

## eHome America HBE Course Answer Key English

### Course Pre-Test

1. What is usually an advantage of homeownership?
  - c. Tax Benefits
2. When creating a spending plan, you use your gross monthly income.
  - b. False
3. Which of these expense types and answers is true?
  - d. Indebtedness expense - minimum monthly payments you make on your loans and credit cards
4. Which of these items include all parts of the mortgage payment?
  - b. Principal, Interest, Taxes, Insurance
5. The down payment is an upfront cost of homeownership.
  - a. True
6. The 4 C's of Credit are?
  - b. Capital, Capacity, Credit History, Collateral
7. The housing ratio is used to determine how much of your gross monthly income can be used to make the monthly mortgage payment plus all other existing debt payments.
  - b. False
8. A prequalification is a guarantee from the lender to loan you money.
  - b. False
9. There is only one type of credit report.
  - b. False
10. Your payment history makes up the largest portion of your credit score.
  - a. True
11. Government-insured loans usually require private mortgage insurance when your down payment is less than 20 percent.
  - b. False
12. Which of the following is true?

b. Adjustable-rate Mortgage - The loan starts out at a lower interest rate and then changes on a regular basis

13. Interest rate and APR are the same thing.

b. False

14. With a detached single-family home, you own the home and the land on which it sits.

a. True

15. Both joint tenancy and tenancy in common require owners to take equal shares.

b. False

16. You can hire a real estate professional that represents just you.

a. True

17. If a contingency in your purchase offer is not met before closing, the sale can be canceled and you can get your earnest money back.

a. True

18. A home inspection and appraisal are the same thing.

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19. Which professional evaluates a mortgage loan to see whether or not it should be approved?

a. Underwriter

20. The term escrow has multiple meanings.

a. True

21. A typical homeowner's insurance policy covers the contents of the home.

a. True

22. Flood damage is normally covered in a homeowner's insurance policy.

b. False

23. Which are prepaid costs when buying a home?

b. Interim Interest

24. What is the document that changes ownership from the seller to you?

b. Deed

25. Preparing for emergencies is part of maintaining your home and protecting your investment.

a. True

### Step 1 - Learning Check

1. What is an advantage to homeownership?

c. Stability

2. What is a disadvantage to Homeownership?

b. No Guarantees

3. Which of these best describes equity?

c. The difference between what you owe the lender for the mortgage loan, and what your home is worth.

### Step 1 – Decide if Now is the Right Time Test

1. What will happen to your taxes when you own a home?

b. I may pay less in taxes because my mortgage interest is deductible.

2. Which of the following is an advantage of homeownership?

a. Increased equity and stability.

3. You can start the process and buy a home in how much time?

c. 60 days to 4-6 months

4. Who works for a nonprofit housing counseling agency and can provide guidance to help you achieve your homeownership goals?

c. A Housing Counselor

5. A home's value is guaranteed to increase over time.

b. False

### Alternative Test Questions

1. The more you know about buying a home, the harder it will be for you to reach your goal of homeownership

b. False

2. If your home is worth \$150,000 and you owe \$120,000 on a first mortgage and \$10,000 on a second mortgage your EQUITY is:

c. \$20,000

3. Some disadvantages of being a homeowner versus renting include:

- a. Maintenance and Repairs, Decreased Mobility and Fewer Amenities
- 4. Most new homeowners begin and finish the homebuying process within one month.
- b. False
- 5. Your home's VALUE and EQUITY are always equal.
- b. False

### Step 2 - Learning Check

- 1. What are the four parts of the mortgage payment?
  - b. Principal, Interest, Taxes, Insurance
- 2. What is another term for Housing Ratio?
  - b. Front-End ratio

### Step 2 - Determine How Much You Can Afford to Spend Test

- 1. What percent is the normal range for a Housing or Front-End ratio?
  - c. 25%-33%
- 2. The part of the mortgage payment that represents the amount the lender is charging for borrowing money is called:
  - c. Interest
- 3. A prequalification is a guarantee from the lender to loan you money.
  - b. False
- 4. The down payment is an upfront cost of homeownership.
  - a. True

### Alternative Test Questions

- 1. When you sign a mortgage, you are:
  - c. Both A and B
- 2. Part of your total monthly mortgage payment includes an amount to pay taxes. These taxes are known as:
  - d. Property Taxes
- 3. All mortgage loan payments include an escrow amount to pay homeowners insurance and property taxes in addition to your principle and interest payment.

b. False

4. Example of Ongoing Costs of owning a home include all EXCEPT:

d. Closing Cost

5. If you are pre-qualified for a loan, you are guaranteed that they will give you a mortgage.

b. False

### Step 3 - Learning Check

1. What are some tracking methods you can use that we discussed.

b. Review your bank and credit card statements regularly

2. A realistic spending plan will help you prepare for homeownership.

a. True

3. A monthly expense such as rent is an example of\_\_\_\_\_.

c. Fixed Expense

### Step 3 - Analyze How You Manage Money Test

1. When creating a spending plan, you use your gross monthly income.

b. False

2. The type of expense that stays the same each month is\_\_\_\_\_.

c. Fixed Expense

3. How much money would need to be saved monthly if \$22,000 was needed to purchase a home in 30 months?

c. \$733

4. What is a good reminder for following your spending plan?

b. Carry visual and written reminders of your goals with you.

5. If your spending plan is not working, you can change it.

a. True

### Alternative Test Questions

1. Another name for a plan for spending money with a goal of homeownership in mind

is?

b. Spending Plan

2. The three ways you can make positive adjustments to your budget and spending plan are:

c. Increase Income, Spend Less and Do Both

3. The best way to track your monthly spending is to:

a. Keep track of everything you spend money on for a period of time.

4. It is okay to make adjustments to your spending plan to improve your savings and lower your debt over time.

a. True

5. Some good ideas to help you better follow your spending plan are:

d. All the above.

[Step 4 - Learning Check](#)

1. What does capacity, one of the 4 C's of credit tell about you?

a. Your ability to earn enough income to pay all your bills including your mortgage

2. What is a consumer credit report?

c. A single bureau report that lists all inquiries

[Step 4 - Work on your Credibility Test](#)

1. Which of the 4 C's refers to your ability to earn enough verifiable income to make the mortgage payments and cover all other living expenses.

b. Capacity

2. There is only one type of credit report.

b. False

3. The three main credit reporting agencies are Experian, Transunion and Equifax.

a. True

4. Which item below is not a part of your credit score.

c. Retirement account

5. Can student debt impact your credibility?

a. Yes

6. Your payment history makes up the largest portion of your credit score.

a. True

### Alternative Test Questions

1. Your personal credit report includes a FICO score number. Does this number ever change?

a. Yes

2. What does collateral, one of the 4 C's of credit tell you about your loan application

b. How much of the loan will be secured by real property.

### Step 5 - Learning Check

1. Pre-Approval is the same as prequalification?

b. False

2. What is a credit union?

b. A credit union is a depository institution ran for it's members.

3. If your student loans are in deferred status, they will not be factored into your credit decision.

b. FALSE

4. Your personal NET WORTH is defined as:

c. The value of the property a person owns less the total debt a person has

5. Your Credit Report includes the following types of information:

e. All the above

### Step 5 - Find A Loan Test

1. Government-insured loans usually require private mortgage insurance when your down payment is less than 20 percent.

b. False

The interest rate on a fixed-rate mortgage fluctuates.

b. False

2. Some nonprofits make mortgage loans.

a. True

3. What is the difference between a fixed rate mortgage and an adjustable rate mortgage?

c. A fixed rate mortgage loan rate stays the same, and an adjustable rate mortgage can change regularly.

4. What is a down payment assistance program?

c. A program that will help you reach your goal of homeownership that provides a grant or loan that you can use toward purchasing a home.

### Alternative Test Questions

1. You have to apply with a bank to get a mortgage loan.

b. False

2. If you have a Contract for Deed, you do not actually own your home.

a. TRUE

3. Mortgage Company products include:

c. Loans secured with Real Estate

4. When completing a loan application online, you should look for the following:

a. A web address that begins with HTTPS

5. The safest type of loan for a first-time homebuyer is a fixed rate mortgage.

a. TRUE

### Step 6 - Learning Check

1. What is the loan term?

b. The length of the mortgage loan in months/years.

2. Which is better for you a higher interest rate or a lower interest rate?

c. A point is equal to 1% of the total loan.

### Step 6 - Select Your Loan Test

1. Interest rate and APR are the same thing.

b. False



2. If the loan-to-value were 90% for a \$200,000 home, the required down payment would be \$20,000.

a. True

3. Loan fees are the same across all lenders.

b. False

4. How many business days after you submit your application will you receive a Loan Estimate form?

b. Within 3 days

5. How many offers do we encourage you to request from lenders?

c. Three

### Alternative Test Questions

1. If you are buying a \$200,000 home that requires a 90% loan-to-value loan, you will need to have \$\_\_\_\_\_ as a minimum down payment.

b. \$20,000

2. A fee some lenders charge to make a mortgage loan is known as a:

a. Origination Point

3. Some of the questions you should ask yourself before making a final loan decision include:

d. All the above

4. After you select your mortgage, telling your lender that you want to proceed with the mortgage application is also known as:

b. Intent to Proceed

5. The shorter the loan term.....

a. The higher your payment will

### Step 7 - Learning Check

1. You should consider more than just the house itself when making your home purchase decision.

a. True

2. When should you determine your housing needs?

b. Before shopping for a home.

#### Step 7 - Decide What Kind of Home You Want Test

1. With a detached single-family home, you own the home and the land on which it sits.

a. True

2. Both joint tenancy and tenancy in common require owners to take equal shares.

b. False

3. It is important to visit neighborhoods at different times of the day and night when shopping for a home.

a. True

4. In a sole and separate type of homeownership \_\_\_\_

c. The home is owned by one person.

#### Alternative Test Questions

1. When identifying which features of your home are important to you, you should consider:

d. All the above.

2. All neighborhoods in your city are essentially the same.

b. FALSE

3. Which of these statements is true:

b. In Joint Tenancy ownership all the owners have an equal share in the property

4. A lawyer who specializes helping you purchase and take title to your property is known as a:

a. Real Estate Lawyer.

5. If you are unable to drive or do not have a car, you should look for a neighborhood that:

d. All the above.

### Step 8 - Learning Check

1. What is a listing agent?
  - c. A real estate professional who works for the seller

2. When house hunting....

- c. Take your time, take notes, and look at many

homes [Step 8 - Shopping for a Home Test](#)

1. You can hire a real estate professional that represents just you.

a. True

2. All real estate agents are Realtors.

b. False

3. A real estate agent can get information on almost any home for sale in your area.

a. True

4. With regards to the real estate professional, what is the commission they receive?

b. A percentage of the sales price of the home.

5. What is a dual agent?

c. Someone who represents both the buyer and seller.

### Alternative Test Questions

1. The Real Estate Agent who represents the seller is known as the:

a. Listing Agent

2. Real Estate Agents are paid on commission. Their commissions are calculated and paid by:

a. A percentage of the selling price by the seller.

3. You should do a thorough inspection of a house prior to making an offer.

a. TRUE

4. In addition to your mortgage payment, you should plan on other homeowner expenses as well. These should include:

d. All the above.

5. When buying a home, you are legally required to use a Real Estate Agent.

b. FALSE

### Step 9 - Learning Check

1. When looking at houses, what does the term comparables mean?
  - b. Comparables means to compare similar houses to the one you are looking at buying
2. What is a written proposal?
  - b. A written purchase offer to the seller.

### Step 9 - Make an Offer Test

1. If a contingency in your purchase offer is not met before closing, the sale can be canceled and you can get your earnest money back.
  - a. True
2. If the seller rejects your offer, the negotiation process is over.
  - b. False
3. Fair market value is only based on the price of similar homes in the area.
  - b. False
4. If you present a signed written purchase offer and it is accepted by the seller and you back out later, what can happen?
  - b. You can lose your earnest money and be sued by the seller.
5. What is a counteroffer?
  - b. Proposed changes to the written purchase offer

### Alternative Test Questions

1. \_\_\_\_\_ is a deposit paid with an offer that shows that a buyer really intends to purchase a house.
  - c. Earnest Money.
2. After an offer is made on a house, the seller can...
  - d. All the above.
3. When submitting a written Purchase Proposal, you should make sure the proposal:
  - b. Contains Contingency Clauses
4. A common contingency clause is to have the house satisfactorily approved by a qualified home inspector.

a. TRUE

5. What term is used to describe what a typical buyer is willing to pay to a typical seller?

c. Fair Market Value

### Step 10 - Learning Check

1. Which of these does a home inspector not examine?

d. The trees in the yard

2. If possible, should you attend the inspection?

a. Yes

### Step 10 - Home Inspection Test

1. A home inspection and appraisal are the same thing

b. False

2. If the home inspection reveals minor problems, you may ask the seller to make the repairs.

a. True

3. A radon test is not necessary.

b. False

4. A home inspector looks for these kind of problems.

c. Structural issues such as foundation issues, roof, doors, mechanical and electrical, HVAC, and plumbing systems.

5. Why is it important for you to attend the home inspection?

b. Inspectors can point out valuable things for you to know about the home.

### Alternative Test Questions

1. Most construction professionals are qualified to complete a comprehensive home inspection.

b. FALSE

2. The Home Inspector will typically evaluate:

c. Foundation, Ventilation and Plumbing

3. Why is it a good idea for a buyer to attend the professional inspection?

c. Both A and B

4. If major repair items are found during the inspection and the proper contingencies were included in the Purchase Agreement, the buyer can:

d. All the above.

5. A great resource to identify a capable and qualified professional Home Inspector is:

c. The American Society of Home Inspectors

c. [Step 11 - Learning Check](#)

1. What is an appraiser?

d. Someone who estimates the value of the home you are looking to buy

2. What are some reasons you might get a rejection letter?

c. High debt and insufficient funds

[Step 11 - Get Your Loan](#)

[Approved Test](#)

1. Who can you contact if your loan application is turned down?

a. Your city or state's housing finance agency, or a non profit housing counseling agency

2. If you feel your loan application isn't reviewed fairly, do you have any options?

a. Yes

3. The processor evaluates a mortgage loan to see whether or not it should be approved.

b. False

4. A loan commitment is a legal document.

a. True

5. High debt is a legal reason for a loan denial.

a. True

[Alternative Test Questions](#)

1. Federal laws do not allow loan discrimination based on race, religion, age, national origin, sex, marital status or whether you receive public assistance.

a. TRUE

2. After you have submitted all the required forms and documentation for your home loan, a(n) \_\_\_\_\_ will evaluate and approve, deny or recommend to the committee your application.

c. Underwriter

3. The Underwriter will evaluate the 4-C's of your loan application. The 4 C's are:

c. Credit, Collateral, Conditions and Capacity

4. A lender must count all of your income when making a loan decision including verifiable child support and alimony.

a. TRUE

5. After your loan has been approved, you will be issued a \_\_\_\_\_ to sign and approve.

b. Commitment Letter

### Step 12 - Learning Check

1. Who does the Escrow agent work for?

c. Neither the Buyer or Seller

2. What does the Title Officer do?

b. Looks at the property ownership

### Step 12 - Managing the Escrow Process Test

1. What is another name for homeowner's insurance?

b. Hazard Insurance

2. Is flood insurance included covered in your homeowner's insurance policy?

b. No

3. What is the period you are in Escrow?

- b. After your purchase agreement is signed and before your closing
- 4. The term escrow has multiple meanings.
  - a. True
- 5. A typical homeowners insurance policy covers the contents of the home.
  - a. True

### Alternative Test Questions

1. As part of the closing process, you will purchase a policy that guarantees you will have clear title to your property after the closing?
  - a. TRUE
2. The liability portion of your Homeowners Insurance protects the homeowner against fire or a similar event.
  - b. FALSE
3. The licensed professional who measures, marks and checks for easements and encroachments on a property are known as:
  - a. Surveyors.
4. Zoning Official. Incorrect. Zoning offices are governmental agencies that insure properties are legally utilized by the owner.
  - c. HVAC repairs
5. The time between signing a purchase agreement and the closing is known as the escrow period. During this period, the following will need to occur:
  - e. All the above.

### Step 13 - Learning Check

1. What is another name for the Closing?
  - b. Settlement
2. Are these closing cost fees? Real estate professional's commission, title and escrow charges, and interim interest.
  - a. Yes

### Step 13 - Closing the Loan Test

1. Government recording and transfer fees are prepaid costs.
  - b. False



2. The mortgage is the document that changes ownership from the seller to you.
  - b. False
3. Bringing cash for the money you need at closing is acceptable.
  - b. False
4. The closing or settlement is the final step in the homebuying process before moving in.
  - a. True
5. What is a closing disclosure?
  - b. The final closing cost breakdown document

### Alternative Test Questions

1. The mortgage, or deed of trust in some states, is the document that makes your home the collateral for the loan
  - a. TRUE
2. Why is it important to know all the costs you will need to pay at the closing that is not included in the loan in advance?
  - b. You will need a cashier's check for the amount prepared in advance
3. Since a lawyer's hourly rate is usually very high, it is better to sign everything at the closing and read it later.
  - b. FALSE
4. The legal document that changes the property ownership from the seller to the buyer is known as the:
  - a. DEED
5. Your mortgage payment will most likely include a portion to be paid for property taxes and homeowners insurance. This should correspond to a statement you will receive known as a(n):
  - c. Escrow Analysis

1. Is going through all your possessions before moving a good idea?

a. Yes

### Step 14 - Move In Test

1. Preparing for emergencies is part of maintaining your home and protecting your investment.

a. True

2. Preventive maintenance is necessary as a homeowner.

a. True

3. It is important to check references on a contractor before hiring them?

a. True

4. What is a simple way to save energy and money?

c. Weather proof doors and windows

### Alternative Test Questions

1. It is better to hold off moving everything to your new home before deciding what you want or need.

a. TRUE

2. One of the best things you can do to protect your investment is to get to know your home and make your best effort to properly maintain it.

a. TRUE

3. Which of the following are good questions to ask before, during and after you have bought a house?

d. All the above.

4. Having a maintenance schedule will help keep you house healthy and safe. These should include:

d. All the above.

5. A homeowner should prepare for emergencies. This includes:

a. Keeping emergency number handy

### Step 15 - Learning Check

1. As a new homeowner, how long should you avoid taking on additional debt?
  - c. One year

### Step 15 - Protect Your Investment Test

1. Waiting a year to take on any new debt helps protect your investment.
  - a. True
2. Mortgage interest is the only item you can deduct from your income taxes as a homeowner.
  - b. False
3. After one missed payment, the lender will start the foreclosure process.
  - b. False
4. What is a deed-in-lieu of foreclosure?
  - a. When you decide to turn the house over to the lender and move out.

### Alternative Test Questions

1. If you are 30 days delinquent on your mortgage payment you are considered to be in default and lenders may begin foreclosure proceedings.
  - b. FALSE
2. If you fall behind on your payments, you should seek help and talk to your lender:
  - c. Immediately
3. Once you close on your loan and move in, it is time to take out new debt immediately to upgrade your furniture and fixtures.
  - b. FALSE
4. The legal process of foreclosure usually takes \_\_\_\_\_ months.
  - b. Six to nine
5. An agreement with a lender and a delinquent borrower to spread the past due amount over a specific period of time.
  - b. Payment Plan.

### eHome America Course Completion Survey

1. The information was thorough and clear
2. The organization of content was clear
3. The course objectives were clearly stated
4. The content was what I expected

5. The resources were valuable
6. The website was easy to use
7. I am satisfied with my learning experience
8. The text was easy to understand
9. The videos/animations enhanced my learning experience
10. I am satisfied with the course

### Course Post Test

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