

Module 8 Workbook

Building Wealth Through Homeownership

How equity accumulates, how amortization works in your favor over time, what your home is actually worth when you sell, how HELOCs give you access to equity, and how to think about real estate as part of a long-term wealth strategy. Use this workbook with Module 8 online at yourmortgagetoolbox.com/learn/building-wealth-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
8.1	Equity, Amortization, and How Your Balance Drops	☐
8.2	HELOCs: Accessing Equity Without Selling	☐
8.3	Your Net Proceeds from a Sale: What You Actually Walk Away With	☐
8.4	Homeownership as a Long-Term Financial Asset	☐
8.5	Building a Real Estate Strategy	☐
Quiz	Self-assessment (7 questions)	☐

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LESSON 8.1

Equity, Amortization, and How Your Balance Drops

Equity is the portion of your home's value that you own outright.

Key ideas

Key idea	In my own words
How Amortization Builds Equity	
The Appreciation Multiplier	

Historical context: From 1991 to 2023, national home prices (FHFA index) rose an average of approximately 4–5% per year, including the 2008 correction. But national averages mask enormous local variation. Some markets have dramatically outperformed; others have underperformed. Market selection.

Worksheet A: Run it in the Mortgage Payment Calculator

Open the Mortgage Payment 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

LESSON 8.2

HELOCs: Accessing Equity Without Selling

A Home Equity Line of Credit (HELOC) lets you borrow against the equity in your home without selling it or replacing your first mortgage.

Key ideas

Key idea	In my own words
How a HELOC Works	
When a HELOC Makes Sense	
HELOC Risks to Understand	

Worksheet B: How this applies to me

What applies to my situation

One question I still have

One action I will take

Notes

Your Net Proceeds from a Sale: What You Actually Walk Away With

When you sell your home, your take-home amount isn't the sale price.

Key ideas

Key idea	In my own words
The Net Proceeds Formula	
Tax Implications: The Capital Gains Exclusion	

Worksheet C: Run it in the Net Proceeds Calculator

Open the Net Proceeds 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

Homeownership as a Long-Term Financial Asset

A home is unlike most financial assets. It produces a direct "return" in the form of housing services you consume.

Key ideas

Key idea	In my own words
The Total Return Framework	
Comparing Homeownership to Renting	

The Federal Reserve's Survey of Consumer Finances: Consistently shows that homeowners have dramatically higher median net worth than renters, typically 40× higher. Part of this reflects self-selection (higher-income people buy homes), but part reflects the genuine wealth-building mechanism of.

Worksheet D: How this applies to me

What applies to my situation

One question I still have

One action I will take

Notes

LESSON 8.5

Building a Real Estate Strategy

For many homeowners, the first home isn't the last financial decision in real estate.

Key ideas

Key idea	In my own words
The Move-Up Strategy	
House Hacking	
Building Toward Rental Property	
Knowing Your Goals Before You Buy	

Worksheet E: Run it in the Mortgage Payment Calculator

Open the Mortgage Payment 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	

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Module 8 Quiz

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

1. In the early years of a 30-year mortgage, most of each monthly payment goes to: My answer

- A. Principal, reducing your balance quickly
- B. Interest, with only a small amount reducing the loan balance
- C. An equal split between principal and interest throughout the loan term

2. Home equity equals: My answer

- A. The original purchase price minus your down payment
- B. Your home's current market value minus your outstanding mortgage balance
- C. The amount of principal you have paid to date

3. During the draw period of a HELOC, you are typically required to make: My answer

- A. Full principal + interest payments on the total credit limit
- B. Interest-only payments on the amount you've actually drawn
- C. No payments until the draw period ends

4. The largest deduction from your home sale proceeds will typically be: My answer

- A. Transfer taxes and title insurance
- B. The payoff of your outstanding mortgage balance
- C. Capital gains taxes on your profit

5. The IRS Section 121 capital gains exclusion allows a married couple filing jointly to exclude up to how much in home sale profit from federal taxes? My answer

- A. \$100,000
- B. \$250,000
- C. \$500,000

6. "House hacking" refers to: My answer

- A. Using home equity to invest in the stock market
- B. Purchasing a 2–4 unit property, living in one unit, and renting the others to offset your mortgage payment
- C. Refinancing into a shorter term loan to build equity faster

7. In a high price-to-rent ratio market (e.g., ratio above 25), buying a home instead of renting: My answer

- A. Is always the better financial decision because you build equity
- B. Typically requires significant expected appreciation or a long ownership horizon to outperform renting and investing the difference
- C. Is irrelevant because the tax benefits always make ownership superior

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 8 readiness check

- ☐ I can explain: Equity, Amortization, and How Your Balance Drops
- ☐ I can explain: HELOCs: Accessing Equity Without Selling
- ☐ I can explain: Your Net Proceeds from a Sale: What You Actually Walk Away With
- ☐ I can explain: Homeownership as a Long-Term Financial Asset
- ☐ I can explain: Building a Real Estate Strategy

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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