Bridge to Opportunity
Emendya Edouard
April 2011

School of Community Economic Development
Southern New Hampshire University

Submitted in Partial Fulfillment of Requirements for the
Masters of Science
in Community Economic Development

Approved by Professor

_________________________
Christina Clamp
Table of Contents
Abstract ...........................................................................................................................................3

Executive Summary .......................................................................................................................4

Community Statement ..................................................................................................................5
Problem Analysis ..........................................................................................................................7

Literature Review .......................................................................................................................12

Methodology (Logic Model) ........................................................................................................20
Project Implementation ..................................................................................................................21
Monitoring and Evaluation .........................................................................................................23

Sustainability/Recommendation .................................................................................................28
Case Vignettes .............................................................................................................................29

Financials ..................................................................................................................................32
Replication Cost-Plus Analysis ....................................................................................................33
Large-Scale Replication Logic Model ..........................................................................................35
Policy Recommendation ............................................................................................................37

Conclusion ..................................................................................................................................42

Appendices .................................................................................................................................43

References .................................................................................................................................54
Abstract

The Bridge to Opportunity is a small-scale demonstration project for struggling homeowners who are in default and/or facing financial stressors in Bridgeport, Connecticut. The Bridge to Opportunity Pilot, from the period of April 2010 through November 2010, took five individuals who completed a series of financial education classes and budget counseling and were provided access to financial resources to explore the previous methodology by which financial education and budget counseling can be used as a tool to aid struggling homeowners to become financially stable.

The Bridge to Opportunity pilot weighs insights to be gained from a demonstration project versus a large-scale project. The project reviews community economic needs and leverages community resources to develop strategies from small-scale to possible large-scale replication models. The project reviewed literature and data to suggest a policy recommendation and replication possibilities.
Executive Summary

The Bridge to Opportunity pilot uses financial education as a prevention tool to assist struggling homeowners who are on the verge of foreclosure. The principal objective of this pilot was to help those struggling individuals achieve financial stability. Special emphasis was placed on workshops that addressed the core issues, as well as referring individuals to critical services that addressed other needs required by the participants. The Bridge to Opportunity provided workshops to participants who are low- to moderate-income homeowners and who have defaulted on their mortgages. This group is at a higher risk because they have suffered financial crises and are likely to lose their homes and financial stability to foreclosure.

Financial education and budget counseling are the critical skills this group of homeowners needed. For instance, a survey/study revealed ten (10) out of fifteen (15) of the participants from the financial education workshops held in May expressed that they are having a hard time making their mortgage payment as a result of job loss, reduction of income, or increased medical expenses. Participants expressed that they did not know how to create a budget. Furthermore, this same group was not aware of available resources.

Although the financial education classes taught how to create a budget, participants felt that they did not know how to apply their newfound knowledge. Therefore, they continued to fall into a vicious cycle by becoming victims of predatory lending and defaulted on their mortgage loans. This project focuses on education as prevention to get to the root of the problem. At the same time, participants can:

- Gain access to critical services that stabilize and reposition individuals economically within their communities.
- Help stabilize their economic communities as their savings increase.
- Develop confidence in personal finances as their financial futures improve and savings increase.
Community Statement

Bridgeport, Connecticut was once a vibrant city in the 1960s. The city sits on waterways where shipping and manufacturing plants that once produced machinery flourished. At one time, Bridgeport thrived on well over 500 factories. The city attracted new immigrants to industrial jobs (City of Bridgeport, 2009).

The city underwent restructuring which caused the loss of thousands of jobs and residents. Like other urban centers in Connecticut, Bridgeport suffered during the deindustrialization of the United States in the 1970s and 1980s. Many middle class people sought work elsewhere. As a result of this flight, poverty became concentrated among those who remained. Unemployment rose, crime soared, and the city became known for a major drug problem. Immigrants continued to arrive in the city because of low housing costs; some were able to find work in the area. Former industrial sites within the city were discovered to be heavily polluted, leaving Bridgeport with extensive environmental problems. The once thriving city became abandoned and financially troubled. Arson and mortgage scams added to the deterioration of the city. The city became a ghost town with many empty factories and manufacturing plants (City of Bridgeport, 2009).
One of the pillars of the community, and a respected non-profit organization in the Bridgeport, Connecticut area, is Family Services Woodfield (FSW, Inc. CT). FSW, Inc. CT has been in the area for over 20 years. FSW Inc.’s mission is to empower people to build a brighter future and pathway to economic self-sufficiency. FSW, Inc. CT understands the long history of Bridgeport and the needs of its residents.

FSW, Inc.’s long-time presence in Bridgeport makes it a perfect host site for the Bridge to Opportunity Pilot. FSW, Inc. CT is located in the heart of Bridgeport. The Bridge to Opportunity pilot was paired with a financial education program under the umbrella of the Family Assets Department. The organization chart is located in appendix H, which outlined FSW, Inc. Programs and Services.

Bridgeport has 139,529 people, 50,307 households, and 32,749 families residing in the city. The population density is 8,720.9 people per square mile. In 2009, there were 54,367 housing units in Bridgeport. Although some residents’ income is well over $40,000, the housing market is overpriced. Many individuals are looking for affordable housing. The median household income is $39,949. The per capita income for the city is $29,000. About 16.2 percent of families and 18.4 percent of the population are below the poverty line including 22.1 percent of those under age 18 and 13.2 percent of those age 65 or over (Census 2010). With limited affordable housing, a housing shortage for potential low-income homeowners has been created.

Ethnically, 33 percent are Hispanic; 29 percent are African-American; and 2 percent are Asian/Pacific Islander. The remaining 36 percent are Caucasian and other; approximately 64 percent of Bridgeport’s households are minority-headed. They are economically insecure and asset poor. Nearly 20 percent of Bridgeport’s residents live below the federal poverty line; 57 percent border it. In 2009, the median household income for Bridgeport was $39,949, compared to $67,034 for Connecticut. According to the Connecticut General Assembly’s 2008 Self-Sufficiency Standard for Bridgeport, a family of four needed a combined income of $57,889 to meet its housing and other basic living needs. Bridgeport’s current unemployment rate is 14.5 percent, compared to the state’s overall rate of 9.8 percent (Economic Digest, 2011).
It is not surprising that some homeowners have sacrificed making mortgage repayments to cover the immediate basic needs of their children and other unexpected expenses. The city’s foreclosure rate is currently 7 percent, meaning 1 in every 188 homeowners faces foreclosure, compared to 1 in every 629 state-wide (Realty Trac, 2010). An expansion of foreclosure prevention programs is needed to help the low-moderate income residents of Bridgeport obtain affordable loan modifications and other assistance so they can remain in their houses and avoid displacement, quite possibly, into the shelter system.

*The New York Times,* in its analysis of foreclosures filed from 2005 to 2008 in the tri-state region, found the crisis was rooted most strikingly in African-American and Hispanic neighborhoods where foreclosure rates are soaring and homeowners are four times more likely to hold expensive sub-prime mortgages than whites with similar incomes (*The New York Times,* 2009). The cities of Bridgeport, New Haven, Waterbury, and Hartford accounted for roughly one-fourth of the foreclosures in the four Connecticut counties during the forty-four months *The Times* analyzed.

In 2008, Bridgeport contained 50,307 occupied homes; 21,758 were owner-occupied, another 28,549 renters-occupied (City Data, 2008). Since January 2009, 3,608 homes and condominiums have entered the foreclosure process; 296 properties have been publicly auctioned already, with many more public auctions pending.

**Problem Analysis**

The United States’ economy has suffered an enormous blow. These times have seen the collapse of an unprecedented number of corporations, banks, and insurance companies. At the heart of the current economic problem is housing. While the early 2000s was marked by a home ownership boom, the late 2000s has been marked by mortgage defaults and foreclosures. It is imperative to the success of the United States’ economy to minimize mortgage defaults.

The high number of foreclosures has many negative effects, including uprooting families and leaving properties abandoned. Abandoned homes are often scenes of rape, murders, and drug activities. This has caused the City of Bridgeport to tear down empty houses and to fine banks and mortgage companies that do not board up and secure homes adequately. However, boarded up homes significantly depress the attractiveness and home values in a community (Benefield,
A large number of people who lost their jobs were men. Many men are the heads of households and, thus, families with only one income source found themselves in a very vulnerable position. Some women who had expected to take off a long time from the workforce suddenly felt the need to re-enter (Greenhouse, 2009).

Many homeowners are unaware of alternatives to foreclosure when they have a financial hardship. Connecticut residents have created a new norm in dealing with foreclosure on a social level. In the last few years, homeowner behavior has changed in dealing with finances and potential foreclosure. What does it look like for a financially struggling family facing foreclosure?

One of the richest counties in the United States is Fairfield County, Connecticut. However, the cities and towns in the county have large disparities in wealth distribution. Furthermore, the decline in the housing market has been remarkable. Still, resources are available to help minimize the mortgage defaults and foreclosures in Bridgeport, Connecticut.

Federal Intervention

George W. Bush, the Federal Deposit Insurance Corporation (FDIC) and the Obama Administration all provided good programs that incrementally improved the plight of homeowners facing the depressed economy. Each program contained an economic development plan intended to serve a particular part of the population.

First, in 2007, George W. Bush launched several foreclosure prevention programs. His initiatives began with the Hope Now Alliance, which was a cooperative effort between the United States government, counselors, investors, and lenders to help homeowners who may not be able to pay their mortgages. Many homeowners had lost equity in the midst of widespread property depreciation, so the program was intended to help those unable to refinance. The program provided government incentives for homeowners and banks to share the equity depreciation. The bank would forgive the equity depreciation and an additional 10 percent as long as the homeowner agreed to share the equity gain for as long as 10 years. The program had little success as it did not understand the needs of either the homeowner or the bank. The homeowners did not want a silent partner in their home. Likewise, value of homeownership can be viewed as a potential asset or a liability depending individual perspectives.
Second, in 2008, the FDIC launched an aggressive loan modification program known as “modification in a box.” The FDIC clearly detailed guidelines for banks to qualify people for the program. Furthermore, it provided a Net Present Value (NPV) system to calculate the true cost-benefit analysis of loan modification versus foreclosure. However, the program could not resolve the foreclosure crisis as result of declining appraisal value. The hopes of modification in a box failed, and program expectations were not met.

Third, in 2010 the Obama Administration, in partnership with HUD and the Treasury Department, launched an aggressive program to curtail the foreclosures. This included a large investment of $75 billion to help distressed owners. The Make Home Affordable Program consisted of two parts. One was a refinance program. The other was a loan modification. The refinance program provided an avenue for many who did not qualify for a refinance under conventional standards. For instance, in the housing crisis, sales and later house prices, dropped significantly. Both sales and prices came way down. Developers were building new homes selling for $250,000, allowing them to clear $55,000 in profit. A property valued at $435,000 just two years ago was selling for $305,000 (Araton, 2009). Therefore, many homeowners who needed to refinance could not do so because of the higher loan to value ratio (LTV). The Make Home Affordable Refinance Program provided a means for these people to refinance, even if they were underwater.

The sister and more popular program, Make Home Affordable Loan Modification, served another important population. While some may have suffered losses in equity as property values plummeted, others lost jobs, suffered business losses, and/or significant expense increases. Clients with limited income and high expenses have always been the least desirable clients for banks as they are at the highest risk of default. Due to the large number of such homeowners, the Make Home Affordable Loan Modification Program was needed. It combined the Federal Deposit Insurance Corporation’s net present value (NPV) with a sliding scale of family incomes to create an affordable monthly mortgage payment. Rates were cut as low as two percent, and thousands of dollars in principal reductions were made as long they made financial sense.

The current presidential administration expected 500,000 loan modifications by November 2009. As of August 2009, approximately 235,247 homeowner loans had been modified, and 171,295 people were offered a trial plan. In Fairfield County Connecticut, the
number of homeowners who received modification was insignificant compared to the rest of the country (The New York Times, 2009).

The Targeted Population

The first wave of foreclosures included variable rate mortgages. If one person loses his home, many other persons are impacted. A community depends on every resident. Many foreclosures were due to homeowners that had variable rate mortgages. The perception is that many homeowners did not save enough to prepare for future costs. Homeowners suffered a lockout of liquidity and had nowhere to go when they needed more money to refinance or pay for their homes.

The second wave of foreclosures included people who had lost their jobs or suffered a business failure. The unemployment population reached double digits in August 2009. This created a number of homeowners with reduced or inadequate income to pay their mortgages. Many small businesses closed their doors. When a business fails, it adds to unemployment. Furthermore, business owners are left with high debts and no income. In addition, they need to transition to other viable work.

Overall, many people are struggling with high expenses. Many people have even more expensive medical problems. Others have seen the cost of utilities increase. In this economically troubled economy, oil prices have remained high and caused many to fall outside their budget.

Prior to the current housing collapse, predatory lenders especially targeted minorities. Foreclosures were disproportionately affecting minority homeowners, which may or may not be due to inappropriate practices by lenders (Benefield, 2003). Such lenders strongly target minority-neighborhood and low-income homeowners by applying excessive interest rates. Many minorities have mounting problems with an especially troubling type of loan—pick-a-payment option adjustable rate mortgage (ARM) loans. These loans allowed borrowers to defer some of their interest payments and add them to the principal (Sorkin, 2009).

Local intervention

In 2010, the Mortgage Banker Association of Connecticut stated foreclosures were up 3.2 percent from 1.95 percent in December, 2009. Foreclosure prevention counseling remains a
crucial and cost-effective way to stabilize homeowners at risk of losing their homes through foreclosure. The cost of the counseling and financial assistance to homeowners is considerably less than the losses experienced by mortgage insurers (Benefield, 2003). Many homeowners are unaware of alternatives to foreclosure. There are many homeowners that have suffered financial hardships. As such, they need aid from experts to help fulfill requirements and get the proper financial assistance.

The following organizations have been providing foreclosure prevention services and first-time homebuyer workshops for several years:

- Housing Development Fund (HDF) – HDF’s foreclosure intervention program is an effective solution for borrowers at risk of foreclosure or with an unaffordable mortgage. HDF will try to help eligible homeowners who are 60 days late and employed to find solutions.

- Mutual Housing Association of Southern Connecticut, Inc. (MHA) – MHA development and programs have produced over $100 million in community investment and provided safe, secure, affordable housing to more than 1,000 Fairfield County residents.

- ACORN – ACORN believes that low- to moderate-income people are the best advocates for their communities. Therefore, ACORN's low- to moderate-income members act as leaders, spokespeople, and decision-makers within the organization.

- Consumer Credit Counseling of Connecticut – Its mission is to help people gain control over their finances.

Since the development of the Bridge to Opportunity Pilot, the Southern Mutual Housing Association, Inc. has ceased to provide foreclosure prevention services in Bridgeport, Connecticut, and ACORN has change its name to Affordable Housing Centers of America. Criteria for services have also changed in order to help individuals get these much-needed services. In addition, there are a few new organizations providing foreclosure prevention.
Literature Review

Academic research provides some valuable insights on the value of financial education. According to Willis (2008), financial education results in better-informed citizens whose prudent decision-making produces less harm to the economy. Based on literary evidence, financial education and budget counseling can be useful tools for helping financially struggling homeowners become stabilized.

According to research findings, financial education allows individuals to reduce the risk of predatory lending. Willis explains that government agencies in their legal settlements often recommend financial education when consumer rights have been violated. However, because poorer people may not understand the complexity of personal finances (Willis, 2008), financial education may largely benefit high-income individuals. On the other hand, psychological support leads to greater confidence in all individuals (Willis, 2007). Financial education not only improves behavior but also, to a degree, provides valuable education for consumers to protect and even raise their welfare in financial terms.

As the authors of “Rethinking Financial Literacy in the Aftermath of the Global Financial Crisis” stated, factors contributing to the global financial crisis highlight the need to rethink the scope and nature of financial literacy initiatives and programs from a number of perspectives (Gallery, 2010). The authors explore behavior bias along the line of the Willis argument of psychological support: budget counseling is needed for the individual in addition to the financial literacy. “This is equally valued that the collaborative process should seek solutions that explicitly address behavioral flaws in financial decision making of individuals and institutions, and introduce accountability and non-regulatory mechanisms that account for the behavioral biases of market participants” (Gallery, 2010). The authors took the concept of financial behavior of the individual one step further than Willis to imply that individuals’ financial complexity is a result of behavior flaws in financial decisions. For example, high priority should be given to developing and encouraging universal owners to adopt financial literacy programs that enable individuals and institutions to understand and effectively address the behavioral biases that inhibit effective financial decision-making (Gallery, 2010). The focus should shift to focus on financial literacy and programs as alternative measures of perspectives.

One of the valuable insights is that financial education can turn individuals into responsible and empowered market players. One reading by Willis points out that financial
education can motivate individuals to change their behavior on credit, insurance, and investment decisions, as well as increase their confidence in navigating the marketplace. Willis agrees that empowerment leads to increased participation in the market and access to financial information (Willis, 2008). However, Frank and Wink (2008) point out the insurmountable odds that a poorer family faces in its daily choices. The insight remains that financial education can empower and motivate behavior changes; coupled with additional resources, it can help stabilize a family.

Self-determination theory posits that goals can differentially contribute to human well-being based on the extent of the individual’s contribution to the core human psychological needs of competence, autonomy, and relatedness. This theory implies that individual behavior plays a contributing factor in money motivation and attitudes (Stone, Bryant & Wier, 2008). The theory has been applied to better understand how individuals can be motivated to increase savings and reduce debt (Xiao, Palmer, Lyons, Hira, Hanna & Schuchardt, 2004). Human needs theory assumes that human needs are hierarchical and people seek higher-level needs only after lower-level needs are met (Xiao et al., 2004). The author views motivation as a goal of individuals who are moving toward meeting the human needs of self-determination.

Another one of the insights documented is how many homeowners failed to refinance their mortgages during a period of falling interest rates. This insight is consistent with a lack of financial literacy, as investors who failed to refinance were disproportionately those with little education. Such investors also seem less likely to know the terms of their mortgages, including the interest rates they pay (Bucks & Pence, 2006). The authors also show that borrowers who took out high-cost mortgages displayed little financial literacy. This insight leads to the belief that financial education does motivate behavior changes.

Bucks and Pence (2006) highlighted the fact that most borrowers are unaware of the terms, value, and interest rate of their mortgages. If borrowers do not know or misestimate their house value, they may make consumption and saving decisions that turn out to have been inappropriate and that require adjustments in their decisions at a later date. As a result, borrowers become unaware of the consequences of changes in value and, therefore, end up paying more on their mortgage. Some literary findings, in addition, argue that most individuals cannot perform simple economic calculations and lack knowledge of basic financial concepts, such as the working of interest compounding, the difference between nominal and real values, and the basics of risk diversification (Lusardi, 2008). Financial literacy affects financial decision-making,
which can be viewed as ignorance about basic financial concepts that can be linked to lack of retirement planning, lack of participation in the stock market, and poor borrowing behavior.

Lower-income adjustable rate mortgage borrowers are more vulnerable than higher-income borrowers to mortgage payment changes. Higher-income borrowers can draw upon home equity and other forms of wealth to help smooth the shocks of balloon payments and sudden hikes. Also, high-income borrowers consistently demonstrate more knowledge of their loan terms than middle- and low-income borrowers. According to Buck and Pence (2006), 40 percent of borrowers with an income less than $50,000—which roughly corresponds to the bottom half of incomes—are financially illiterate, whereas, borrowers who are educated are knowledgeable about their mortgages and able to anticipate adjustments financially.

Borrowers with less income or education seem especially likely not to know their mortgage terms. Borrowers who do not recall their mortgage terms also may not fully understand the inherent risks (Bucks & Pence, 2006). In addition, borrowers with a limited understanding of how mortgages work may take out sub-prime mortgages when they could have qualified for less-costly mortgages.

Another well-documented insight that is exemplified by “Black Wealth/White Wealth: A New Perspective on Racial Inequality” (Shapiro, 2006) is that institutional racism is demonstrated through access to mortgages and redlining. Readings on the subject suggest that minority customers are perceived to be risky borrowers and more frequently rejected for conventional loans. The literature suggests that minority borrowers would not have been risky borrowers if their payment had not been inflated. Lack of access to appropriate mortgages keeps minorities from acquiring wealth. This insight suggests that when it comes to mortgage vulnerability, institutional racism is equally important as a lack of education.

Brandt and Furst (2008), the authors of “Wave of Foreclosures Cost Cities Time and Money,” explain the various ways cities are impacted by foreclosure. Cities are left with unpaid water bills, and tracking down owners of abandoned properties has created a financial burden. Individuals in danger of imminent default often suffer increased utility charges. The authors ask how cities might share these costs with owners.

Documented insight can sometime be discounted as such where racial inequalities are not the primary reason for homeowner’s defaults. Shapiro (2006) stated that even when African-Americans’ income and employment are on the rise, there are fundamental racial inequalities.
Homeownership continues to be an area that is affected by racial discrimination. Homeownership remains racially unequal. For instance, Caucasians tend to bring more assets to purchases. This allows Caucasians to obtain lower interest rates. Lack of assets reverses the gain in achievement from education and employment. As a result, many African-Americans remain trapped in the cycle of poverty. Furthermore, challenges arise from loan modifications that incorporate Adjustable Rate Mortgages (ARM) loan terms. It will be particularly challenging for borrowers with ARMs who have chosen to defer their interest payments and add them to the principal. This will result in a huge balloon payment later on. Twelve percent (12%) of homeowners who signed up for three-month trial loan modifications had their loan terms extended to five years. Unless there is a corresponding interest rate reduction, it is likely these homeowners will default. Such defaults can be minimized if lenders offer the homeowners a reduced interest rate of two percent (2%) or lower.

According to Willis (2008), some discussions of Financial Literacy Education assume that poor financial outcomes evidence “bad” financial behavior and that “good” decisions and behaviors always lead to good outcomes. Yet, resource constraints, job loss, disability, discrimination, and natural disasters can prevent consumers from enjoying good financial outcomes no matter how high their literacy and how welfare-enhancing their decisions. Financial literacy programs can only attempt to reinforce existing social messages to consumers about the desirability of engaging in particular financial behaviors.

Rademacher finding in the field of financial education has hypothesized that long-term savings can reduce the financial risk among homeowners. Financial education and homeownership counseling are hypothesized to reinforce savings behavior and thus increase down payment (Rademacher, Wiedrich, McKernan, Ratcliffe & Gallagher, 2010). They are also hypothesized to improve the risk profile of participants over time, ultimately enabling them to qualify for better loan terms and thus lowering the risk (Rademacher, et. al., 2010). Increasing the knowledge and reinforcing savings behavior through financial education will increase the overall financial behavior of participants. Financial education savings hypotheses should be explored when reducing homeowner financial risk.

Although Willis (2008) hypothesizes that financial education classes increase savings without increasing literacy, an explanation at least as plausible is that the classes affect self-reporting but not actual thriftiness. As a result, the contribution of education to any changes in
participant behavior is uncertain. Programs that provide real financial assistance with instruction may lead to better outcomes due to the former rather than the latter.

Annamari & Olivia (2009) of “Financial Education in the United States” stated that financial market meltdown has clearly demonstrated that financial products have become very complex, confronting consumers with new and ever-more-sophisticated financial decisions. The question that now arises is whether individuals are well equipped to make financial decisions. In other words, do they possess enough financial literacy to function effectively in today’s complex marketplace (Annamari & Olivia, 2009)?

There will be a growing demand for financial education in order to equip consumers with enough knowledge to make financial decisions. In fact, financial illiteracy is widespread and is particularly acute among vulnerable groups such as the least educated women and minorities. This finding has serious implications for savings, retirement planning, retirement well being, mortgage holdings, and more, and it identifies a role for policymakers working to boost financial literacy and education (Annamari & Olivia, 2009). Financial education can be an alternative tool to address foreclosures as well as key financial hardship. The reading suggests that homeowners who lack financial literacy fail to refinance and, as a result, were disproportionately low in financial educational attainment. Such homeowners also seemed less likely to know the terms of their mortgages, including the interest rates they pay (Bucks & Pence, 2008). Moore (2003) also found that borrowers who took out high-cost mortgages displayed little financial literacy.

Because individuals make many financial decisions and these decisions are interrelated, it is important to equip people with some basic tools. Given widespread illiteracy, people are prone to make mistakes and these mistakes can be costly (Annamari & Olivia, 2009).

Miles (2004) confirmed that, in respect to debt and similar to the findings of Moore, in the United States borrowers have a poor understanding of mortgages and interest rates; extensive financial illiteracy indicated that people often do not understand the terms and conditions of consumer loans and mortgages. A majority of homeowners express interest in learning more about their mortgages. According to Freddie Mac Foreclosure Avoidance Research, about six in ten wish they understood the terms and details of their mortgage better. When asked delinquent and good standing homeowners said they were not aware of services mortgage lenders can offer to a person having trouble with his mortgage. Therefore, non-profit organizations must equip individuals with the basic education to evaluate mortgages and finances.
Annamari (2010) believes that education should not stop at basic financial education at the time of financial crisis, but should also include retirement, as most individuals believe that homeownership equates to wealth. Given the relationship between retirement planning and wealth, this also means that higher financial literacy would lead to higher wealth accumulation. Consequently, people do not conclude that financial literacy does influence retirement planning, and that exogenous variation in financial literacy is needed to disentangle the causal relationships of interest between consumer financial decision making and the building of financial human capital (Annamari & Mitchell, 2010). Financial education should be available to influence decisions and help consumers become financially savvy as they move toward retirement.

By including education and building human capital, it is clear that it is necessary to enhance financial knowledge if consumers are to do a better job navigating the complexities of the modern financial environment. Indeed, very young adults receive multiple credit cards: they may take out loans, and they can readily purchase assets ranging from mutual funds to stocks and tax-favored plans such as IRAs and 401ks (Annamari & Mitchell, 2010). The financially unsophisticated are also less likely to refinance their mortgages in a propitious environment (Campbell, 2006), and they select less advantageous mortgages in the first place (Moore, 2003). People who cannot correctly calculate interest rates given a stream of payments tend to borrow more and accumulate less wealth (Stango & Zinman, 2009). Financial literacy and math skills are important predictors of a borrower’s ability to pay; borrowers deficient in those respects most likely will also have weak credit scores (Capone, 1996). People who are financially illiterate do not plan for retirement either (Annamari & Tufano, 2009). How can financially illiterate individuals protect their assets when individuals are not thinking of retirement?

In addition to the financial knowledge and capability gained through an individual lifetime of application, financial education should be acquired through the teachable moments presented when purchasing an asset.

The purchase of an asset has what has been called a “transformative power” in transmitting financial stability and security across generations (Boyshara, 2010). This transformative power that gives current generations an important safety net and future generations a head start raises a challenge to behavioral economics advocates who would like to see more defaults in consumer financial services: what are the appropriate defaults, and who decides (Boyshara, 2010)? This finding concludes that achieving lifelong savings objectives
requires both offensive efforts to increase access to, and the number of, more traditional, transparent, wealth-building products and services that build financial capability as well as defensive efforts to reduce the number of wealth-stripping products and transactions (Boyshara, 2010). Therefore, to secure financial knowledge and capability, organizations should rely on teachable moments that are gained from the purchase of long-term assets.

The movement of financial education can affect the financial goals of homeowners. This idea can potentially be incredibly empowering for the communities of low-income homeowners that non-profit organization serve. Because when the context is supportive, decision-making is easier and more productive. People will be better able to set and achieve their own financial goals—and will be more able to sustain success over time (Brown, 2008). However, it is understandable that individuals may refrain from saving when faced with job loss, a health crisis or other deleterious economic shock (Conley, 2009). The current state of asset security and volatility for individual households will prolong financial illiteracy, rather than address the role of savings and assets in a more complete, intergenerational view of economic mobility and opportunity as outlined by the author (Conley, 2009). Financial education affects individuals’ financial goals while economic stressors affect their savings goals.

To assist individuals in the moment and protect financial assets from a financial hardship such as foreclosure, people will need to be financially educated on various financial products, including those that prepare them for retirement. Moore (2003) reports that respondents with lower levels of financial literacy are more likely to have costly mortgages; similarly, Campbell (2006) reports that individuals with lower incomes and lower education levels—characteristics that are strongly related to financial literacy—are less likely to refinance their mortgages during a period of falling interest rates. It was added that many of them do not understand how to do a budget—which is basic math—implying that basic math deficiencies increase foreclosure risks among these borrowers (Tedeschi, 2010). Furthermore, in most countries, financial instruments have become increasingly complex and individuals are presented with new and ever-more-sophisticated financial products. Access to credit is easier than ever before, opportunities to borrow are plentiful and the number of financial products to choose from is very large. But are individuals equipped with sufficient knowledge and skills to be able to navigate through this new financial system? To equip individuals to navigate through financial hardship, homeowners must secure financial education as well as products that will provide sustainable communities.
The literature also looks at measuring the effectiveness of financial education through various assessment tools. Research was conducted in the context of social work; Sherraden, Laux & Kaufman argue the methodological limitations that can amount to the small sample size and lack of a control group. Sherraden concluded that they learned more about how to approach a course on financial education in social work and the importance of incorporating financial knowledge in policy, programs, and social work curricula (Sherraden, Laux & Kaufman, 2007). Some learning was as a result of required course activities, but other learning was a result of discovery, as students became more aware of financial issues in their lives and in their work. Sherraden quoted one student who wrote in the evaluation after each class, “I would go home and ask my family about whatever our topic was that day” (Sherraden, et al., 2007). The Sherraden attempted to measure the financial education outcomes as they were reported from the perspective of the participants.

Even less is known about is how different participants characterize financial knowledge and program effectiveness. (Zhan, Anderson & Scott, 2006). the growth of financial management training programs, and anecdotal evidence supporting the notion that such programs can improve financial management skills of low income persons, empirical studies on program effects have not been adequate In order to develop these programs more effectively, it is important to examine whether they are effective, as well as whether program success varies with the characteristics of participants (Zhan, et al., 2006). In some cases, several mixed programs have proven effective in fostering savings and increasing participation in pension plans. However, much more can be done to improve the effectiveness of these programs (Lusardi, 2008).

Effective financial education program research is available, but not without its limitations. Although financial education and budget counseling is not a proven tool based on provided valuable insights, financial education and budget counseling can help individuals increase the level of financial confidence and behavior. Non-profit organizations have a wealth of information to rely on, and that information should make effective financial education increasingly possible. In the current economic environment, it is essential to equip consumers with the necessary tools to make informed financial choices. One of these tools is financial literacy (Lusardi, 2008). The literate community has provided references, which infer that financial education can be used as tool to assist individuals gain confidence and increase positive financial behavior.
Methodology

The Bridge to Opportunity pilot provided financial education for struggling homeowners. Topics covered in financial education classes included credit reporting history and understanding the foreclosure timeline. Participants in the classes were provided with consumer credit counseling, local foreclosure prevention services, and legal resources on foreclosure prevention. Some additional resources such as budget counseling, credit repair, post-purchase counseling, and job training were also made available to participants.

<table>
<thead>
<tr>
<th>Input</th>
<th>Activities</th>
<th>Outputs</th>
<th>Short-term Outcome</th>
<th>Intermediate Outcome</th>
<th>Long-term Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Coordinator</td>
<td>Market the financial education workshop</td>
<td>Participants attend workshops</td>
<td>Three (3) participants attended</td>
<td>Improve savings</td>
<td>Economically stable and sustainable communities</td>
</tr>
<tr>
<td>Develop Financial Education Curriculum</td>
<td>Implement the financial education workshops</td>
<td>Six (6) financial education workshops scheduled</td>
<td>Participants who received resources connected to services</td>
<td>Regain financial confidence</td>
<td></td>
</tr>
<tr>
<td>Collection of resources</td>
<td>Provide participants with literature</td>
<td>Five (5) participants receive resources.</td>
<td>Participants become informed of topic</td>
<td>Improve financial situation</td>
<td></td>
</tr>
<tr>
<td>Volunteer Instructors</td>
<td>Schedule and deliver workshops</td>
<td>Five (5) pre- and post-evaluations administered</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secure meeting Space</td>
<td>Create pre- and post-test for participants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training-related materials</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The long-term outcome of the Bridge to Opportunity pilot is to build economically stable and sustainable communities by empowering homeowners to become more knowledgeable of personal finance and provide access to critical resources. The desired goals of the project are to:

- Create access to critical services
- Reposition the individuals and their families economically within their communities
- Strengthen personal finances
- Improve savings rates
- Increase participant assets
Project Implementation

Implementation of the Bridge to Opportunity contained a complete schedule of activities that were broken down into four deliverable tasks. Over the course of the year, the following deliverable tasks were completed in order to ensure success for the Bridge to Opportunity pilot.

**Deliverable Tasks** (Appendix 1.3)

1. Program Design
2. Recruitment
3. Marketing
4. Evaluation

**Schedule of Activities**

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Start Date</th>
<th>Duration in Days</th>
<th>End Date</th>
<th>% Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create marketing campaign</td>
<td>3/18/2010</td>
<td>60</td>
<td>5/17/2010</td>
<td>100</td>
</tr>
<tr>
<td>Recruit instructor</td>
<td>4/9/2010</td>
<td>10</td>
<td>4/19/2010</td>
<td>100</td>
</tr>
<tr>
<td>Collect resources on prevention services</td>
<td>3/31/2010</td>
<td>10</td>
<td>4/12/2010</td>
<td>100</td>
</tr>
<tr>
<td>Create a schedule of classes</td>
<td>3/31/2010</td>
<td>10</td>
<td>4/12/2010</td>
<td>100</td>
</tr>
<tr>
<td>Secure meeting space</td>
<td>4/1/2010</td>
<td>10</td>
<td>4/11/2010</td>
<td>100</td>
</tr>
<tr>
<td>Financial education class-related activities, such as supplies and attendance sheet</td>
<td>4/14/2010</td>
<td>1</td>
<td>4/15/2010</td>
<td>100</td>
</tr>
<tr>
<td>First day of class/pre-test</td>
<td>5/1/2010</td>
<td>5</td>
<td>6/6/2010</td>
<td>100</td>
</tr>
<tr>
<td>Interview two (2) participants to be tracked throughout the process</td>
<td>5/13/2010</td>
<td>10</td>
<td>5/23/2010</td>
<td>100</td>
</tr>
<tr>
<td>Six (6) financial education classes to be scheduled</td>
<td>6/8/2010</td>
<td>120</td>
<td>10/6/2010</td>
<td>100</td>
</tr>
<tr>
<td>Administer the first evaluation</td>
<td>5/11/2010</td>
<td>1</td>
<td>5/12/2010</td>
<td>100</td>
</tr>
<tr>
<td>Administer the second evaluation</td>
<td>8/9/2010</td>
<td>1</td>
<td>8/10/2010</td>
<td>100</td>
</tr>
<tr>
<td>Interview the previously selected participants’ progress</td>
<td>8/28/2010</td>
<td>10</td>
<td>9/8/2010</td>
<td>100</td>
</tr>
<tr>
<td>Final evaluation/wrap up</td>
<td>11/17/2010</td>
<td>15</td>
<td>12/2/2010</td>
<td>100</td>
</tr>
<tr>
<td>Final Interview of previously selected participants</td>
<td>10/8/2010</td>
<td>10</td>
<td>11/1/2010</td>
<td>100</td>
</tr>
<tr>
<td>Closing of program</td>
<td>1/7/2011</td>
<td>5</td>
<td>1/14/2011</td>
<td>100</td>
</tr>
</tbody>
</table>

Currently, the pilot is on target with the first deliverable task. As of March 18, 2010, a set of financial education topics was selected to be covered in the classes. The topics were: How to Spot Predatory Lending, The Home Foreclosure Timeline, Post-foreclosure Remedies to Your Credit, Basic Budget Management, Pay Yourself First, and Money Matters. Resources were collected for participants.
<table>
<thead>
<tr>
<th>Tasks</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>January</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating marketing campaign for workshops in the community</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruit instructor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select financial education curriculum</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collect resources for prevention services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Create schedule of classes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secure meeting spaces</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop financial education class-related activities, such as attendance sheet, supplies, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select evaluation tool</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Launch financial education classes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First day of class</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First interview of class participants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administer evaluation one</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete at least three classes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second interview of class participants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second evaluation of class participants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete six classes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administer third evaluation of participants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget counseling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Monitoring and Evaluation

Over the course of a six-month period, the pilot used the following methods to monitor and evaluate the activities. The staff used a Gantt chart as well as completed several evaluations at different intervals. Each month’s program design was reviewed. The following methods were used:

- Gantt chart
- Evaluations
- Interviews

Each instrument was used to monitor different tasks at different intervals and to measure the performance of project pilot outcomes.

March 2010 through April 2010

The pilot focused on recruiting instructors for the Bridge to Opportunity financial education project. On April 1, 2010, the pilot had one instructor for the financial education classes. A branch manager at Citibank with a diverse financial background volunteered. Also, the pilot coordinator considered recruiting an attorney to teach about basic consumer rights and laws that protect consumers. The project remained on target.

May 2010 through August 2010

As of May 2010, the project took a different turn. The instructor, deciding not to participate, exited the project. Another instructor was recruited to cover the financial education classes. However, the new instructor could only commit to four classes. Therefore, the pilot coordinator conducted two out of six of the financial education classes as well as performed the budget counseling. Financial education classes were pushed back to a June start date as result of this change in instructors.

A potential threat emerged. As mentioned in the stakeholder analysis, the Bridgeport Neighborhood Trust (BNT) organization is a HUD-certified housing agency that offers first-time homebuyers education training. Recently, BNT revised its training calendar. Classes were scheduled on the same day as the project’s host site. After the pilot coordinator contact the organization, modifications were made to the BNT schedule of classes.

On June 15, 2010, Bridge to Opportunity financial education classes started; four participants attended the first class, and each participant created a financial plan. The pilot kept
the group small to allow for individual needs and reach participants on a one-on-one level. One of the three participants who attended shared her financial crisis after the classes. Kim is a single woman who dreams of the goal of homeownership. She explained that she never took a first-time homebuyer workshop. She saved and brought a two-bedroom townhouse in Bridgeport, Connecticut. She said, “I was making money and I could pay my bills….Budget—what’s that?” she shrugged. She never envisioned that she would be where she is today. Last year she lost her job and that is when everything started going downhill. She could not pay the mortgage with what she received from unemployment. She did not know where to go. This is Kim’s story:

“Resources, what resources?” she asks. She adds, “I am here because I am starting all over, getting the information I should have gotten when I purchased my own home. I contacted the bank and I got a quit claim,” she said. “My parents stepped in to take over the mortgage until I am able to do so. I pay my mother what I can. My parents’ plan is to sell it back to me once I have everything situated. This class will teach me how to budget and manage money better.”

Kim stated that she has extremely high light bills, which are what got her in the situation in the first place. Kim found the budget counseling very helpful. She is creating a budget and developing a way to manage her expenses every month.

In July 2010, the third class in the financial education class was delivered and the pilot coordinator found that participants were interested in getting to the core of their problems. Many of the participants who attend would probably have benefited from a case management approach to tackle other emotional problems as well. Some clients expressed anxiety and stress over the burden of having to deal with housing challenges. Attendees mentioned that they have exhausted credit cards and savings. Two out of the four participants who attended stated that their current credit score is as low as it can possibly go. Each one learned the steps and action he or she needed to take to regain a good credit rating. Some of the participants felt a little discouraged about improving their credit rating. At the end of July, participants began to reevaluate their long-term goals and how they could have avoided losing their credit.

As part of this project, the pilot engaged clients using the case management approach. At first, participants seemed focused on preventing foreclosure and may have been receiving the
services through one of the HUD-certified housing counseling agencies. Yet, participants were dealing with several layers of issues beside their financial education and pending default. The pilot found that the workshops helped participants that were dealing with a lack of sufficient savings, unemployment, increased stress, and emotional strains on family members. Lack of savings resulted in utility shut-off notices, missed credit card payments, and insufficient money for basic needs such as food. Some clients went as far as dipping into their retirement funds. These clients exhausted any future savings potential for their families. Increased stress led to relationship strains with spouses and children. Two clients out the five clients attending had separated from their spouses because the spouse did not want to continue making payments on a house they could not afford. One of the clients talked openly about domestic violence. Her husband deliberately withheld mortgage payments to ensure that they defaulted. Three out of the five participants stated that they are on a payment arrangement with their utility companies. They cannot afford to be without lights because the Department of Children’s Services can be called in for neglect. Food for families became too expensive. Most families do not qualify for food stamps because they are receiving income and their income is over the program threshold.

A lot of participants are on their way toward defaulting as a result of lost employment. Reduction of income usually happened first and was a reason, if not the main reason, for families to default. Often families were not able to find employment as quickly and therefore could not regain financial footing. Even if they were able to find another job, participants often held out for something better. Unemployment benefits frequently paid more than the new job possibility.

In August 2010, the remaining financial education class focused on identifying and accessing resources such as foreclosure prevention services and budget counseling. All five participants indicated that monthly electricity was the most costly expense. One participant mentioned that an electric bill, which can be less than $100.00 in the summer, can triple or quadruple in the winter. Energy assistance is necessary to keep household finances afloat. The class informed participants of all the different financial and energy assistance programs available through utility companies. Then, affordability and housing expenses were reviewed. The pilot coordinator prepared for the worst-case scenario: loss of employment or a family emergency. Alternative strategies were discussed with each participant to determine comfort level.

After the education part of the project ended, it became apparent that a few things could have been done differently. Three classes might have been more beneficial for the participants
than five. Participants particularly valued Creating a Personal Financial Plan, Budgeting and Saving, and Accessing Financial Resources. Some participants felt that their credit history could not be saved and that they had no chance of rebuilding their credit. When the round table discussion was proposed, the pilot coordinator considered that that would be the time for the families to have an open discussion about the housing market, then debt, and how they might move forward. Due to the class issues about accessing resources, the round table might better have been devoted to how the participants felt about their imminent defaults and how they might avoid such consequences.

Participants who completed financial education and continued budget counseling appear to be doing better than those who did not; they have created a budgeting tool. Some have been able to contact their own bank and begin to advocate on their own behalf. Some have started to explore other options.

**September 2010 through November 2010**

In September 2010, participants began a budget counseling session that would provide them with a practical tool to use on a daily basis. All participants were required to attend at least three (3) sessions, from September to the end of November. Their goal for the next three months was to create a basic budget at each session. Budgeting would advance at each session. The first budgeting tool to be introduced was basic in that it calculated income such as net income, child support, and social security. Expenses included mortgage payment, electric, gas, and food. The tool was designed to help participants understand and recognize how their income and expenses affect their family financial situation.

Comments such as, “What do I do now?” were very common at the end of the first budget counseling session. The next step was to determine the patterns that were affecting default on monthly obligations, and then create an outline to get participants on the right track. All five participants made it through the first session of the budget counseling. Some participants felt confident enough to practice a budget on their own without further budget counseling sessions.

Four out the five participants attended the next two budget counseling sessions in October. One of the participants felt capable of continuing to budget on her own. Another lost her home due to foreclosure, but remained committed to budget counseling and the program. The next budget counseling session introduced budgeting tools that included numerous expenses as
well as several income sources. With these budgeting tools, participants had to eliminate
expenses to balance their budget or/and have positive income at the end of the month. The
participants’ goal was to work their budget as many times as possible, practice throughout the
month, and reflect at the end of the month on what worked and did not work for them.
Participants were required to stay within the parameters practiced at the budget counseling
session. Participants were given two resources: “Make Every Dollar Count! Your Money
Management Kit” by Channing Bete Company, Inc. and Connecticut Association for Human
Services’ (CAHS) “Your Family Money.”

By November most of the participants understood what a budget was and how to stabilize
their household. Participants gained the confidence to take charge of their lives. The interview
reflected how participants had grown in the program and the level of confidence gained.
Participants were able to develop complex budgets as well as make adjustments as financial
barriers occurred.

All participants exited the budget-counseling program in November 2010. The pilot
officially closed in January 2011.
To review, the Bridge to Opportunity goals and objectives achieved at the end of the pilot were as follows:

<table>
<thead>
<tr>
<th>SUSTAINABILITY/RECOMMENDATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. GOALS AND OBJECTIVES</strong></td>
</tr>
<tr>
<td>Please provide measurable goals and objectives.</td>
</tr>
<tr>
<td>1. <strong>To improve</strong> participants’ <strong>savings</strong>, behaviors, and access to financial options and terms</td>
</tr>
<tr>
<td>2. To improve financial situation and financial outlook</td>
</tr>
<tr>
<td>3. Develop <strong>confidence</strong> in personal finances as their financial future improves and savings increase</td>
</tr>
<tr>
<td>4. Gain access to critical services that stabilize and reposition individuals economically within their communities</td>
</tr>
<tr>
<td>5. Help stabilize their economic communities as their savings increase</td>
</tr>
</tbody>
</table>

To review, the pilot used direct reporting of the participants’ survey responses as they progressed in the program as well as case vignettes. The pilot, also, focused on the financials to effectively reflect a replication of the pilot on a large scale. A policy recommendation was made at the conclusion of the pilot that highlighted the need to advocate for financial education and budget counseling for individuals facing financial hardships such as foreclosure, default, and financial burden. Also, the policy recommendation focused on the aftermath of a financial hardship such as foreclosure, and how to address the needs of individuals who become un-bankable as a result of foreclosure, as well as how financial education and budget counseling can begin to restore assets and maintain sustainable communities.
Case Vignettes

Joy’s Story

Joy was in an abusive marriage, but she was getting by until her mother died, her brother was sent to Iraq, her nephew died, and she lost her job. She and her husband filed for bankruptcy. Joy became numb by her situation.

Her husband was very controlling and used drugs. In addition, he was having an affair. Her daughter decided to go live with her birth father. Joy had a hard time dealing with her stepfather abusing her, and her husband using drugs.

Joy revealed that her mother was a victim of domestic abuse. She could remember when her sisters and she had begged her mother to leave their father. She could remember the response that her mother would tell her, “It was the only life I knew.” Now she was in the same situation. She knew it was wrong, but it was the only life she knew. Joy was able to access behavior health resources at FSW.

Joy joined groups for victims of domestic violence and grief counseling groups. She met regularly with her individual counselor. And she began to believe in herself. Every time she began to falter on the pathway her counselors would tell her, “You can do it!”

When she arrived in counseling, she was looking for someone to take care of her. She had been controlled all her life, and did not understand that she could do things for herself. She thought the counselors would do everything for her. Instead, her counselor taught her to do things for herself. FSW gave her the resources and the information, and taught her how to use them to take charge of her life.

Her husband left, taking all of the money from their savings account. She realized she had to do something or she would lose her house (a three-family home with rentals) and be homeless with no income. She enrolled in FSW’s budget counseling and in classes. Financial education class taught her how to budget. In a budget counseling session, she learned how to write a hardship letter to her mortgage company that saved her house. She developed a plan so that her rental incomes paid both her mortgage and living expenses. She heard everyone say, “Give up the house.” According to Joy, FSW was her way of making it possible to save her home and make a budget that would work for her.

Today, Joy is a changed person. “I’ve learned to listen to my ‘inner voice’,” she says. She wants to share what she has learned with other women—to teach them to reach out for help and to believe in themselves.

She is registered with CT Works, is taking GED courses, and plans to attend college. She is become interested in politics, attending town meetings and writing to legislators about issues that are important to her. “I never would have done that in the past,” she says.
“The most important thing,” says Joy, with a big smile, “is that I’m doing it all on my own. That’s an awesome feeling!”

Karen’s Story

Karen can describe the condition her finances were in before she began working with FSW’s Financial Assets program staff in two words—“A mess!”

“We had enough income,” Karen says. “My husband and I both work and make good salaries.” But their finances were out of control. They were paying their bills late. They were behind on utilities. They lived paycheck to paycheck, and money was a source of friction in their family.

Karen works at a local church, and had often referred members to FSW. “I told the pastor that I should take the classes, so I would know better what it was we were recommending. Really, I knew that I needed the financial education myself. My kids are college aged. We wanted to be able to help them. My husband and I are getting older—how would we be able to retire?”

She took financial education classes, which were helpful. The most helpful thing of all was the budget counseling sessions she had. Karen says that the three most important things she learned were planning, setting priorities (Do I want that or need it?), and the importance of knowing where the money goes. She is currently entering all of her expenses into QuickBooks, so that she and her husband will have a better understanding of how their money is spent.

It requires sacrifices for their entire family. Last spring her son had to change to a different baseball league than the one where he had been playing. The old league cost $2,500—a sum they knew they could not afford. He switched to a different league that only cost $300. With the difference, Karen was able to pay off two credit cards.

“It’s important for the kids to learn this lesson,” Karen said. She is encouraging her family to enroll in the financial education classes, too. She tells her children that that they will be on their own soon and they should not make the same mistakes she and her husband made.

Today, Karen’s family pays for everything in cash. After the first of the year, she starts paying off her last credit card. “It’s hard,” she says. “People should know it’s a constant battle—it’s easy to slip back into old habits. But now we have the tools we need to continue working towards financial stability. And it’s so worth it!”
**Emily’s Story**

Emily was dealing with the emotional and financial effects of a divorce from her abusive husband. She was struggling to raise four children all alone. Because their father did not make the payments he should have, she was swamped in debt. Her ailing mother needed her help as well. Creditors were calling her regularly. She was afraid she would lose her house. College expenses loomed.

“I thought my head would explode,” she said. “I didn’t know which way to turn.” That was when she was introduced to FSW. Emily received behavior services for the support that she needed to help her look at her life objectively. She learned to take care of herself first, so that she would be able to take care of others as well.

Emily was introduced to FSW’s Financial Assets program—Financial Education. She began to take classes—Creating a Personal Financial Plan, Debt Management, Pay Yourself First, and others. She learned that she could settle with her creditors by arranging to pay off the credit cards. She called the bank that held her mortgage and was able to modify her ever-increasing adjustable interest rate to a fixed rate. Even though there were always plenty of needs clamoring for her income, Emily managed to save a little every month. Next month, Emily will make the last payment on the last credit card. The money she is saving will help to finance her children’s college.

“It feels good!” she says enthusiastically. “I wish more people were aware of FSW’s programs. I don’t know what would have happened to me if FSW hadn’t been there to help. Now, I’ve talked a friend, who is dealing with cancer and is very depressed, into getting help at FSW.”
Financials

The pilot cost is minimal and is easy to replicate. The Bridge to Opportunity pilot worked on a small scale as a result of limited funding and staff. The pilot depended on in-kind donations and volunteers. The cost allocated to this project was $2000.00 for supplies. Costs such as staff time, space rental, and miscellaneous were contributed by FSW, Inc., the host site company. The projected cost of the pilot to the host agency is summarized in Table 1.3 below.

**ESTIMATED BUDGET SUMMARY FORM**

<table>
<thead>
<tr>
<th>Budget Categories</th>
<th>In-kind Donation</th>
<th>Capital</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Salaries and Wages</td>
<td>22,500</td>
<td>0</td>
<td>22,500</td>
</tr>
<tr>
<td>2. Employee Benefits</td>
<td>4486</td>
<td>0</td>
<td>4486</td>
</tr>
<tr>
<td>3. Materials and Supplies</td>
<td>0</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>4. Consultants &amp; Contracts</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5. Other</td>
<td>0</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td><strong>A. Total Direct Costs:</strong></td>
<td>26,986</td>
<td>2000</td>
<td>28,986</td>
</tr>
<tr>
<td><em>(Sum of lines 1-5)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B. Total Indirect Costs:</strong></td>
<td>2159</td>
<td>0</td>
<td>2159</td>
</tr>
<tr>
<td><em>(cannot be greater than 8% of Total Direct Costs)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C. Other (miscellaneous)</strong></td>
<td>0</td>
<td>900</td>
<td>900</td>
</tr>
<tr>
<td><strong>D. TOTAL: (A + B + C + D)</strong></td>
<td>29,145</td>
<td>2900</td>
<td>32,045</td>
</tr>
</tbody>
</table>

Table: 1.3

If the pilot became a program, the cost could range from $150,000 to $200,000 to operate in the first year. On average for FSW, Inc., a financial education and budget counseling program with a full-time staff and half-time staff financial analysis is as follows:
### Replication Cost-Plus Analysis:

#### EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Best</th>
<th>Average</th>
<th>Worst</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Hours per Client</td>
<td>5</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Consultant Cost per Hour</td>
<td>$75.00</td>
<td>$45.00</td>
<td>$30.00</td>
</tr>
<tr>
<td>Consultant Benefits (30%) Cost per Hour</td>
<td>$23.00</td>
<td>$14.00</td>
<td>$9.00</td>
</tr>
<tr>
<td>True Cost of Consultant per Hour</td>
<td>$98.00</td>
<td>$59.00</td>
<td>$39.00</td>
</tr>
<tr>
<td>Cost per Client Visit</td>
<td>$488.00</td>
<td>$585.00</td>
<td>$780.00</td>
</tr>
</tbody>
</table>

#### REVENUE

<table>
<thead>
<tr>
<th></th>
<th>Best</th>
<th>Average</th>
<th>Worst</th>
</tr>
</thead>
<tbody>
<tr>
<td>True Cost of per Client Visit</td>
<td>$488.00</td>
<td>$585.00</td>
<td>$780.00</td>
</tr>
<tr>
<td>Margin</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Price of Client Visit</td>
<td>$731.25</td>
<td>$877.50</td>
<td>$1,170.00</td>
</tr>
<tr>
<td>Number of Clients</td>
<td>10</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$7,313</td>
<td>$17,550</td>
<td>$58,500</td>
</tr>
<tr>
<td></td>
<td>Best</td>
<td>Average</td>
<td>Worst</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Number of Hours for Classes</td>
<td>10</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>Consultant Cost per Hour</td>
<td>$30.00</td>
<td>$30.00</td>
<td>$30.00</td>
</tr>
<tr>
<td>Consultant Benefits (30%) Cost</td>
<td>$9.00</td>
<td>$9.00</td>
<td>$9.00</td>
</tr>
<tr>
<td>True Cost of Consultant per Hour</td>
<td>$39.00</td>
<td>$39.00</td>
<td>$39.00</td>
</tr>
<tr>
<td>Cost per Client Visit</td>
<td>$390.00</td>
<td>$780.00</td>
<td>$1,170.00</td>
</tr>
</tbody>
</table>

*The following cost-plus model is based on the following assumptions
The average time with a client is based on year-to-date client servicing through the pilot.
*Based on current salary of coordinator for the project.

**Budget Counseling:**

**Budget Counseling**

Staff

- 50,000
- 27.5% 13,750
- 63,750

- 20% 12,750
- 76,500

hours per wk

- 35 1820 35 variable
- 120% 42

- $75.00

Day

- 7 294 350.00
## Large-Scale Replication Logic Model

<table>
<thead>
<tr>
<th>Input</th>
<th>Activities</th>
<th>Outputs</th>
<th>Short-term Outcome</th>
<th>Intermediate Outcome</th>
<th>Long-term Outcome</th>
</tr>
</thead>
</table>
| **Program Staffing**  
Hire a **Program Coordinator** - This person will coordinate all activities relating to services and program.  
Hire **Intake Specialist** - This position will interview clients and be responsible for data collection and analyzing for program.  
Hire **Client Advocate** to work with clients on advocating for services as well as work with external and internal representatives.  
Hire **Case Manager** to assist clients in regaining financial stability and access to critic financial resources.  
Recruit **Volunteers** - One to two volunteers to teach financial education classes. | Develop program parameters.  
Screen and engage 50 clients within 18 years of the start-up.  
Develop program milestones and outcomes.  
Develop program work plan.  
Create staff job descriptions and activities. | Program fully staffed within 6 months.  
Program milestones and outcomes established.  
25/50 clients served within 12 months of the program start date. | Staff is fully integrated and informed of services, parameters, and program objectives.  
25 served with the assistance of the program. | Improve savings.  
Regain financial confidence.  
Improve financial situation. | Assist clients in their move toward economically stable and sustainable communities. |
## Large-Scale Replication Logic Model (continued)

<table>
<thead>
<tr>
<th>Input</th>
<th>Activities</th>
<th>Outputs</th>
<th>Short-term Outcome</th>
<th>Intermediate Outcome</th>
<th>Long-term Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop financial education curriculum</td>
<td>Market the financial education workshop</td>
<td>Participants attend workshops</td>
<td>Three (3) participants attended</td>
<td>Improve savings</td>
<td>Economically stable and sustainable communities</td>
</tr>
<tr>
<td>Collection of resources</td>
<td>Implement the financial education workshops</td>
<td>Six (6) financial education workshops scheduled</td>
<td>Participants who received resources connected to services</td>
<td>Regain financial confidence</td>
<td></td>
</tr>
<tr>
<td>Volunteer instructors</td>
<td>Provide participants with literature</td>
<td>Five (5) participants receive resources</td>
<td>Participants become informed of topic</td>
<td>Improve financial situation</td>
<td></td>
</tr>
<tr>
<td>Secure meeting space</td>
<td>Schedule and deliver workshops</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training-related materials</td>
<td>Create pre- and post-test for participants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Five (5) pre- and post-evaluation administered</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Policy Recommendations

This is a policy recommendation to address consumers that have become un-bankable as a result of mortgage default and/or foreclosure.

Description of Issues

The financial industry generalizes individuals who have faced financial hardship and financial barriers and penalizes them by making them un-bankable. Now, foreclosures and homeowner defaults will become one of the factors that further contribute to the ruining of these individuals’ credit reports. In addition to financial stressors such as mortgage defaults, foreclosure, partial claim, forbearance agreement, and bankruptcy, individuals must account for fees including over-draft, credit card, ATM card, and checking accounts fees that penalize consumers’ lack of financial education and behaviors. The compounding affects of foreclosure, uninformed modification, and excessive banking fees drive many good consumers to becoming un-bankable. Un-bankable is defined as an individual who is unable to bank or borrow under traditional bank practices. These individuals soon become un-bankable because they are not able to open accounts at banks and, thus, move away from participating in the financial mainstream. They lack confidence from having their financial wealth eradicated with through bad financial decisions, and are uninformed of financial outcomes. Moreover, these individuals also lack the resources and ability to develop a financial alternative. Many of these individuals are just one, if not two, steps away from a financial hardship. Un-bankable individuals were cash-driven consumers who will continue to be cash-driven individuals after a foreclosure and default. They will continue to pay excessive fees for basic financial services, are susceptible to high-cost predatory lenders, or have difficulties buying a home or otherwise acquiring assets. Many un-bankable consumers have difficulty cashing their paychecks. Also, carrying a large amount of cash poses risks. In some cases, financial education and budget counseling can be a welcomed alternative. Financial education is available to these individuals. Budget counseling, however, is not.

How do individuals move from un-bankable to financial prosperity and wealth creation? The majority of financial institutions require a credit score above 720. However, many individuals with defaults are facing declining credit scores, bankruptcy, and the side effects of foreclosure, as well as residing in distressed areas that are perceived by bankers to be increasingly un-bankable. Some of the residents in these communities may be penalized with
excessive fees, or may not have the sufficient assets, savings, and financial savvy to re-enter the financial mainstream. A statement such as partial payment (loan modification) can become a barrier for some. In addition, these individuals may have had financial problems in the past, such as bounced checks. Households in low-income or minority communities are excluded by a combination of legitimate considerations of risk due to financial hardship as well as the exclusionary behavior of financial institutions that deny services to bankable consumers in these areas (O’Conner, 2001). This unfair practice further increases the un-bankable population.

**New Policy Needed**

The credit act of 2009 was signed in January 2009, and is in effect as of January 1, 2010. The most sweeping changes of the Credit Card Accountability, Responsibility, and Disclosure Act (or Credit CARD Act) of 2009 are the lack of interest rate limits on new purchases and the limits on existing balances.

The law lets credit card companies charge a variable rate without a limit. Some states do restrict the maximum interest rate they can charge. Without interest rate restrictions, many credit card companies will charge a too high fee to consumers. Some consumers will fall behind in their payments and their interest rates will continue to rise. These consumers will eventually default and become un-bankable.

The law limits when credit card interest rates can be increased on existing balances and allows consumers whose interest rates have been increased to reduce their annual percentage rates (APRs) to previous levels once they have made payments for 6 months. This is a relatively good approach to reward good behavior. However, the unintended consequences will be increased interest rates and reduced access to credit cards for consumers. JP Morgan Chase told investors in February 2009 that it was preparing to move all accounts to variable rates, charge higher interest rates when new accounts are opened, and tack on annual fees for those customers with low usage on their cards. The intent is to continue providing credit to the broadest number of creditworthy customers possible. However, there is a negative consequence to increasing fees. Some portion of borrowers will not be able to afford the new fees. As more people face higher interest rates, more consumers will fall into delinquency, or worse, default (Prater, 2009).

Although the purpose of the new credit act is to increase interest rates and reduce access, a byproduct will penalize some bankable people who will become un-bankable.
The Fair and Accurate Credit Transactions Act of 2003 (FACTA) was designed for financial institutions to securely report information about the consumer credit history. However, FACTA has neglected its due diligence to review and protect consumers from the maliciousness of financial institutions who report information that can potentially make individuals un-bankable. Educating individuals on tools such as qualifying for a written request, requesting a mortgage note, credit restoration strategies, and financial options will be awarded under Financial Literacy and Improvement under section 511 of the Act.

The Financial Literacy and Education Committee should enforce and ensure that the general public receives education on financial products and are aware of the consequences of mortgage default, as well as financial hardship. According to statute 113 of FACTA 2003, the Financial Literacy and Education Committee duties are as follows:

(1) The Commission, through the authority of the members referred to in section 513(c), shall take such actions as it deems necessary to streamline, improve, or augment the financial literacy and education programs, grants, and materials of the Federal Government, including curricula for all Americans. (2) AREAS OF EMPHASIS—To improve financial literacy and education, the Commission shall emphasize, among other elements, basic personal income and household money management and planning skills, including how to—(A) create household budgets, initiate savings plans, and make strategic investment decisions for education, retirement, home ownership, wealth building, or other savings goals; (B) manage spending, credit, and debt, including credit card debt, effectively; (C) increase awareness of the availability and significance of credit reports and credit scores in obtaining credit, the importance of their accuracy (and how to correct inaccuracies), their effect on credit terms, and the effect common financial decisions may have on credit scores; (D) as certain fair and favorable credit terms; (E) avoid abusive, predatory, or deceptive credit offers and financial products; (F) understand, evaluate, and compare financial products, services, and opportunities; (G) understand resources that ought to be easily accessible and affordable, and that inform and educate investors as to their rights and avenues of recourse when an investor believes his or her rights have been violated by unprofessional conduct of market intermediaries; (H) increase awareness of the particular financial needs and financial transactions (such as the sending of remittances) of consumers who are targeted in multilingual financial literacy and education programs and improve the development and distribution of multilingual financial literacy and education materials; (I) promote bringing individuals who lack basic banking services into the financial mainstream by opening and maintaining an account with a financial institution; and (J) improve financial literacy and education through all other related skills, including personal finance and related economic education, with the primary goal of programs not simply to improve knowledge, but rather to improve consumers’ financial choices and outcomes.
In the current economic times, the Financial Education Committee should take an active enforcement role to ensure that an increasing number of consumers do not become un-bankable. Second, it should fund programs and initiatives that will provide safer products and educational resources to consumers. The viability of wealth creation depends on consumer education of products and informed decisions based on long-term consequences.

**Policy Proposal**

A policy proposal would be to fund an accredited financial education and budget-counseling program to address issues of individuals who became un-bankable as a result of default or financial hardship and, at the same time, increase patronage and preserve communities. According to the Washington Credit League and Affiliates, the un-bankable clock setting for October 2007 is that 1 un-bankable baby is born every 7 seconds; 1 bankable account holder dies every 13 seconds; 1 un-bankable international migrant (net) every 27 seconds; net gain of 1 un-bankable every 11 seconds (Annaloro, 2009). Financial education and budget counseling can serve these individuals with information on mortgages as well as partner with credit unions that—in the consideration of new members—are willing to provide bank accounts for those with unfavorable traditional banking histories. Financial education and credit should operate under the policy and philosophy of economic opportunity for all.

Building economic self-sufficiency is good for America, and the long-term economic health of the nation (Annaloro, 2009). Therefore, credit unions have the opportunity to debunk the myth that financial institutions are not instruments of social engineering and have no government mandate to be agents of redistribution of wealth from the rich to the poor (Annaloro, 2009). Credit unions offer their members depositor-controlled cooperative financials that are run on a non-profit basis. By addressing issues of the un-bankable, credit unions offer a good alternative and increase patronage.

**Policy Recommendation**

Policy Alternative One addresses the problem of the expected increase in un-bankable individuals by offering the availability of financial services and enforcing fair lending. This proposed option is to offer credit union membership to un-bankable consumers that have suffered financial hardships in the past. For instance, someone who has had financial problems in the past will not necessarily have financial problems today. As such, credit unions can offer a variety of services at a premium to these less-than-credit-worthy consumers. For example, an un-
bankable consumer who has bounced checks in the past cannot open a checking account. He needs a checking account to properly manage his bills. Credit unions can provide this valuable service to this sector on a trial basis. This “probation period” will limit their liability. To ensure that credit unions hedge against those consumers that will re-default, credit unions can charge a monthly maintenance fee and higher interest rate. By adjusting the products they offer, credit unions can fulfill their mandate and increase their efficiency. The focus should not be on credit history, but on how the member became categorized as un-bankable.

Policy Alternative Two primarily focuses on education and outreach programs as well access to individual development accounts (IDAs) to decrease the financial gap. Non-profit organizations can offer a valuable service to these newly un-bankable individuals by providing a series of education programs, financial relief resources, and IDAs to make them bank-ready. Many of these newly un-bankable consumers would be attracted to appropriate programs, a service culture, and financial education. Non-profits offering financial education should partner with banking customers to educate their members on the terms, mortgage conditions, and consequences of each product. Services should be delivered to make these members of newly un-bankable bank-ready by offering them more favorable rates and branch conveniences. Once they learn how to manage their finances better, these rewards will further encourage them to use more bank products. Partnerships between local banks and non-profits offering financial education in distressed communities should market alternative products that are not just safe for their potential members but cater to their communities.

Disadvantages

- Despite differing estimates, it is undisputed that tens of millions of adults in the United States are un-banked, under-banked, or un-bankable. According to the General Accountability Office (GAO), 56 million = 1/5 of all adults in the nation are un-banked/under-banked/un-bankable (Annaloro, 2009).

- Anticipated foreclosures and the current job market will increase the number of un-bankable adults who may take up to 15 years to attain “bankable” self-sufficiency.

- Immigrant populations are excluded/ignored as result of immigration status and communication barriers.
Advantages

- Improving the availability of data on financial services transactions and aggressively enforcing fair lending, equal credit opportunity, and consumer protection laws and regulations
- Enhancing availability of products and services designed to meet the unique needs of lower-income and lower-wealth customers, as well as offering consumer financial education and outreach programs
- Outreach and engage individuals of multi-cultural and linguistic background into the financial mainstream through education, accessibility of financial products and resources

Financial education and partnership with local banks, such as credit unions, is a strong option to serve individuals that are un-bankable as result of financial hardship and/or financial barriers. The number of these un-bankable will significantly increase in the upcoming years due to economic times and the job market. Providing new services, financial education, and budget counseling can serve the un-bankable population as well as sustain communities.

Conclusion

President Barack Obama once said, “Our challenges may be new. The instruments in which we meet them may be new. But those values upon which our success depends—honesty and hard work, courage and fair play, tolerance and curiosity, loyalty and patriotism—these things are old. These things are true; they have been the quiet force of progress throughout history” (Obama 2009 pg 3). The pilot proposed an idea for using resources such as financial assistance, financial education, budget counseling, and resources in the community to address economic issues such as mortgage default and foreclosure.

The Bridge to Opportunity pilot examines this possibility on a small scale and the opportunity available within the current non-profit organizations and community resources to deal with the rise of defaulted home mortgages. The Bridge to Opportunity achieved a measurable outcome to derive a methodology from which financial education can become one of the many preventive tools to assist with foreclosure. Financial education and budget counseling can increase confidence and assist people in securing and maintaining the wealth of their communities.
Appendices

Appendix A  Stakeholder Analysis
Appendix B  Program Flyer
Appendix C  Financial Education class schedule
Appendix D  Snapshot of Program Materials
Appendix E  Intake Survey
Appendix F  Pre and Post Survey
Appendix G  Pre and Post Assessment
Appendix H  Host Organization Chart
# Stakeholders’ Analysis

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Stake</th>
<th>Interest</th>
<th>Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit organizations:</td>
<td>Non-profit organizations that are HUD-certified housing counseling agencies and offer foreclosure prevention services only</td>
<td>Stakeholders interested in services that will benefit the clients they serve</td>
<td>Potential referral sources to assist the financial education participants with needed services</td>
</tr>
<tr>
<td>Housing Development Fund</td>
<td>They are funded to deliver foreclosure prevention services only (No partnership created to deliver financial education)</td>
<td>Organizations have mutual interest to assist people in preventing foreclosure by any means necessary</td>
<td>Recommend financial education classes after closing or loan modification workout plans</td>
</tr>
<tr>
<td>ACORN</td>
<td>Provide families of first-time homebuyers with workshops</td>
<td>Educate community on financial options and resources available</td>
<td>Provide financial incentive to participants who attend financial education classes and budget counseling</td>
</tr>
<tr>
<td>Mutual Housing of Connecticut</td>
<td>Provide financial education and budget counseling.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bridgeport Neighborhood Trust</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Bridgeport</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSW, Inc. (Family Services Woodfield)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lenders:</td>
<td>Reduce default and maintain customers.</td>
<td>Maintain mortgage loans and reduce defaults.</td>
<td>Inform the homeowners about services.</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td></td>
<td></td>
<td>Advocate financial education and budget counseling.</td>
</tr>
<tr>
<td>Bank of America</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citibank</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1.4
Financial Education Mini-Series for Homeowners

(Starting May 2010 and ending August 2010)

The Bridge to Opportunity project is a mini-series of financial education classes geared for homeowners who are looking to get back on track. Classes will cover…

✓ Understanding your credit report
✓ Budgeting and saving
✓ Available options when you can’t budget any more

Only 10 people will be selected to participate in this mini-series. Participants will be selected on the basis of first-come-first served. For more information and registration, please contact Emendya Edouard by phone at 203-368-5522 or email at eedouard@fswinc.org.

The Bridge to Opportunity project is a Southern New Hampshire University student financial education pilot for struggling homeowners who are looking to take control of their personal finances and achieve financial stability and sustainability.
Appendix C  Financial Education class schedule

Financial Education Course Registration Form

First Name:_______________________________  Last Name:_______________________  Middle: ______
Address:_____________________________________________________________________
Telephone #: _________________________________________    Cell#: _________________________
What is the best time to reach you? _________________________
How did you hear about us? _____________________________

Please consider registering for all six (6) financial education classes.

<table>
<thead>
<tr>
<th>Title</th>
<th>Course Description</th>
<th>Date</th>
<th>Day</th>
<th>Time</th>
<th>Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating a Personal Financial Plan</td>
<td>This class will discuss what a personal financial plan is, how to create one, and how the financial planning process can help you meet your life goals.</td>
<td>6/15/10</td>
<td>Tuesday</td>
<td>5:30pm-6:30pm</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6/17/10</td>
<td>Thursday</td>
<td>12pm-1pm</td>
<td></td>
</tr>
<tr>
<td>Budgeting and Saving</td>
<td>Have you ever budgeted or tried to save but failed? Once you have created a personal financial plan, you can budget and save to get back on track.</td>
<td>6/29/10</td>
<td>Tuesday</td>
<td>5:30pm-6:30pm</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7/1/10</td>
<td>Thursday</td>
<td>12pm-1pm</td>
<td></td>
</tr>
<tr>
<td>Establishing Excellent Credit History</td>
<td>Learn the use of a credit report. How to order, access, and understand it so that you can build better credit scores.</td>
<td>7/13/10</td>
<td>Tuesday</td>
<td>5:30pm-6:30pm</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7/15/10</td>
<td>Thursday</td>
<td>12pm-1pm</td>
<td></td>
</tr>
<tr>
<td>Accessing Financial Resources</td>
<td>This class is all about resources including energy assistance and the utilities forgiveness program.</td>
<td>7/27/10</td>
<td>Tuesday</td>
<td>5:30pm-6:30pm</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7/27/10</td>
<td>Thursday</td>
<td>12pm-1pm</td>
<td></td>
</tr>
<tr>
<td>Personal Finance: Bringing It All Together</td>
<td>You created a plan, budget, and saved. What now? This class is geared toward bringing everything together to achieve financial success.</td>
<td>8/17/10</td>
<td>Tuesday</td>
<td>5:30pm-6:30pm</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>8/19/10</td>
<td>Thursday</td>
<td>12pm-1pm</td>
<td></td>
</tr>
<tr>
<td>Financial Round Table Discussion</td>
<td>Closing remarks and open discussion on the financial education series and personal financial situations.</td>
<td>8/31/10</td>
<td>Tuesday</td>
<td>5:30pm-6:30pm</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>9/2/10</td>
<td>Thursday</td>
<td>12pm-1pm</td>
<td></td>
</tr>
</tbody>
</table>

Fax or mail the completed registration form along with a letter explaining why you feel these classes will help you. To register, you must be a homeowner living in the following ZIP codes: 06607, 06610, or 06615.

Emendya Edouard • Financial Counselor•475 Clinton Avenue• Bridgeport, CT 06605 • Phone: 203-368-5522 • Fax (203)-331-8376.

Register early. Spaces are limited.
Make Every Dollar Count! Your Money Management Kit

This ready-made financial planning kit helps people of all ages successfully handle all aspects of money management. From budgeting and balancing a checkbook to shopping wisely and tracking expenses, this kit is loaded with practical, easy-to-implement strategies to help individuals and families achieve financial stability.

The kit includes:
- Better Money Management: A Guide For Reaching Your Goals
- 138 Ways To Beat The High Cost Of Living
- My Spending Diary: A Pocket Minder® Card
- Money Management Envelope Tote

The components are also available separately:

Better Money Management: A Guide For Reaching Your Goals

Helps readers get what they want out of life by managing their money wisely. Worksheets and clear, concise text guide them through budgeting, figuring net worth, opening a bank account, balancing a checkbook, financing large purchases, and much more — all of the basics for establishing good credit and financial security. 36 pages, 8 1/2" x 11"

Photo illus. handbook (EC94360)H

138 Ways To Beat The High Cost Of Living

Offers 138 "use now" tips that can add up to big savings for consumers. Presents practical ways to save on food, clothing, household items, and shelter. 16 pages, 5 1/2" x 8"

Classic illus. (EC18143)A

My Spending Diary: A Pocket Minder® Card

This reminder card provides a handy 2-week spending chart for logging amounts currently spent on food, household needs, personal care, clothing, transportation, entertainment, and incidentals. Clear, concise text helps card carriers analyze their spending habits and trim costs as steps in developing a budget they can live within. 2-sided, 3 3/8" x 2 1/8" (closed), 6 3/4" x 8 1/2" (open)

Reminder card (EC47823)A

Money Management Envelope Tote

People of all ages are sure to be drawn to the financial management education materials that can be included inside this engaging envelope! Constructed of sturdy, heavyweight paper stock. Holds 12 standard booklets, a stack of 8 1/2" x 11" materials, or a combination of both, up to 3/8" thick. Slot closure secures materials inside
Appendix E   Intake Survey

Survey #_____

Introduction:
In order for us to better understand the reasons for the increase in the rate of property foreclosures, please complete the following questions. This survey should only take a few minutes and is **completely anonymous**. Thank you for your assistance in this important matter.

Questions:
1. Have you been approached by a foreclosure consultant or someone other than a family member with an offer to keep this property from going to foreclosure? ☐ Yes ☐ No
   - If yes, by whom?
     - Current lender
     - Foreclosure Consultant
     - Other, please explain ____________________________________________
     ____________________________________________________________

2. Is this foreclosure action being taken on your primary home (the home you live in)?
   ☐ Yes  ☐ No

3. When did you purchase this property? Month _______, Year ______.

4. What are your current plans for this property?
   - Allow the property to go to foreclosure
   - Make payments to bring the mortgage current
   - Ask the bank/mortgage company for forbearance or loan modification
   - Refinance the property before foreclosure
   - Sell the property before foreclosure
   - Bankruptcy
   - Other, please explain ____________________________
   - Don’t know

5. What is the current mortgage balance? $_______________

6. Who was the original lender? ______________________________________

7. Is the current mortgage a fixed rate or an adjustable rate loan?
   ☐ Fixed Rate  ☐ Adjustable Rate  7a. What is the current interest rate? _____ %

8. Do you have a home equity loan or equity line of credit on this home?
   ☐ Yes  ☐ No

   - If Yes, what is the amount owed on this home equity loan? $______________

9. What are the major causes that resulted in your current foreclosure problems?
   Pick **up to 3** reasons and rank your choices as 1, 2 or 3, where 1 is the most important.
____ Loss of job or loss of household income
____ Divorce
____ Unexpected medical expenses
____ Change in the interest rate on the mortgage or home equity loan
____ Decline in property value preventing refinance or sale
____ Household budgeting or spending issues
____ Misunderstanding of mortgage loan terms
____ Other reasons, please specify ________

10. How much other significant household debt (i.e., consumer debt, auto loans, medical debt, student loans, construction loans, second home, unpaid taxes) do you have?
   Estimated Amount $__________________.

11. What is the estimated current value of your home? $___________________.

12. What is your estimated household income at this time? (include the income from your spouse or domestic partner)
   $___________________. □ annual or □ monthly?

13. If you lose your home to foreclosure, what are your plans for your next housing arrangement?
   o Buy another home
   o Rent a home or apartment
   o Move in with family or friends
   o Other, please explain ________________________________
   o Don’t know

14. Was this your first home? □ Yes □ No

15. Please provide the following general information:
   In what Bridgeport neighborhood is this property located? _______________________

   What is the property type? □ Single Family □ Duplex □ Multi-Family □ Mobile Home
   □ Condominium? □ Yes □ No □ A coop? □ Yes □ No
   What is your gender? □ Male □ Female
   What is your age? ______
   What is your marital status? □ Married □ Divorced □ Single □ Widow/Widower
   How many people are in your household? _____Adults _____Children

   Comments: ___________________________________________________________________
   ___________________________________________________________________

The data from this survey is being collected by a student at New Hampshire University. The data will be used for a project which will result in policy recommendation regarding foreclosures. The responses are anonymous and cannot be attributed to individual respondents. If you have questions regarding the survey, please contact Emendya Edouard at Emendya.Edouard@snhu.edu or (917) 403-9769.

If you are willing to be contacted by project staff, please provide your name and phone #.
Name: ________________________________ Telephone: (___)______________

49 | P a g e
Appendix F    Pre and Post Survey

Financial Education PRE-TEST questionnaire

Please check the appropriate box for each of the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have the information I need to choose a bank that is right for me.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a bank account or plan to open one.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I cash my checks in a way that costs me little or nothing.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know about the different methods of filling out taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I don’t understand where my tax money goes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know about the earned income credit and how to claim it.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a personal economic plan that is written down.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how to work towards my short-term savings goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how to work towards my long-term savings goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel like I spend my money without knowing where it goes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know my spending tendencies and how to handle them.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have requested a copy of my credit report.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how to indentify a “credit trap”.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a written personal budget.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have stuck to a written personal budget.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have identified my career goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a plan to reach my career goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can access resources to help me reach my career/financial goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What topics or questions do you want the facilitator of this course to address?

Background information

<table>
<thead>
<tr>
<th>Birth Date:</th>
<th>Ethnic/Cultural Identity:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Dependents:</td>
<td>Average Annual Family Income:</td>
</tr>
</tbody>
</table>

If you currently receive benefits, please check which type(s) of support you are receiving. If you don’t receive benefits, skip to question 6.

☐ TANF  ☐ SSI  ☐ Food Stamps  ☐ Section 8  ☐ Child Care  ☐ Other

5. Are you in danger of losing your benefits? ☐ Yes  ☐ No  Why?

6. Are you currently employed? ☐ Yes ☐ No. If No, skip to #7. If Yes, ☐ full-time ☐ part-time. Do you have benefits through your employer? ☐ Yes ☐ No. If Yes, which? (Check all that apply)

☐ Health/Dental  ☐ Savings  ☐ Retirement  ☐ Disability Insurance  ☐ Life Insurance  ☐ Other __________

7. What is the highest level of education you have completed? (Check one answer only)

☐ College degree  ☐ 2-Year degree  ☐ Some college  ☐ Vocational certificate  ☐ Job training  ☐ High school diploma  ☐ GED certificate  ☐ Other __________
## Appendix F  Pre and Post Survey

**Financial Education Workshop**

*Initial/Post-Observation*

Please rate the instructor(s), materials, and the overall program by circling the appropriate number. Please circle the number that best describes your current behavior.

<table>
<thead>
<tr>
<th>Financial practice</th>
<th>I am not considering this</th>
<th>I am considering this</th>
<th>I am doing this sometimes</th>
<th>I am doing this most of the time</th>
<th>I am doing this all of the time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Write down and prioritize financial goals that are realistic and measurable.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Discuss goals with spouse and/or family members.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Identify the first steps needed to reach my goals.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Learn strategies for bringing my income and expenses into balance.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Follow my spending plan.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Pay bills on time.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Maintain on-time payment to monthly financial obligations.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Open checking and savings accounts at a bank or credit union.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Learn about and obtain employer and public benefits available to me.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Reduce debts.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Establish a good debt repayment history.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Regularly review my credit report.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Resist financial offers that are too good to be true.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Use a filing system for financial records.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Able to access financial resources.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Learn strategies for bringing my mortgage payment current.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Save regularly to achieve my goals.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**Not comfortable …… Very Comfortable…**

| What is your comfort level with your knowledge of financial terms and concepts? | 1 | 2 | 3 | 4 | 5 |
| What is your comfort level with applying your knowledge into behavior? | 1 | 2 | 3 | 4 | 5 |

*Thank you for completing this survey.*
Appendix G  Pre and Post Assessment

Financial Education Post-test Questionnaire

1. Please check the appropriate box for the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have the information I need to choose a bank that is right for me.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a bank account or plan to open one.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I cash my checks in a way that costs me little or nothing.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know about the different methods of filling out taxes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I don’t understand where my tax money goes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know about the earned income credit and how to claim it.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a personal economic plan that is written down.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how to work towards my short-term savings goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how to work toward my long-term savings goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel like I spend my money without knowing where it goes.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know my spending tendencies and how to handle them.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have requested a copy of my credit report.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how to identify a “credit trap”.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a written personal budget.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have stuck to a written personal budget.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have identified my career goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have a plan to reach my career goals.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can access resources to help me reach my career/financial goals</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Please rate your financial comfort level according to the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have developed the skills I need to take control of my finances.</td>
<td>1 2 3 4 N/A</td>
<td></td>
</tr>
<tr>
<td>I have a better understanding of how I fit into the “big economic picture.”</td>
<td>1 2 3 4 N/A</td>
<td></td>
</tr>
<tr>
<td>I have the knowledge I need to take control of my finances.</td>
<td>1 2 3 4 N/A</td>
<td></td>
</tr>
<tr>
<td>I know where to turn for help with my financial situation.</td>
<td>1 2 3 4 N/A</td>
<td></td>
</tr>
<tr>
<td>I feel like I can make more informed choices about my finances.</td>
<td>1 2 3 4 N/A</td>
<td></td>
</tr>
</tbody>
</table>

3. What was the most useful part of the course?

4. What could we do to improve the course?
Appendix H  Host Organization Chart

Host Organization
FSW, Inc. CT

Board of Directors

President & CEO
William J. Hass, Ph.D.

V.P. Operations
Wayne Valaitis, MS

V.P. Program Services
Cynthia Malagnan, MS

Director
Family Assets

Director
Food Svc Enterprise
Kathy Fontin

Director
Regional Coordinator
Deb Oliver

Training

Accreditation

Youth Services
YMC, VIN, STEP & CT Youth Opportunity

Director
HIV Services
Sylvia Mitchell, MS

Continuous
Quality Improvement

Facilities

Administrative Support
& Facilities Coordinator
Yvonne Bonnia

Director
Information Technology
Joe Foran

Director
Deaf Outreach
Rachel Spillane, MA

Literacy Volunteers

Director
Behavioral Health
Lauren Festa

Director
Human Resources and Risk Management
Lisa Delaney, MS

Controller
Craig Chang

Director
Development and Communications
Jocelyn Ault

HR3-Organization Chart 1
References:


