

# Financial Literacy: Homeownership - Qualifying for Homeownership

*Directions:*

Answer the following questions.

1. Of the following, which is NOT one of the four basic pieces of information a potential lender will look at when you apply for a mortgage?
  - A. Financial obligations you may have, such as child support or alimony
  - B. Your credit rating
  - C. The type of home your parents lived in while you were growing up
  - D. Your income
2. If you have a monthly gross income of \$3,500 which results in a monthly net income of \$2,700, what is the maximum mortgage payment amount you can qualify for assuming the lender uses the 28 percent rule?
  - A. \$756
  - B. \$980
  - C. \$890
  - D. \$765
3. If you have a monthly gross income of \$3,500 which results in a monthly net income of \$2,700, what is the maximum amount of credit card debt payments you can have assuming the lender uses the 36 percent rule?
  - A. \$907.29
  - B. \$1,620
  - C. \$1,260
  - D. \$972
4. Which of the following is NOT a basic piece of information a lender can find out about you when examining your credit report?
  - A. Your most recent tax return information
  - B. How much credit you have available to you
  - C. How much you currently owe
  - D. Any financial obligations you are legally required to meet

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5. Which of the following is likely to happen if you have a low credit score?
  - A. The higher your chance is to get a mortgage loan
  - B. The lower your chance is to get a mortgage loan
  - C. The more income you need to offset your credit score
  - D. The less income you need to offset your credit score
  
6. Other than your payment which includes the principal and interest, what other costs might you have to pay when owning instead of renting your home?
  - A. Property taxes, additional sales taxes and homeowners' association fees
  - B. Additional sales taxes, insurance and homeowners' association fees
  - C. Property taxes, insurance and homeowners' association fees
  - D. Property taxes only
  
7. If you move to an area farther away from your work, what increased expense will you likely incur?
  - A. Gasoline
  - B. Clothing
  - C. Food
  - D. Child care
  
8. When you organize your information to take with you to the lender, which of the following is necessary?
  - A. Proof of employment
  - B. Credit report
  - C. All past receipts
  - D. All insurance papers
  
9. Who would need to see your current net worth statement when buying a house?
  - A. Inspector
  - B. Lender
  - C. Insurance adjuster
  - D. Home decorator

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10. Who would need to see your current monthly expenses when buying a house?
- A. Inspector
  - B. Lender
  - C. Insurance adjuster
  - D. Home decorator