage of families whose household income increased and were in Good Standing was higher than that of families whose income did not increase and were in Good Standing (89% vs. 20%). This positive association suggests a perfect relationship between an "increase in income" and home-ownership sustainability. Most (8 out of 9) families whose household income increased were in Good Standing and most (4 out of 5) families whose household income did not increase were Delinquent. Having more income made a crucial difference in the ability to sustain home-ownership. While an increase in income may have allowed some families to stay current with their mortgage payments, the absence of such increase may have forced other families into mortgage delinquency.

Family

Table SF-4 shows how domestic environment influences home-ownership sustainability.

Table SF-4

Percentage Difference: Family

Raw Data				Percentaged Cross-Tabulations			
Q 1: Has your family size increased since you became a Habitat homeowner?							
	Increase in Family Size						
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	2	7	9	Good Standing	100%	58%	**42%**
Delinquent	0	5	5	Delinquent	0%	42%	
Total	2	12	14	Total	100%	100%	

Source: MVHfH, Author

(Continued on next page)

Table SF-4 (Continued)

Percentage Difference: Family

Q 2: Are you a single parent?

Being a Single Parent

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	2	7	9	Good Standing	29%	100%	-71%
Delinquent	5	0	5	Delinquent	71%	0%	
Total	7	7	14	Total	100%	100%	

Q 3: Has your family gone through separation or divorce since you became a Habitat homeowner?

Going Through Separation or Divorce

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	0	9	9	Good Standing	0%	75%	-75%
Delinquent	2	3	5	Delinquent	100%	25%	
Total	2	12	14	Total	100%	100%	

Q 4: Do you have health insurance?

Having Health Insurance

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	8	1	9	Good Standing	67%	50%	17%
Delinquent	4	1	5	Delinquent	33%	50%	
Total	12	2	14	Total	100%	100%	

Q 5: Are you responsible for caring for a seriously ill or disable relative?

Caring for an Ill or Disabled Relative

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	4	5	9	Good Standing	57%	71%	-14%
Delinquent	3	2	5	Delinquent	43%	29%	
Total	7	7	14	Total	100%	100%	

Q 6: Has there been a death in your family since you became a Habitat homeowner?

Suffering the Death of a Family Member

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	2	7	9	Good Standing	67%	64%	3%
Delinquent	1	4	5	Delinquent	33%	36%	
Total	3	11	14	Total	100%	100%	

Q: Homeowner Questionnaire Question Number
SOR: Strength of Relationship

Source: MVHfH, Author

An increase in family size was associated with a 42% increase in home-ownership sustainability. However, the low number of families (2 out of 14) who reported this situation suggests that this association may have been based on isolated cases. Therefore, "an increase in family size" was not considered an indicator of home-ownership sustainability.

On the other hand, being a single parent was associated with a 71% decrease in home-ownership sustainability. Only 29% of families headed by a single parent were in Good Standing, compared to 100% of families who had both parents and were in Good Standing. All 5 Delinquent families had single mothers. Having a single source of income and a strong responsibility towards their children may have strongly influenced single mothers to prioritize other expenses, such as education and food over mortgage payments. According to survey results, 3 of the 7 families headed by a single parent also reported skipping bills when their funds were low. This negative association is also consistent with the positive association between "having another employed household member" and home-ownership sustainability.

Going through separation or divorce was associated with a 75% decrease in home-ownership sustainability. However, the low number of families (2 out of 14) who reported this situation suggests that this association may have been based on isolated cases. A similar analysis applied to "having health insurance," which was associated with a 17% increase in home-ownership sustainability. However, almost all families (12 out of 14) reported having health insurance regardless of their success status.

Therefore, neither "going through separation or divorce" nor "having health insurance" were considered indicators of home-ownership sustainability.

Caring for an ill or disabled relative was associated with a 14% decrease in home-ownership sustainability. Only 57% of families who were caring for an ill or disabled relative were in Good Standing, compared to 71% of those who were not caring for an ill or disabled relative and were in Good Standing. This negative association suggests that the emotional responsibility of caring for an ill relative may have strongly influenced families to prioritize medical bills (in addition to personal time) over mortgage payments.

Oddly, suffering the death of a family member was associated with a 3% increase in home-ownership sustainability. This low percentage means that families were in Good Standing regardless of whether they suffered the death of a loved one or not. Therefore, "suffering the death of a family member" was not considered an indicator of home-ownership sustainability.

Neighborhood

Table SF-5 shows how neighborhood environment influences home-ownership sustainability.

Table SF-5

Percentage Difference: Neighborhood

Raw Data				Percentaged Cross-Tabulations			
Q 1: Do you like your neighborhood?							
Being Comfortable with the Neighborhood							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	8	1	9	Good Standing	62%	100%	**-38%**
Delinquent	5	0	5	Delinquent	38%	0%	
Total	13	1	14	Total	100%	100%	
Q 2: Are you involved with neighborhood associations, church clubs, and/or other community organizations?							
Being Involved in Neighborhood Organizations							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	4	5	9	Good Standing	67%	63%	**4%**
Delinquent	2	3	5	Delinquent	33%	38%	
Total	6	8	14	Total	100%	100%	
Q 4: Have you considered moving to a different neighborhood due to neighborhood disadvantages?							
Considering Moving							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	3	6	9	Good Standing	100%	55%	**45%**
Delinquent	0	5	5	Delinquent	0%	45%	
Total	3	11	14	Total	100%	100%	

Q: Homeowner Questionnaire Question Number
SOR: Strength of Relationship

Source: MVHfH, Author

Being comfortable with the neighborhood was associated with a 38% decrease in home-ownership sustainability. However, almost all families (13 out of 14) reported being comfortable with their neighborhood regardless of their success status. A similar analysis applied to "being involved in neighborhood organizations," which was associated with a 4% increase in home-ownership sustainability. This low percentage means that families were in Good Standing regardless of whether they were involved in neighborhood associations or not. Therefore, neither "being comfortable with the neighborhood" nor "being involved with neighborhood organizations" were considered indicators of home-ownership sustainability.

Considering moving was associated with a 45% increase in home-ownership sustainability. The percentage of families who had considered moving and were in Good Standing was higher than that of families who had not considered moving and were in Good Standing (100% vs. 55%). However, this question was considered poorly worded and was not considered an indicator of home-ownership sustainability.

Budget

Table SF-6 shows how financial literacy influences home-ownership sustainability.

Table SF-6

Percentage Difference: Budget

Raw Data / **Percentaged Cross-Tabulations**

Q 1: What are your top 10 priority items in your monthly household budget?

Mortgage as Top Priority

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	9	0	9	Good Standing	64%	N/A	N/A
Delinquent	5	0	5	Delinquent	36%	N/A	
Total	14	0	14	Total	100%	0%	

Q 2: Are there any monthly bills you tend to skip when your funds are low?

Skipping Bills

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	1	8	9	Good Standing	25%	80%	-55%
Delinquent	3	2	5	Delinquent	75%	20%	
Total	4	10	14	Total	100%	100%	

*Q 3: Are there any reasons why you would not be able to pay some monthly bills? **

Q 4: Have you had any large unexpected bills since you became a Habitat homeowner?

Having Unexpected Bills

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	3	6	9	Good Standing	60%	67%	-7%
Delinquent	2	3	5	Delinquent	40%	33%	
Total	5	9	14	Total	100%	100%	

Q 5: Do you have a saving strategy that enables you to deal with unexpected bills?

Having a Saving Strategy

Home-ownership Sustainability	Yes	No	Total	Home-ownership Sustainability	Yes	No	SOR
Good Standing	5	4	9	Good Standing	71%	57%	14%
Delinquent	2	3	5	Delinquent	29%	43%	
Total	7	7	14	Total	100%	100%	

Q: Homeowner Questionnaire Question Number
SOR: Strength of Relationship
N/A: Not Applicable
** This question was considered a descriptive part of Q 2*

Source: MVHfH, Author

The percentage difference method could not be used to evaluate the relationship between "considering mortgage as top priority" and home-ownership sustainability. All families, regardless of their success status, considered mortgage as their top priority. In addition, in order not to feel exposed or because the question was not understood, some families may have provided inaccurate responses. According to Graph 2, at least once, 36% (5 out of 14) of all Surveyed Families were "1 month behind" during the 35-month period. This means that during this time some families considered other expenses more important than mortgage payments, such as medical bills or grocery bills.

Skipping bills was associated with a 55% decrease in home-ownership sustainability. Only 25% of families who had skipped bills were in Good Standing, compared to 80% of those who had not skipped bills and were in Good Standing. According to this association, monthly mortgage should have been one of the bills skipped. However, according to the survey results, all 4 families who reported skipping bills skipped only utility bills. This means that in order not to feel exposed, some families may have provided inaccurate descriptions of their skipped bills.

Having unexpected bills was associated with a 7% decrease in home-ownership sustainability. This low percentage means that families were in Good Standing regardless of whether they had unexpected bills or not. Therefore, "having unexpected bills" was not considered an indicator of home-ownership sustainability.

Having a saving strategy to deal with unexpected bills was associated with a 14% increase in home-ownership sustainability. The percentage of families who had a saving strategy and were in Good Standing was higher than that of families who did not have a saving strategy and were in Good Standing (71% vs. 57%). This positive association suggests that having a saving strategy may have allowed families to cope with unexpected expenses, and as a result, to stay current with their mortgage payments.

Home Maintenance

Table SF-7 shows how performing home maintenance influences home-ownership sustainability.

Table SF-7

Percentage Difference: Home Maintenance

Raw Data				Percentaged Cross-Tabulations			
Q 3: Do you feel it is expensive to maintain your Habitat home?							
Considering Home Maintenance Expensive							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	3	6	9	Good Standing	60%	67%	**-7%**
Delinquent	2	3	5	Delinquent	40%	33%	
Total	5	9	14	Total	100%	100%	
Q 4: Do you hire others to perform maintenance activities on your Habitat home?							
Hiring Others to Perform Home Maintenance							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	3	6	9	Good Standing	75%	60%	**15%**
Delinquent	1	4	5	Delinquent	25%	40%	
Total	4	10	14	Total	100%	100%	
Q 5: Has your home ever been vandalized or burglarized?							
Suffering Vandalism or Burglary							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	1	8	9	Good Standing	100%	62%	**38%**
Delinquent	0	5	5	Delinquent	0%	38%	
Total	1	13	14	Total	100%	100%	

Q: Homeowner Questionnaire Question Number
SOR: Strength of Relationship

Source: MVHfH, Author

Considering home maintenance expensive was associated with a 7% decrease in home-ownership sustainability. This low percentage means that families were in Good Standing regardless of whether they considered maintenance expensive or not. Therefore, "considering maintenance expensive" was not considered an indicator of home-ownership sustainability.

Hiring others to perform home maintenance was associated with a 15% increase in home-ownership sustainability. The percentage of families who hired others to perform home maintenance and were in Good Standing was higher than that of families who did not hire others to perform home maintenance and were in Good Standing. This positive association suggests that families who hired others to perform crucial home repairs may have prevented higher costs had they not performed such preventive maintenance activities. In most cases, families in Good Standing performed some of these preventive maintenance activities themselves. According to the survey results, 6 of 9 of the families in Good Standing performed at least 2 of the 5 "must-do" preventive home maintenance activities (See question 1 under "Home Maintenance" in Appendix E).

Oddly, suffering vandalism or burglary was associated with a 38% increase in home-ownership sustainability. However, the low number of families (1 out of 14) who reported this situation suggests that this association may have been based on a single isolated case. Therefore, "suffering vandalism or burglary" was not considered an indicator of home-ownership sustainability.

Home-ownership Preparation

Table SF-8 shows how home-ownership preparation influences home-ownership sustainability.

Table SF-8

Percentage Difference: Home-ownership Preparation

Raw Data				Percentaged Cross-Tabulations			
Q 1: Are you happy with your Habitat home?							
Being Happy with Habitat Home							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	9	0	9	Good Standing	64%	N/A	**N/A**
Delinquent	5	0	5	Delinquent	36%	N/A	
Total	14	0	14	Total	100%	0%	
Q 2: Do you feel like Habitat prepares you well for first-time homeownership?							
Feeling Well Prepared for Home-ownership							
Home-ownership Sustainability	Yes	No	Total	**Home-ownership Sustainability**	Yes	No	**SOR**
Good Standing	7	2	9	Good Standing	58%	100%	**-42%**
Delinquent	5	0	5	Delinquent	42%	0%	
Total	12	2	14	Total	100%	100%	

Q: Homeowner Questionnaire Question Number
SOR: Strength of Relationship
N/A: Not Applicable

Source: MVHfH, Author

The percentage difference method could not be used to evaluate the relationship between "being happy with Habitat home" and home-ownership sustainability. All families, regardless of their success status, reported being happy with their homes. Most families explained their happiness based on their current status as homeowners vs. their previous status as renters.

Feeling well prepared for first time home-ownership was associated with a 42% decrease in home-ownership sustainability. However, almost all families (12 out of 14) reported feeling well prepared for their first time home-ownership regardless of their success status. Therefore, "feeling well prepared for first time home-ownership" was not considered an indicator of home-ownership sustainability.

Additional Qualitative Information

In order to complement the analysis, additional information was also collected during the door-to-door questionnaire implementation. Among the 16 families visited, 4 families expressed feeling "abandoned" by MVHfH. This "abandonment" was explained by the lack of contact and communication with MVHfH employees or assistants. These families also expressed their frustration with maintenance issues and condominium rules and wished MVHfH could resolve confrontations and legal issues concerning their condominium associations. In response to this information, Larry Sharp stated that the general policy of MVHfH has been to consider families as independent homeowners. During the construction of their homes, families were required to attend workshops designed to prepare them for home-ownership independence. After the move-in date, families have been encouraged to consider MVHfH as an informational resource and not as a landlord (Sharp, 2007). However, the program has been unable to clearly convey where MVHfH's responsibilities ended and families' responsibilities began. This lack of understanding has hindered communications and trust between MVHfH and its families.

IV.3 Indicators of Home-ownership Sustainability

The analysis concluded with the identification of the indicators of home-ownership sustainability. Table 3 summarized and ranked these indicators according to the strength of their relationship: the greater the percentage difference, the stronger the relationship.

Table 3
Indicators of Home-ownership Sustainability

Rank	Indicator	Strength	Sustainability Decrease	Sustainability Increase
1	Being a Single Parent	71%	x	
2	Increase in Income	69%		x
3	Change in Employment	63%	x	
4	Skipping Bills	55%	x	
5	Change in Level of Education	39%	x	
6	Pursuing Further Education	24%		x
7	Having Another Employed Household Member	24%		x
8	Hiring Others to Perform Home Maintenance	15%		x
9	Having a Saving Strategy	14%		x
10	Caring for an Ill or Disabled Relative	14%	x	

Strength: Percentage Difference

Source: MVHfH, Author

"Being a single parent" was the greatest barrier to sustaining home-ownership. In fact, single mothers headed all 5 Delinquent families. This relationship was consistent in that the opposite relationship between "having another employed household member" helped increase home-ownership sustainability. All 5 Delinquent families did not have this additional source of income. In addition, 3 of these 5 Delinquent families also reported "skipping bills." Even though they do not mention skipping mortgage payments, the analysis of mortgage delinquency provided enough evidence of the contrary. "Having a saving strategy" may have prevented Delinquent families from skipping bills. However, only a few of them had a saving strategy to deal with unexpected expenses.

An "increase in income" clearly separated Delinquent families from those in Good Standing. Having more income was crucial for home-ownership sustainability. On the other hand, a "change in employment" did not help Delinquent families. While all of them reported changing jobs, only 1 Delinquent family reported an upward change in employment and an income increase.

The relationship between education and home-ownership sustainability was not very strong. While a "change in education" did not increase home-ownership, "pursuing further education" increased it. These opposite relationships weakened the influence of education on home-ownership sustainability.

The analysis suggested that the influence of education depended on how such education was applied. If it was applied towards employment then it might have influenced an increase in income and as a result an increase in home-ownership sustainability.

"Hiring others to perform home maintenance" and "caring for an ill or disabled relative" were among the weakest indicators related to home-ownership sustainability. While hiring others to perform crucial home maintenance activities may have protected families in Good Standing from expensive home-maintenance repairs, caring for an ill or disabled relative may have forced Delinquent families to prioritize medical expenses (and personal time) over mortgage payments.

IV.4 Data Limitations

Due to the low number of responses to the survey, the study's confidence in the results of this analysis could be challenged. "In general, the larger the number of cases on which the percentages are based, the greater the confidence in the results" (Meier, Brudney & Bohte, 2006, p. 240) Nonetheless, the study not only identified socioeconomic factors also present in the researched literature, but also showed a similar relationship to home-ownership sustainability.

V. Recommendations

The study's analysis provides a deeper understanding of how being economically disadvantaged challenges home-ownership sustainability. In order to help families face these challenges, the study recommends that MVHfH create a comprehensive strategy to increase home-ownership sustainability. Currently MVHfH implements a first-time home-ownership preparation program. This training program focuses on topics such as home mortgage, condominium rules and predatory lending, among others (Sharp, 2007). MVHfH should strengthen this program by focusing on additional topics taking into consideration the indicators with the strongest relationships to home-ownership sustainability.

V.1 Form a Support Group Among Families Headed by Single Mothers

MVHfH should form a support group among families headed by single mothers as part of the first-time home-ownership preparation program. The formation of this group should be provided as a workshop in which families are made aware of how single parenthood challenges home-ownership sustainability and provided with the information to overcome these challenges. All new families headed by single mothers must belong to this group and all current single-parent families must be strongly encouraged to participate as well.

Being a single mother decreases home-ownership sustainability. All families headed by single mothers do not have another employed household member. They have all reported a change in employment but have not increased their income since they became homeowners. Since most of them skip bills, this means that they prioritize other expenses, such as their children's education, food and utility bills, over mortgage payments. Therefore, MVHfH should provide these families with information on private and public programs that provide employment and children services, and enough support to enable them to complete complex application forms required by some of these programs. MVHfH should monitor the support group at least twice a year to find out if families are taking advantage of these programs.

For instance, during this workshop families could be made aware of the employment, training and education services provided by the Executive Office of Health and Human Services (EOHHS) of the State of Massachusetts. Among these services are the "Job Search Assistance" and the "Support Services." While the "Job Search Assistance" helps recipients find jobs and resolve barriers to employment, the "Support Services" help them acquire and maintain employment by coordinating childcare and transportation services as well as referrals to support ordered by other state agencies. In addition, the EOHHS also provides other services such as "Child Care and Support" and "Women, Infants and Children Nutrition Program." (EOHHS, 2007)

V.2 Work to Make the Current Financial Literacy Workshop More Effective

MVHfH should work to make the current financial literacy workshop more effective. This improvement should focus on developing responsible budgeting habits and efficient saving strategies.

Skipping bills decreases home-ownership sustainability. Families skip bills because they do not have enough funds to cover all their expenses. Even though they do not mention skipping their mortgage payments, their monthly mortgage report showed enough evidence of the contrary. Furthermore, only a few families reported having a saving strategy in case of unexpected bills. If families were provided financial literacy training they would be able to better manage their expenses, follow a household budget and have a saving strategy to cover unexpected bills. Therefore, MVHfH should either improve this

financial literacy workshop in-house or partner with another community-based organization with more resources and experience providing this type of training.

For instance, MVHfH could partner with Lawrence Community Works (LCW). LCW is a community-based organization located in Lawrence, Massachusetts that provides "Family Asset Building" programs. Under these programs families are taught how to create budgets, how to save and how to invest. The "Assets Build Communities" program focuses on building wealth by gaining tangible assets, such as a home or a college degree, and intangible assets, such as self-esteem and social capital. (LCW, 2007)

V.3 Maintain Long Term Communication with All Families

MVHfH should maintain long-term communication with all its families. In order to accomplish this task, MVHfH should hire a "Family Services" coordinator.

The coordinator should facilitate operations within the homeowners condominium associations. He/she should make sure homeowners distinguish between personal issues and condominium related issues, and when necessary help homeowners solve the latter ones.

Second, this coordinator should organize an annual gathering. In addition to keeping families, volunteers and donors up-to-date with MVHfH's activities and policies, this gathering could also be used as a fundraising event and a platform to announce program outcomes in the form of success stories.

Finally, this coordinator should be responsible for organizing and implementing the first-time home-ownership preparation program and for following-up with families afterwards. Follow-ups should be made at least twice a year. This responsibility should help the coordinator be aware of the information provided to the families and make follow-ups easier.

VI. Conclusion

The MVHfH program is fulfilling its mission of providing home-ownership opportunities for families in need. Because all these families are economically disadvantaged they are at high risk for mortgage delinquency. The good news is that currently higher percentages of families are in Good Standing than Delinquent. Only a few Delinquent families are at risk of losing their homes. However, considering that MVHfH has produced a total of 55 houses since 1985, 5 houses being at risk of foreclosure represents nearly 10% of the total production that could be lost to the mainstream housing market through refinance or foreclosure. In order to control mortgage delinquency MVHfH has implemented measures such as tightening the selection process or performing foreclosure prevention actions. Even though these measures have slightly decreased overall delinquency, they have not been able to control delinquency among families at risk of foreclosure.

Taking into consideration the indicators with the strongest relationships to home-ownership sustainability, the study recommends that MVHfH form a support group among families headed by single mothers, work to make the current financial literacy workshop more effective and maintain long-term communication with all families.

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VII. Appendix

Appendix A: Monthly Mortgage Report

Source: MVHfH, TD Banknorth, Author (Modified for confidentiality)

Habitat for Humanity
January 2005
Complete Trial Balance for Habitat for Humanity Loans

Acct Nbr	Prim Borrower		Prin Bal	Next Due	Pd to Dt	
	FAMILY		$ 87,051.00	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 10,076.00	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 23,630.50	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 29,395.11	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 29,537.00	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 27,215.66	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 13,220.50	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 12,878.50	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 32,054.50	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 32,087.50	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 26,944.00	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 34,787.50	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 39,064.64	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 43,736.73	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 46,413.47	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 46,426.47	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 42,882.00	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 42,864.35	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 68,731.64	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 68,998.00	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 71,750.00	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 82,166.70	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 82,725.36	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 72,940.50	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 84,488.00	2/1/2005	01/01/05	GOOD STANDING
	FAMILY		$ 65,510.00	3/1/2005	02/01/05	GOOD STANDING
	FAMILY		$ 8,049.00	3/1/2005	02/01/05	GOOD STANDING
	FAMILY		$ 10,125.00	3/1/2005	02/01/05	GOOD STANDING
	FAMILY		$ 71,750.00	3/1/2005	02/01/05	GOOD STANDING
	FAMILY		$ 2,864.00	3/1/2005	02/01/05	GOOD STANDING
	1	$ 1,310,363.63				
	FAMILY		$ 22,038.98	5/1/2004	04/01/04	DELINQUENT
	1	$ 22,038.98				
	FAMILY		$ 35,763.12	11/1/2004	10/01/04	DELINQUENT
	1	$ 35,763.12				
	FAMILY		$ 27,184.86	12/1/2004	11/01/04	DELINQUENT
	1	$ 27,184.86				
	FAMILY		$ 29,510.55	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 12,846.92	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 42,222.40	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 24,442.99	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 29,685.85	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 31,106.06	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 32,288.74	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 43,895.11	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 47,376.87	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 47,548.48	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 56,604.27	1/1/2005	12/01/04	DELINQUENT
	FAMILY		$ 43,990.98	1/1/2005	12/01/04	DELINQUENT
	1	$ 441,519.22				
	5	$ 1,836,869.81				

Appendix B: Mortgage Delinquency Table

Source: MVHfH, TD Banknorth, Author

FN	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07
F-1	2	2	2	1	2	1	1	1	1	1	1	2	2	1	2	4	7	7	7	6	5	4	3	3	5	7	6	5	4	5	7	7	6	6	7
F-2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	1	1	0	0	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
F-3	0	0	0	0	1	0	1	0	0	1	0	1	0	0	0	0	1	1	1	1	0	1	1	1	1	1	0	1	1	0	1	1	1	0	1
F-4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	0
F-5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	1	1	1	1	0	1	0	0	0	0	1	0	1	0	1	0	1	1	1	1	1	1	1	1
F-6	1	0	1	1	0	0	0	0	1	1	1	2	1	0	0	1	1	0	0	1	0	0	0	0	0	1	0	0	1	1	1	0	0	0	0
F-7	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	1	1	0	0	1	1	0	1	1	1	1	1	1	1	1	1
F-8	0	0	1	0	0	1	0	0	0	0	0	1	1	1	0	0	1	0	0	1	0	0	0	0	1	1	1	1	0	0	0	0	0	0	0
F-9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	1	1	1	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0
F-10	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0
F-11	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	0	0	0	1	0	0	0	0	0	0	0
F-12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1	0	0	1	0	0	0	0	0	0	0	0	0
F-13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	0	0	0	0	0	0	0	0	0	0	0
F-14	2	1	1	1	1	0	-1	-2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	1
F-16	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-17	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
F-19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
F-20	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-24	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-29	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-30	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1	-1
F-31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-33	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1	0	0	0
F-34	0	0	0	0	0	0	0	-1	0	-1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-35	0	-1	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1	0	0	0	0	0	0	0	0	0	0
F-36	0	-1	-1	0	0	0	0	0	0	-1	0	0	0	-1	0	-1	0	0	0	-1	-1	0	0	0	0	0	0	0	0	0	-1	0	-1	-1	0
F-37	-1	0	0	-1	0	0	0	-1	-1	-1	0	0	-1	-1	-1	-1	-1	-2	-1	-1	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
F-38	-1	-1	-2	0	-1	-1	-1	-1	-1	-1	-1	0	0	-1	-1	-1	-1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
F-39	0	0	-1	-1	0	0	-1	0	-1	0	0	0	-1	-1	-1	-1	-1	-2	-3	0	-1	-1	0	0	-1	0	-1	0	0	0	0	0	-1	0	0
F-40	-1	-2	0	0	0	0	0	0	0	-1	-1	-1	-1	-1	-1	-1	-2	-2	-2	-1	-2	0	0	-1	0	0	0	-1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
F-41	0	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	-1	0	-1	-2	-3	-1	-1	-2	-2	-2	-1	-1	-1	-1	-1	-1	-1	-1	0	0
F-42	-1	-2	0	0	0	-1	-1	-2	0	-1	0	0	-1	-1	-2	-2	-2	-3	-3	-3	-1	-2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
F-43	-1	-1	-1	-1	-1	-1	-2	-2	-1	-1	0	-1	-1	-1	-1	-1	-2	0	0	0	-1	-1	-1	-1	0	0	-1	-1	-1	-1	0	-1	0	-1	0
F-44	0	0	-1	-1	0	-1	-1	-1	-1	-1	-1	-1	-1	0	-1	-1	-1	-1	-1	-1	-1	-1	0	-1	0	-1	-1	-1	-1	-2	-2	-3	-3	0	-1
F-45	0	-1	-1	-2	0	-1	-2	-3	-2	-1	0	0	0	0	-1	0	-1	-1	-1	-1	-2	-2	0	-1	-2	-3	-2	-2	-3	-4	-5	0	0	0	0
F-46	-1	-1	-1	-1	-1	-1	-1	-1	-2	-3	-1	-2	-1	-2	-2	-2	-2	-2	-2	-2	-2	-1	-2	0	-1	-1	-1	-1	-1	-1	-1	0	0	-1	-2
F-47	-2	-2	-2	-1	-1	-1	-2	-1	-1	-1	-1	0	-1	-1	-1	-1	-1	-2	-2	-1	-1	-1	-1	-1	-1	-1	-2	-3	-4	-2	-2	-2	-2	-1	0
F-48	0	-1	-1	-1	-2	-1	-1	0	-1	-1	-1	-2	0	-1	-1	-1	-2	0	-1	0	-1	-2	-1	-2	-1	-2	-2	-2	-2	-3	-4	-4	-5	-5	-2
F-49	0	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	0	0	0	0	-1	-1	0	0	-1	-1	-2	0	0	-1	-2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
F-50	0	0	0	-1	-1	-2	-3	-1	-1	-2	0	-1	-1	-2	-3	-4	-3	-2	-3	0	-1	-2	-3	-4	-5	-6	-7	-5	0	0	-1	-1	0	-1	-1

Monthly Mortgage Record

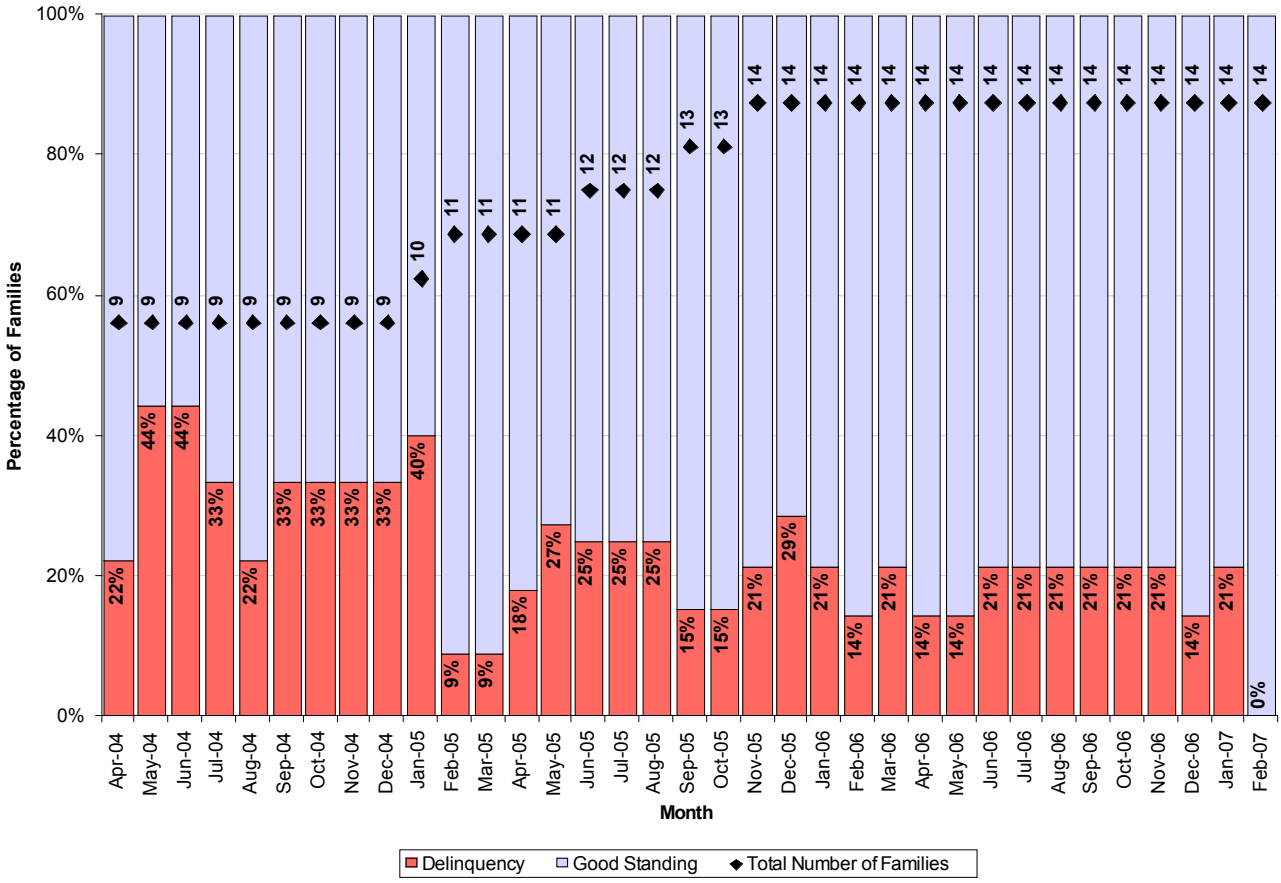
# : Ahead 0 : On Time	Good Standing
−# : Behind	Delinquent

N/A : Non Applicable, Not in the MVHfH System

FN : Family Number
: Surveyed Family
: Refinanced Family

Appendix C: Mortgage Delinquency, (14) Surveyed Families, April 2004 – February 2007

Source: MVHfH, TD Banknorth, Author



Appendix D: Homeowner Questionnaire, Basic Structure

Source: MVHfH, Author

FACTORS (Question Number)	QUESTIONS	
	FC	Family Code (Handwritten in Questionnaire Hardcopy)
Education		
1, 2	**EDU1,2**	Change in Level of Education (0 = No, 1 = Yes)
3	**EDU3**	Pursuing Further Education (0 = No, 1 = Yes)
Employment		
1, 2	**EMP1,2**	Change in Employment (0 = No, 1 = Yes)
3	**EMP3**	Having Another Employed Household Member (0 = No, 1 = Yes)
3a, 3b	**EMP3a,b**	Change in Employment (Other Household Member) (0 = No, 1 = Yes)
Income		
1	**INC1**	Increase in Income (0 = No, 1 = Yes)
	INC2	Current Income (Description)
Family		
1	**FAM1**	Increase in Family Size (0 = No, 1 = Yes)
2	**FAM2**	Being a Single Parent (0 = No, 1 = Yes)
3	**FAM3**	Going Through Separation or Divorce (0 = No, 1 = Yes)
4	**FAM4**	Having Health Insurance (0 = No, 1 = Yes)
5	**FAM5**	Caring for an Ill or Disabled Relative (0 = No, 1 = Yes)
6	**FAM6**	Suffering the Death of a Family Member (0 = No, 1 = Yes)
Neighborhood		
1	**NEI1**	Being Comfortable with the Neighborhood (0 = No, 1 = Yes)
2	**NEI2**	Being Involved in Neighborhood Organizations (0 = No, 1 = Yes)
3	**NEI3A**	Advantages of Neighborhood (Description)
3	**NEI3D**	Disadvantages of Neighborhood (Description)
4	**NEI4**	Considering Moving (0 = No, 1 = Yes)
Budget		
1	**BUD1**	(Table) Mortgage as Top Priority (0 = No, 1 = Yes)
2	**BUD2**	Skipping Bills (0 = No, 1 = Yes)
2	**BUD2-1**	(Description)
3	**BUD3**	Reasons for Unpaid Bills (0 = No, 1 = Yes)
3	**BUD3-1**	(Description)
4	**BUD4**	Having Unexpected Bills (0 = No, 1 = Yes)
4	**BUD4-1**	(Description)
5	**BUD5**	Having a Saving Strategy (0 = No, 1 = Yes)
5	**BUD5-1**	(Description)
Home Maintenance		
1	**HOM1**	Home Maintenance Activities (Selection)
1	**HOM2**	Other Activities (Description)
3	**HOM3**	Considering Home Maintenance Expensive (0 = No, 1 = Yes)
4	**HOM4**	Hiring Others to Perform Home Maintenance (0 = No, 1 = Yes)
5	**HOM5**	Suffering Vandalism or Burglary (0 = No, 1 = Yes)
Homeownership Preparation		
1	**HOP1**	Being Happy with Habitat Home (0 = No, 1 = Yes)
1	**HOP1-1**	(Description)
1	**HOP1-0**	(Description)
2	**HOP2**	Feeling Well Prepared for Home-ownership (0 = No, 1 = Yes)
3	**HOP3**	(Description)

Appendix E: HOMEOWNER QUESTIONNAIRE (English Version)

Source: MVHfH, Author

HOMEOWNER QUESTIONNAIRE

Education

1. What level of education did you have before you became a Habitat homeowner?

a) Some High School b) High School Degree c) Some College d) College Degree

2. What is your level of education now?

a) Some High School b) High School Degree c) Some College d) College Degree

3. Are you currently pursuing further education and/or training? Yes No

Employment

1. What type(s) of employment did you have before you became a Habitat homeowner?

_____

2. What type(s) of employment do you have now?

_____

3. Are there any other employed household member? Yes No
(If you circled Yes, please answer questions 3a & 3b)

3a. What type(s) of employment did they have before you became a Habitat homeowner?

_____

3b. What type(s) of employment do they have now?

_____

Income

1. Has your household income increased since you became a Habitat homeowner? Yes No

Please estimate your current total household income: _____

Family

1. Has your family size increased since you became a Habitat homeowner? Yes No

2. Are you a single parent? Yes No

3. Has your family gone through separation or divorce since you became a Habitat homeowner? Yes No

4. Do you have health insurance? Yes No

5. Are you responsible for caring for a seriously ill or disabled relative? Yes No

(Continued: Page 2) Appendix E: HOMEOWNER QUESTIONNAIRE (English Version)

Source: MVHfH, Author

6. Has there been a death in your family since you became a Habitat homeowner? Yes No

Neighborhood

1. Do you like your neighborhood? Yes No

2. Are you involved with neighborhood associations, church clubs, and/or other community organizations? Yes No

3. Describe the advantages and disadvantages of living in your neighborhood.

Advantages **Disadvantages**

_____ _____

_____ _____

_____ _____

4. Have you considered moving to a different neighborhood due to neighborhood disadvantages? Yes No

Budget

1. What are the top 10 priority items in your monthly household budget? (Ex.: mortgage, medical bills, groceries, child support, car payment, insurance, etc.) Which of them are most expensive?

TOP PRIORITY ITEMS	MOST EXPENSIVE	LEAST EXPENSIVE

2. Are there any monthly bills you tend to skip when your funds are low? Yes No

If you circled Yes, please specify bills): _____

_____

3. Are there any reasons why you would not be able to pay some monthly bills? Yes No

If you circled Yes, please specify reason(s): _____

_____

(Continued: Page 3) Appendix E: HOMEOWNER QUESTIONNAIRE (English Version)

Source: MVHfH, Author

4. Have you had any large unexpected bills since you became a Habitat homeowner? Yes No

If you circled Yes, please specify expense(s): _____

_____

5. Do you have a saving strategy that enables you to deal with unexpected bills? (Ex: sudden death or illness in the family, expensive car repair, etc) Yes No

If you circled Yes, please specify expense(s): _____

_____

Home maintenance

1. Which of these home maintenance activities do you perform?

a) **Touch up and repaint exterior trim as soon as any deterioration is noticed. Sand or scrape especially on wood window trim on older houses**
b) **Find source of any leak and repair as soon as posible**
c) **Clean kitchen stove filters frequently and boiler filters/furnace**
d) **Refasten any loose decking or treads on porches or outside stairs**
e) **Repair dripping faucet or shower**
f) **Other. Please specify:**_____

3. Do you feel it is expensive to maintain your Habitat home? Yes No

4. Do you hire others to perform maintenance activities on your Habitat home? Yes No

5. Has your home ever been vandalized or burglarized? Yes No

Homeownership Preparation

1. Are you happy with your Habitat home? Yes No

If you circled Yes, please specify reason(s): _____

_____

If you circled No, please specify reason(s): _____

_____

2. Do you feel like Habitat prepares you well for first-time homeownership? Yes No

3. What could Habitat do to better prepare you for first-time homeownership?

_____

_____

Appendix F: PACKET, Letter (English Version)

Source: MVHfH, Author

Merrimack Valley
Habitat
for Humanity®

Dear Habitat for Humanity Homeowner,

As the Executive Director of Merrimack Valley Habitat for Humanity in Lawrence, Massachusetts, I encourage you to participate in a study conducted by Carlos Espinoza-Toro in partnership with the Massachusetts Institute of Technology and the MIT Public Service Center. These two organizations are working together to help us better serve your homeownership needs. The results of this study will help us design better homeownership workshops and homeowner preparation classes that are intended to help you deal with your financial challenges. What we learn from this study will benefit you and future Habitat homeowners. I very much hope you will participate.

This packet contains:

- A one page letter (including the details of the study)
- A three page questionnaire
- A pre-addressed return envelope

Please read carefully the details of this study described below.

Study Name: Homeownership Preparation Program

You are asked to participate in a research study conducted by Carlos Espinoza-Toro from the Department of Urban Studies and Planning at the Massachusetts Institute of Technology (M.I.T.). The purpose of the study is to identify socio-economic factors that hinder the financial stability of homeowners. The results of this study will be used to design homeownership workshops which aim to help homeowners deal with their financial challenges. All current Merrimack Valley Habitat for Humanity homeowners have been selected to participate in this study, without exception. You should read the information below, and ask questions about anything you do not understand, before deciding whether or not to participate.

- Completing this questionnaire is completely voluntary. You are free to choose whether to complete it or not.
- You will not be directly compensated for this interview.
- We will not use your name or title and we will not quote you in any publications that may result from this research. The information you tell us will be confidential. We will only assign your questionnaire a code number. Carlos Espinoza-Toro will keep a copy of this code number in a secured work space and he will be the only one with access to it.

This project will be completed by June 2007. All questionnaires will be stored in a secure work space until one year after that date. The questionnaires will then be destroyed.

If you decide to complete this questionnaire, please return it in the enclosed blank envelope. For completing and returning this questionnaire, Carlos Espinoza-Toro will enter your code number in a drawing for a $100 cash prize! The questionnaire should only take you about an hour to fill out, and Carlos Espinoza-Toro will notify you by the beginning of June, 2007 if you win the prize.

Please contact Carlos Espinoza-Toro at cjet@mit.edu or (617) 642-5251 with any questions or concerns.

Sincerely,

Larry D. Sharp
Executive Director

Merrimack Valley Habitat for Humanity | 60 Island Street, 2nd Floor East, Lawrence, MA 01840 | p: 978.681.8858 f: 978.681.9357 | www.merrimackvalleyhabitat.org