Interview with Bill Robertson, Director of Operations, and Mark Foster, Director of Education and Marketing at Credit Counseling of Arkansas on Nov. 29.

Isabel: Can you just give me a broad overview of what CCOA does with credit in general? What’s the Homebuyer education program like?

Bill Robertson, Director of Operations: It’s real comprehensive, we cover everything from the decision that maybe you want to buy a house and you’re sitting around thinking about it on a Sunday afternoon or something and you are tired of renting and those types of things. All the factors that impact those types of things impact your decisions. So we start there and we go all the way through the process of what you need to do as far as sitting down and looking at your budget and asking yourself “how much can I afford for a house payment? What does that look like for me as far as my needs and wants and things I would like to have in a house?”

Bill: And then we talk to them about meeting with a lender and what they need to do for that lender. Come in, and this week it is an Arvest lender. So uh he’ll talk to them about what they need to come in and apply for a loan, just to get pre-approved, pre-qualified, that type of thing. So they’ll know a little bit more about what to expect, what type of loan programs are available out there for them whether they are a first time home buyer or they are not a first time home buyer. Uh income limits, credit scores, all those things they impact your ability to buy a house.

Bill: We also talk to them about real estate, how to work with a realtor, and what that means. Because a lot of people think “I don’t want to have a realtor, I don’t want to hire a realtor,” that’s what they think. I don’t want to pay them but you really don’t because the real estate agent is paid out of the proceeds of the sale and that mostly comes from the seller. Usually all of it comes from the seller but sometimes there are some fees but not usually.

Bill: Normally if you are a buyer, a realtor works for you for nothing and they spend a lot of time and energy and gas and that stuff taking you around. Uhm so the things they would want you to do about being a buyer’s agent, all the ends and outs of what those terms mean to you as a buyer. And then we go through closing, get an inspection, all the things you need to do; make an offer on the house and the time you actually close on a house, get an inspection, get your insurance in place, what home-owner’s insurance covers, how to shop for home-owner’s insurance.

Bill: These are things a lot of people don’t know and most people know I have to have insurance, kind of like driving a car. You know you have to have it but you really don’t know what it covers. So we go into that a little bit about what insurance covers, what the different types of policies are, so hopefully helping them. Just giving them that knowledge they need when they sit down with a realtor, lender, or insurance agent, or home inspector they know what questions to ask and they know what their options are and they're a little bit better prepared to make those decisions without getting really emotional. Probably removes more of the emotion they can because it gets to be a really emotional time, you start looking at houses and you get really excited and you fall in love with something and think I don’t care what it costs, I’m going to buy it.

Bill: So uh we go all the way through that and the last part we talk about what your responsibilities are after you buy a house. Things people don’t think about, homestead tax credit. Its available to anyone in the state of Arkansas, under primary residency. Its a 350 dollar a year tax credit on your property taxes, but you have to apply for it. You do it one time, it’s real simple and easy. But if you don’t know about it, you don’t think about it, it’s real easy to forget and there you are paying 350 dollars a year extra on taxes you really shouldn’t have to pay. Things about budgeting for repairs and just getting your payment in on time and then we talk about what they can do if they have problems because we know problems happen to everybody. People lose their jobs, they get sick, you can make all the right decisions and something happens that kicks your feet out from underneath you. What are some options for them to get help if they need it? It’s just a big process.

Isabel: Very well rounded it sounds like. Is there anything that you see uhm frequently, maybe not, but a common misconception with people that are home-buyers or something people don’t know, or something you are repeatedly teaching over and over just to be a big component people don’t know or-

Bill: What I see is people that come to the class a lot of people don’t know that there are programs to help with your down payments or closing costs in the state of Arkansas. Some of them come and they already know that. But a lot of them say “I didn’t know about these programs before I came to this class.” You know, so that’s one thing.

Isabel: What kind of programs?

BIll: There’s several through the state of Arkansas. The Arkansas Development Finance Authority, the ADFA is what everybody calls it. They have several loan programs that are available. Some to first time home buyers, but some that are available to anybody. They have a really low interest - two and a half percent - mortgage for first time home buyers right now called the ADFA advantage.

Bill: I’ll give you a hand-out in this in class Saturday, but it’s a really good, fairly new, maybe six months that’s been going on. Then they have some others that are open to people who aren’t first time home buyers that’re still really competitive interest rates. But, along with those they have some down payment assistance programs.

Bill: There’s a couple of them, one’s called the down payment assistance loan. It’s well named, it’s a second mortgage you can get to help with your down payment and closing costs. You can borrow up to $6000 to help with that, and you pay it back over 10 years at 4%. So, that’s one. Then, for lower income people there’s one that’s called te ADDI program ,the arkansas dream down payment initiait.ve And that’s also a second mortgage that you don’t have to pay back if you stay in the house for five years. So you can borrow up to six percent of your loan to help with your closing cost and your down payment and you don’t pay it back if you stay there in less than five years. If you sell in five years you’ll have to pay the difference back but it’s prorated out over the four, five years.

Isabel: These are important programs, I had no idea.

Bill: Yeah, they’re really good. And in order to use those, of course you have to qualify, we talk about income limits, that type of thing. But you also have to use a participating lender. And not all lenders participate in those programs. A lot do, it’s not like there’s only 3 out there that do, but they have to know going in that if I want to use one of these I have to use a participating lender. That’s some good information that we give them. We talk to them about- a lot of people don’t know about mortgage insurance, what’s called PMI, private mortgage insurance, they don’t really understand what it is. And that they’re gonna pay that for the life of their loan, generally, if they don’t have 20 percent down payment, which most people don’t. Especially first time home buyers, that’s just not normal to have 20% down. So they’re gonna pay that, and they have to factor that in when they’re calculating what they can afford for a house. So, those are common things. And, just, the whole real estate, understanding what realtors can do for you. You don’t have to use a realtor, we specify that, but just to know that just because you go talk to a realtor doesn’t mean that you’re going to be out any money for it.

Isabel: A lot of stuff, wow. Okay.

Bill: You don’t have to come to class, now, you’re done.

Isabel: Hah, I have so much more to learn. I know you have 2 people that talk to the marshallese and hispanic community. Is there anything that they do differently than the general services you provide to everyone?

Bill: Mark can address more the marshallese, and actually the marshallese educator is recently, she’s still here on a contract basis, she teaches some classes within the marshallese community, she’s not actually… (To Mark) She’s asking about marshallese and spanish- what we do with them, and I was just telling her that sandy is not full time here anymore, she’s just teaching some classes.

Mark Foster, Director of Education and Marketing: Yeah, well, it’s not long and it’s not late, it’s at the library at 5.

Bill: She just wanted to know what all we do with credit, helping people understand their credit.

Mark: Well, it’s really 5 to 530 where I’ll be doing a class on credit score secrets and so forth, and from 530 to 6, it’s often people who have questions, like, “What do I do if this?”, or, “Well, I had a loan once,” or “This is a default or….” “What would this be?”, often times. They don’t want to ask in the class, but they want to ask one-on-one. So that’s set aside for 530-6. So, really, it’s gonna be a good half hour of credit score secrets. Some of it’s real obvious stuff, like, if I make a late payment it’s gonna hurt my credit score, duh.

Mark: But other things the rules of the credit scoring game you would not guess in a million years. In fact, it’s counter intuitive. Well, that doesn’t seem like. So we tell people what those secrets are so they can get the best credit score.

Mark: Your car insurance rates can depend on that, whether you get approved for a home loan, car loan, or can re-fi a loan. Or if you do get approved what your interest rate will be. You might get approved but have a higher interest rate because you didn’t have the greatest credit. And you might have to make a bigger down payment. And they’re like, “holy cow! Instead of making no down payment or a small down payment, I’ve gotta make a big down payment!” So, having a good credit score can help in so many ways.