

Module 6 Workbook

The True Cost of Homeownership

The mortgage payment is just the beginning. Property taxes, insurance, maintenance, and the surprise expenses that catch new homeowners off guard. Use this workbook with Module 6 online at yourmortgagetoolbox.com/learn/true-cost-of-homeownership/ or in a class led by an instructor. Type directly into the shaded boxes on screen, or print it and write by hand.

Name

Date started

Instructor or class (if any)

How to use this workbook

1. Read or attend each lesson, then fill in the matching page.
2. Use real numbers from your own situation where asked. Nothing here is submitted anywhere. It stays with you.
3. Take the self-assessment quiz before you check the answers online.
4. Finish with your action plan. That plan is the real goal of this module.

Lessons in this module

Lesson	Topic	Done
6.1	Beyond the Mortgage Payment: Your Full Monthly Budget	☐
6.2	Property Taxes: What to Expect and How to Budget	☐
6.3	Homeowners' Insurance: What It Covers and What It Doesn't	☐
6.4	HOA Fees, Special Assessments, and Condo Living	☐
6.5	Maintenance, Repairs, and Capital Expenditures	☐
Quiz	Self-assessment (7 questions)	☐

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LESSON 6.1

Beyond the Mortgage Payment: Your Full Monthly Budget

The most common financial mistake new homeowners make is budgeting based on their PITI payment and nothing else.

Key ideas

Key idea	In my own words
The Real Monthly Housing Budget	
The "True" Monthly Cost Is Not Fixed	

Worksheet A: Run it in the Total Mortgage Payment & Cash to Close Calculator

Open the Total Mortgage Payment & Cash to Close Calculator at yourmortgagetoolbox.com and run your own numbers. Record what you find.

Scenario I ran (price, down payment, rate, etc.)

Result I want to remember

What surprised me

Notes

Property Taxes: What to Expect and How to Budget

Property taxes can swing more than almost any other homeownership cost depending on where you buy.

Key ideas

Key idea	In my own words
How Property Taxes Are Calculated	
The New Buyer Reassessment Problem	
Homestead Exemptions	
Appealing Your Assessment	

Escrow and reassessment timing: Your lender's initial escrow estimate is based on the current tax bill, not your future reassessed value. When the reassessment happens and the new bill comes due, your lender will adjust your escrow payment, sometimes by \$100–\$400/month. That can feel like a sudden.

Worksheet B: How this applies to me

What applies to my situation

One question I still have

One action I will take

Notes

Homeowners' Insurance: What It Covers and What It Doesn't

Homeowners' insurance (HO-3 is the most common policy form for single-family homes) covers the structure of your home and your personal belongings against specific named perils.

Key ideas

Key idea	In my own words
What a Standard HO-3 Policy Covers	
What a Standard Policy Does NOT Cover	
Shopping for Coverage	

Worksheet C: How this applies to me

What applies to my situation

One question I still have

One action I will take

Notes

HOA Fees, Special Assessments, and Condo Living

Roughly one in five American homes is in a community governed by a homeowners' association (HOA).

Key ideas

Key idea	In my own words
What HOA Fees Cover	
The Special Assessment Risk	
HOA Fees and Mortgage Qualification	

HOA arrears and FHA/VA loans: FHA and VA have specific requirements around HOA financial health. A condo association that is significantly delinquent on fees from unit owners, has inadequate reserves, or is in active litigation may be ineligible for FHA or VA financing, meaning you can only use.

Worksheet D: How this applies to me

What applies to my situation	
One question I still have	
One action I will take	

Notes

Maintenance, Repairs, and Capital Expenditures

Every home contains major systems and components with finite lifespans.

Key ideas

Key idea	In my own words
The 1% Rule: A Useful Starting Point	
Capital Expenditures: The Major Systems to Know	
The Age-at-Purchase Question	
The Home Inspection as a Capital Planning Tool	

Worksheet E: How this applies to me

What applies to my situation

One question I still have

One action I will take

Notes

Module 6 Quiz

Type the letter of your answer, or write it in by hand. Then check your results online at yourmortgagetoolbox.com/learn/true-cost-of-homeownership/ or ask your instructor for the answer key.

1. A useful rule of thumb for annual home maintenance and repair budgeting is: My answer

- A. 0.25% of home value per year
- B. 1–2% of home value per year
- C. Whatever your warranty covers

2. A standard homeowners' insurance policy (HO-3) typically does NOT cover: My answer

- A. Fire damage to the dwelling
- B. Flooding from an overflowing river or storm surge
- C. Theft of personal property

3. A "special assessment" from an HOA is: My answer

- A. A monthly fee increase
- B. A lump-sum charge levied on all unit owners when reserves are insufficient for a major capital expense
- C. An annual property tax adjustment

4. When a property is sold in many jurisdictions, property taxes may: My answer

- A. Decrease because the new buyer gets a first-time homebuyer discount
- B. Increase significantly because the property is reassessed at or near the purchase price
- C. Stay exactly the same as the seller's previous tax bill

5. HOA fees affect mortgage qualification because: My answer

- A. They don't. Lenders ignore HOA fees in qualification calculations
- B. They are added to PITI when calculating your front-end debt-to-income ratio
- C. They are counted as income by lenders

6. Before buying a condo or HOA-governed home, you should review: My answer

- A. The listing agent's assessment of the HOA board
- B. The HOA's financial statements, reserve study, and meeting minutes from the past two years
- C. Only the monthly fee amount and what amenities are included

7. The homestead exemption is important for new buyers because: My answer

- A. It reduces your mortgage rate automatically
- B. It reduces your home's taxable assessed value for property tax purposes, but you may need to apply for it, and missing the deadline loses a full year of benefit
- C. It waives property taxes for the first year of ownership

My score (out of 7)

Topics I want to review

PUTTING IT TO WORK

My Action Plan

Pick the three or four actions that matter most for you. Be specific: what, how much, and by when.

Next 30 days

31 to 60 days

61 to 90 days and beyond

My Module 6 readiness check

- ☐ I can explain: Beyond the Mortgage Payment: Your Full Monthly Budget
- ☐ I can explain: Property Taxes: What to Expect and How to Budget
- ☐ I can explain: Homeowners' Insurance: What It Covers and What It Doesn't
- ☐ I can explain: HOA Fees, Special Assessments, and Condo Living
- ☐ I can explain: Maintenance, Repairs, and Capital Expenditures

Questions for my housing counselor or loan officer

Next: continue with the next module at yourmortgagetoolbox.com/learn/, and try the calculators at yourmortgagetoolbox.com to run your own numbers.

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