Remarks by Anna Escobedo Cabral U.S. Treasurer U.S. Department of the Treasury Before the New Mexico Mortgage Lenders Association

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Albuquerque, NM- Good afternoon. Thank you, Ryan, for that introduction. I want to thank Dan and the New Mexico Mortgage Lenders Association for your warm welcome. I applaud the important work you're doing here in New Mexico to promote and maintain sound mortgage lending practices. I'm pleased to join you here today with our federal partners and so many others dedicated to fostering the American Dream of homeownership.

For many Americans, owning a home is a giant step on the ladder of economic mobility. It's a symbol of hard work, a source of pride, and a foundation for security.

I know President Bush is deeply committed to helping all Americans fulfill the dream of owning a home. Today, more and more individuals and families are achieving this dream. Nearly 70 percent of Americans own homes, and the rate of minority homeownership has risen above 50 percent since the President took office.

The Departments of Housing and Urban Development and Agriculture do a tremendous amount of work to ensure this success and extend the opportunity of homeownership to more and more Americans.

At Treasury, we're equally committed to fostering an ownership society. One of the ways we do this is by empowering individuals to make wise and informed decisions about their finances.

In today’s increasingly complex mortgage market, often the greatest challenge to consumers is having enough information to navigate through the variety of products available and choose the one that best fits their needs.

A 2001 study revealed that homeownership counseling can reduce 90-day mortgage delinquencies by an average of 19 percent. Of course, knowledge is also our best protection against predatory lenders and fraud.

When we talk about effective homeownership counseling, we need to think beyond the specific states of pre-purchase, post-purchase, and foreclosure. After all, the goal should be to ensure individuals and families are equipped not just to buy their homes, but also to remain in their homes. Buying a home is often the biggest purchase most of us will make in our lifetime, and information is critical to ensuring that we make this purchase wisely.

Homeownership counseling and training provides an ideal opportunity to educate consumers on general personal finance issues such as credit and money management that are critical to helping them manage their new mortgage and avoid foreclosure. Therefore, good homeownership counseling programs take a more holistic approach to address a range of finance topics.

Without question, homeownership fuels the economy and enhances quality of life in our communities. It’s in the best interest of financial institutions to help their customers continue on a successful and secure economic path once they purchase their homes.

In talking with communities throughout the country, we’ve found the most effective way to deliver this important financial education message is by working together. Grassroots organizations can be extremely successful in reaching their local community members to deliver homeownership counseling.

We also know that HUD regional offices across the country as well as programs like NeighborWorks America are advancing homeownership education through innovative outreach, aggressive public awareness campaigns, and intensive counseling. Just this week the Federal Reserve Board announced a new online Mortgage Comparison Calculator that consumers can use to compare what their monthly mortgage payments will be and how much equity they will build up in the future. This is a user-friendly and accessible financial education tool that will help consumers make informed decisions about mortgage options.

These are just some of the financial education programs and resources out there. By working together, federal, state, and local governments, financial institutions and community organizations have the potential to empower all Americans with the information they need to achieve their dream of buying a home.
Finally, I want to mention another important Treasury-led effort. As some of you may know, in 2003 Congress established the Financial Literacy and Education Commission under the Fair and Accurate Credit Transactions Act. The Commission brings together 20 different federal agencies – including HUD and USDA – with the single goal of improving financial education.

Since that time, the Commission has released The National Strategy for Financial Literacy, and launched a financial education web site and toll-free hotline, MyMoney.gov and 1-888-MyMoney in English and Spanish. The Strategy – which can be downloaded from the website looks at a variety of important finance topics including homeownership. In fact, the section of the Strategy on homeownership has been nationally recognized as a valuable source of information.

The MyMoney website also offers helpful links such as the Federal Reserve Board's mortgage calculator I mentioned earlier. I encourage those of you who haven't seen the Strategy to go on line and take a look. I think you'll find it offers some truly valuable resources.

Over the last year, Treasury and HUD have co-hosted meetings with financial institutions, lenders, policy makers, community organizations, and counseling agencies to discuss the issues surrounding homeownership and build new partnerships to advance this important goal. Treasury continues to work with HUD and our Commission partners to engage in similar discussions throughout the country.

We're making great progress in offering homeownership opportunities to more Americans and building a more prosperous future for our communities. But much work remains. I'm confident that working together we will continue to boost homeownership – especially among the nation's most underserved consumers – and create a more financially informed public. I thank you for your continued partnership, hard work and commitment to this important endeavor.

Thank you.