



To obtain the required Homebuyer Education Certificate through the Ohio Housing Finance Agency (OHFA), you will need to complete this test and related budget form. Once your loan is reserved, you may upload the test and budget to a HUD-approved housing counselor. Please check with your lender to confirm your loan has been reserved with OHFA before submitting the test and budget electronically. A housing counselor in your area will then contact you to set up a phone appointment.

Name _____ Phone number _____ Email address _____

Proposed property address _____

County _____ Estimated closing date _____ Preferred time to call _____

(Between 8AM-5PM, Monday-Friday)

Please answer the following questions. This is an interactive form and can be completed on your computer, or you may print the test and complete it by hand. Choose **only one** answer for each question. The homebuyer counselor will review the answers with you.

CREDIT SCORES - *The following section is related to credit scores and how they affect your potential to purchase a home. Higher credit scores also allow you to obtain future credit at lower interest rates, so it's important to understand your credit score.*

1. Which of the following is the best choice to improve your credit score?

- Apply for additional credit cards
- Find a credit repair company to fix your credit
- Pay your bills on time and pay down the balances on existing debt
- Buy a car and pay on time
- Close existing credit cards

2. Which question(s) would you ask yourself to determine if you believe you are ready to buy a home and have a good credit score?

- Do I have a steady income and stable employment?
- Is it likely my employment will last for more than 3 years?
- Do I have an established credit record to qualify for a loan?
- Have I consulted a mortgage specialist and HUD-approved housing counseling agency prior to selecting a potential home to purchase?
- Do I understand the true cost of homeownership, such as taxes, insurance, maintenance, etc.?
- All of the above

3. Which of the following is NOT a factor in determining your FICO credit score?

- Payment history on credit cards and car loans
- The amount of money in your savings account
- Rental history, if your landlord reported your payment history to the credit bureaus
- Outstanding balances owed on consumer debt
- Payment history on student loans

4. I have used payday lender loans in the past and have always paid them on time. All of my prior loans are paid off and have zero balances, so why is my FICO score low?

- Payday loans don't report to the credit bureau
- Only bank or car loans report to the credit bureaus
- Even if you use payday lender loans and make every payment on time, your credit score could have a negative effect the same way as if you missed a payment
- Payday lenders do not count towards your FICO score
- There is an error on my credit report because it should be higher



5. Why would accessing credit from payday lenders have a negative impact on your credit score? Please explain your answer below.

6. Do you have any other credit related questions for your housing counselor? If so, please type the question(s) below.

MORTGAGE PROCESS - The following section relates to mortgage applications and the steps necessary to obtain approval for a mortgage. In addition to this streamlined version, many HUD-approved housing counseling agencies have beneficial classes for first-time homebuyers that explain the entire application process from start to finish, in addition to how-to clinics on simple home repairs.

1. I have selected my lender, but I'm not quite sure what to expect during the application process. How often should I check in with my mortgage professional?

- Call every day
- Send daily emails requesting updates
- Call three times per day
- Call once per week and/or send a weekly email
- Call once per month

2. What documents do I need to complete the mortgage application?

- Paycheck stubs
- 2 years of tax returns
- Checking and Savings account statements for a three month period - all pages (even the blank pages).
- Documents for any other type of income I receive regularly
- Any document(s) requested by my mortgage professional
- Social security cards
- All of the above

3. What does DTI mean?

- Debt-to-Initial Ratio
- Debt-to-Income Ratio
- Decrease-to-Income Ratio
- Debt-to-Increase Ratio

4. What is the difference between net income and gross income on my paycheck?

- The net income is the pre-tax amount; the gross income is the post-tax amount
- The net income is the post-tax amount; the gross income is the pre-tax amount
- The net income is my take home pay; the gross income is my overtime pay
- The net income is my overtime pay; the gross income is without overtime



5. My mortgage application was approved by my lender. Now what?

- Contact your mortgage professional to clearly understand the timelines and rate locks on your loan
- Wait 60 days
- Buy a new car
- Wait 15 days and then select a home to purchase
- Go on vacation and charge up your credit cards

6. What is a Closing Disclosure?

- It's one of the application documents that lists your employment history
- It has only the charges to the seller
- It has only the charges to the buyer
- It contains all of the charges and credits to both the buyer and the seller for the transaction
- This will only be used if I purchase a HUD home.

7. What does PITI mean?

- Principal, Insurance, Take-home pay, & Interest
- Payments, Interest, Taxes, & Insurance
- Principal, Interest, Taxes, & Insurance
- Principal, Insurance, Take-home pay, & Interest

8. When should I receive the Closing Disclosure?

- At the closing table
- 2 weeks before closing
- The day prior to closing
- The day after closing
- 3 days prior to closing

9. I don't understand the Closing Disclosure, What should I do?

- Sign the document at closing and don't ask questions
- Worry about it, but sign it anyway
- Ask the seller
- Ask the title company
- Ask your mortgage professional and consult your HUD-approved housing counselor so you can discuss the document together

10. If you have any other mortgage application or mortgage process questions, please type the question(s) below.



SAVINGS AND EMERGENCY FUNDS - The following section addresses the need for savings and emergency funds. Your housing counselor can discuss this section at length with you to help develop a detailed budget and spending plan. Homeownership costs more than the monthly payments, so you need to plan for emergencies and maintenance costs for your new home.

- 1. Are emergency funds and savings funds the same thing?**
 - Yes
 - No
 - Maybe

- 2. If I have an emergency fund, how many months of monthly payments or monthly obligations should I include in the emergency fund?**
 - 3 months
 - 1 month
 - 6 months
 - 12 months
 - 9 months

- 3. What if I don't have an emergency fund?**
 - Panic and lose sleep
 - Plan for an emergency fund in the future, but do nothing now
 - Start saving now and earmark that money for the emergency fund
 - Wait until you have made 12 monthly mortgage payments on your new house and then start saving
 - You never have emergencies, so you do nothing

- 4. I have my emergency fund, so how much should I save from each paycheck to start my savings account?**
 - 50%
 - 15%
 - 2.5%
 - 20%
 - At least 10%, but more if possible

- 5. On average, how much should I budget per year for regular home maintenance and repairs?**
 - \$500.00
 - \$3,000
 - \$6,000
 - \$1,500
 - \$2,500

- 6. If you have any questions regarding emergency funds, savings, or home maintenance costs, please type the question(s) below.**



FORECLOSURE - While no one plans to default on their mortgage obligations, life happens. Sudden illness, job loss, or divorce all impact the borrower's ability to pay. There are many foreclosure 'scams', so don't fall victim to a quick-fix foreclosure scheme.

1. You have unexpectedly lost your job. You are positive you will not have enough money to pay next month's mortgage payment. What should you do?

- Move out of the property as fast as possible.
- Apply for additional credit cards.
- Send in a partial payment
- Contact the lender to work out a foreclosure prevention plan and contact a HUD-approved housing counseling agency.
- Pay a company you saw on TV to stop the foreclosure and negotiate with your mortgage servicer.

2. What would be the best step to take if you contact your mortgage company for help to prevent foreclosure and they are unable to work with you for a solution?

- Refinance your current loan to consolidate your debts
- Stop answering your phone and opening the mail from your mortgage servicer.
- Contact a HUD-Approved Counseling Agency in your area (no fees).
- Take out a large cash advance on your credit card to pay your mortgage.
- Borrow money from friends and relatives.

3. You cannot pay your mortgage and you fall more than 3 months behind. You receive a certified letter with the work "Complaint" near the top from the county courthouse. What should you do next?

- Start packing and move as quickly as possible
- Do nothing - it's just too overwhelming
- Contact your HUD-approved housing counseling agency, file for mediation (if available in your county), seek legal counsel, and answer the Complaint within 28 days.



MAINTENANCE - *The regular maintenance on your new home is an added expense above the monthly mortgage obligation. Your ability to adequately maintain and repair your home will increase the quality of your living conditions, as well as protect your investment in the home.*

1. After a mild thunderstorm, you notice a small water mark on the ceiling. What should you do?

- You stare at it for a week and, because nothing more happens, you do nothing
- Call a professional to check the condition of the roof
- Climb onto the roof and check for holes

2. Should you attend the home inspection?

- No, that's what I'm paying the home inspector to do - I don't need to be there
- No, my Realtor is going so I don't need to go, too
- Yes, I want to understand the mechanics in my particular home and get maintenance tips from the professional home inspector
- Yes, but I'm not staying the whole time. After I find the water shut-off valve, I'm leaving

3. My home came with a home warranty. Should I renew it next year?

- No, nothing broke this year, so I'm good
- Yes, because I always buy insurance on everything
- It depends. A home warranty is a good idea and protects me from many mechanical repairs, but I need to check the warranty carefully to make sure this is the best policy for my situation. If it is, then I'll renew. If not, I'll shop around and purchase another policy that better suits my needs.
- No, I never buy any insurance unless it's required

In order to improve our service and programs, please answer two brief questions below:

How did you hear about us?

- | | |
|---|---|
| <input type="radio"/> Social media | <input type="radio"/> Other |
| <input type="radio"/> From your Lender | <input type="radio"/> Why did you choose OHFA? |
| <input type="radio"/> From your Realtor | <input type="radio"/> Best Interest Rate |
| <input type="radio"/> From a Friend, Colleague or Family Member | <input type="radio"/> Down Payment Assistance |
| <input type="radio"/> TV | <input type="radio"/> Mortgage Credit Certificate |
| <input type="radio"/> Radio | <input type="radio"/> Other |

If there are any additional questions you have, please type the questions below so your housing counselor can discuss them during the telephone session.
