

Module Review

Reflection

List several ideas that you learned in this module that will be helpful in achieving your goals.

Exercise

1. If your long-term goal is to purchase a home, you will likely have many short-term goals that will move you closer to achieving homeownership. List three examples of short-term goals that will bring you closer to homeownership.

1. _____
2. _____
3. _____

2. To develop a spending plan, you need to do all of the following except:

- a. calculate your income
- b. identify your expenses
- c. examine the relationship between your income and expenses
- d. set spending goals
- e. apply for credit

3. Your total income before taxes is called _____.

4. The amount of income you earn after taxes are deducted is called _____.

5. When applying for a mortgage loan, almost any income can be included as long as the income is: (check all that apply)
- a. documented
 - b. verifiable
 - c. expected to continue for three to five years
6. The difference between your income and expenses is called _____.
7. Which of the following are examples of flexible expenses?
- a. rent/mortgage payments
 - b. vacation
 - c. groceries
 - d. cable
8. A lender evaluates the amount you can afford to spend on a mortgage payment each month to determine your:
- a. affordability
 - b. discretionary income
 - c. factor
9. True or False? Housing-to-income and debt-to-income ratios set limits on how much of a borrower's monthly income can be applied to housing costs.
- a. True
 - b. False
10. Your total gross monthly income is \$2,400. The loan product you have selected has a 29 percent maximum housing ratio. The maximum amount you could spend monthly for housing would be _____.
11. True or False? Total debt-to-income ratio refers to the percentage of your gross monthly income that may be allocated to all recurring debts, including housing costs.
- a. True
 - b. False
12. The Section 184 Loan Program has a 41 percent maximum debt-to-income ratio. Your total gross monthly income is \$2,400. Based on these figures, the maximum amount allowed each month for your debts and proposed house payment would be _____.

14. Name three ways you can increase your affordability.

1. _____
2. _____
3. _____



Photos Above: Choctaw Nation of Oklahoma