

Homeownership, Small Business, and Preparing for College

Pretest

1. If you can get a good interest rate it is always a good idea to buy a house.
 - a. True
 - b. False
2. If you are going to buy a home in one year it is a good idea to pay off all your credit card debt before you apply for a mortgage loan.
 - a. True
 - b. False
3. Which is more important in considering a home for purchase?
 - a. The location – does it fit your lifestyle?
 - b. The floor coverings in the bedrooms and bathrooms
4. The United States Department of Agriculture can be a home lending source if you live in Fayetteville.
 - a. True
 - b. False
5. The very best marketing for your small business is to buy an ad on television.
 - a. True
 - b. False
6. A good reason to incorporate your small business is to protect you individually from the liabilities of your business.
 - a. True
 - b. False
7. What is a very important thing to do when you are thinking about starting a small business?
 - a. Find a location
 - b. Borrow money from the bank to get started
 - c. Write a business plan that lists your strengths and weaknesses
8. When you are choosing a career always go with the one that pays the most now.
 - a. True
 - b. False
9. One good place to start looking for money for college is on the web.
 - a. True
 - b. False
10. If you are a tactile learner you probably should not try to go to college.
 - a. True
 - b. False

Homeownership, Small Business or Preparing for College

If you are taking this course because you are participating in the Individual Development Account program, you are saving for one of four goals. You could be saving for a down payment on a home or repair or remodeling to a home you already own and

in which you are living. Then the material in the Homeownership section is for you. You could be saving for your own small business expenses. Then the material in the Small Business section is for you. You could be saving for higher education for yourself or a member of your family. Then the Preparing for College material is for you.

However, we ask all IDA participants to go through all three sections. The information in all three sections is good and at some future time in your life you could be interested in another goal than the one you are working toward today.

The section on home ownership covers the decision on whether to buy a home now or not, the factors you need to know in order to determine what you can afford and the buying process:

- Pages 1 and 2 explain “When NOT to Buy a Home.” You could be at a time in your life when it is a better idea to rent or to live with a family member or friend.
- Pages 3 and 4 answer the question, “How Much House Can I Afford?” Here you will find some good exercises to decide how much money you can spend on a home right now.
- Pages 5 through 12 take you through the process of buying a home. Appendix A on page 13 provides you with some more sources of information on home ownership. Appendix B on page 14 and Appendix C on page 15 tell you about the United States Department of Agriculture as a lender for either home purchase or home repairs.

Perhaps your IDA goal is to capitalize your own small business. The section on business in your textbook discusses some essential information on business ownership:

- Pages 1 and 2 list 50 marketing ideas. These ideas can start you thinking about the ways in which you might market your business.
- Pages 3 and 4 discuss ways to organize your business.
- Most businesses need to use credit or obtain loans. Page 5 explains types of business loans.
- Page 6 discusses the credit checking process for business loans.
- To assure success with your small business it is important that you develop a business plan and review it and update it often. The outline on pages 7, 8 and 9 gives you a good format to follow as you develop your own simple business plan for your business.

If you are using your IDA money for college expenses the last section is designed for you. Since post high school education is usually designed to prepare you for a career, it is a good idea to develop some career goals before you start taking college classes so you are assured that you will be taking the right classes.

- Pages 1 and 2 contain an assessment to help you determine what could be a good career field for you.
- Page 3 continues with an assessment on Examining a Career.

- This is an economic literacy program and it is all about money. So in the Preparing for College section we now talk about Sources of Money for College. Pages 4, 5 and 6 cover this topic.
- If you are an IDA client who is returning to college, chances are you are a non-traditional student who will have to balance school and studying with family and child care and even a job. On pages 7, 8, and 9, we talk about time management and managing multiple priorities. Read those pages and then think about the strategies you'll use to manage to do several things at once.
- As a college student, you may enjoy greater academic success if you understand your own personal learning style. Take the Learning Style Inventory on page 10 and score it using the Scoring Procedures on page 11 and record your findings on page 12.

This website has a page of Recommended Reading for Improving Your Financial Intelligence[[link](#)]. I encourage you to continue to read and study the field of personal finances so you can get in a position so you are controlling your money and it is not controlling you.

Posttest

1. If you are fairly certain you are going to move within a year you should probably not buy a house.
 - a. True
 - b. False
2. How much of your gross income should go toward your house payment?
 - a. 25% - 30%
 - b. 10%
 - c. 50%
 - d. Income does not matter; it only matters if you have a good credit score
3. If you think the floor coverings in a house you are considering buying are really ugly, you should look for another house.
 - a. True
 - b. False
4. The United States Department of Agriculture can be a home lending source if you live in a town with a population of under 25,000.
 - a. True
 - b. False
5. TV advertising is one advertising strategy you might want to use for your small business.
 - a. True
 - b. False
6. Even if your business is not incorporated, you personally will not be held liable for the bills of your business.
 - a. True
 - b. False

7. One really good activity when you are thinking about opening a small business is to write a business plan.
 - a. True
 - b. False
8. When you are selecting a career you should find one that you will enjoy even if it does not pay as much as other careers.
 - a. True
 - b. False
9. One good place to start looking for money for college is the financial aid office at your college.
 - a. True
 - b. False
10. Which of the following is NOT a learning style?
 - a. Tactile
 - b. Visual
 - c. Romantic
 - d. Auditory