

Radian  
Homeownership  
Workbook

# Radian Homeownership Workbook



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# Privacy Policy

## **Radian Guaranty's Commitment to Privacy**

We are committed to honoring our relationship with our customers with great care, beginning with protecting your privacy. We believe that the privacy of our customers should not be compromised. This Privacy Policy discloses our information use policies and practices in detail. Please read it to learn more about the ways we protect the information we collect.

This Privacy Policy applies to our relationships with individual consumers who obtain products or services from Radian for personal, family and household purposes. While this Privacy Policy does not apply to business accounts, our commercial customers' information is also very important to us. We also respect the privacy of our commercial customers, and take steps necessary to protect their information.

We will safeguard, according to strict standards, any information our customers share with us. At Radian, our employees have access to personally identifiable customer information only if there is a specific business reason for them to access such information. Each of our employees and agents has been educated on the importance of maintaining the confidentiality of customer information and on our privacy policy. We take appropriate disciplinary measures to enforce employee restrictions regarding customer information.

If you terminate your relationship with Radian, we will continue to adhere to the privacy policies and practices described in this notice.

## **Why Radian Collects Information**

Radian collects information about you to:

- Accurately identify you
- Provide services to you
- Help us design or improve our products and services
- Comply with certain laws and regulations.

## **Information Collection**

We collect and obtain customer information from the following sources:

- Information listed on loan counseling worksheets (including customer names, addresses, social security numbers, and assets)



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### **Sharing Information with Radian Affiliates**

We may disclose any of the information identified above to Radian affiliates in order to complete transactions initiated by or on behalf of our customers, when customers request or authorize the disclosure, to improve the services we offer, or if the disclosure is required or otherwise permitted by law.

### **Third Parties**

When it comes to sharing customer information with nonaffiliated third parties (i.e., third parties that are not members of our business family), Radian places strict limits on who receives specific information about customer accounts or other personally-identifiable data. We disclose information we have collected from and about you, as identified above, with nonaffiliated third parties only as permitted by law. For example, we may disclose nonpublic personal information about a customer to third parties to perform services on our behalf, such as loan counseling services. Radian may also share customer information with third parties for fraud or risk control purposes.

We share the minimum amount of information with these companies, and they are not permitted to use our customer information for any purpose beyond the intended service. They are contractually required to maintain the confidentiality of such information. Information may also be exchanged in connection with a fraud investigation, or at our customer's written request.

We do not sell customer lists or individual customer information.

### **Security Procedures to Protect Information**

Radian is committed to maintaining the security of our customer's financial and personal information. All of our operational and data processing systems are in a secure environment that protects customer information from being accessed by unauthorized individuals or third parties. We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you. We maintain security standards and procedures to prevent unauthorized access to confidential customer information. We frequently update and test our technology to improve the protection of our customer information and to assure the integrity of our information.

### **Protecting Our Children**

Radian does not knowingly market to children. We recognize the importance of protecting children's identities and privacy.



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### **Additional Rights**

Our customers may have other privacy protections under state laws, and we will comply with all applicable state laws regarding protection of customer information.

### **Commitment to Service**

At Radian, we believe the confidentiality and protection of customer information is one of our fundamental responsibilities. While information is critical to providing quality service, we recognize that one of our most important assets is our customers' trust. Thus, the safekeeping of customer information is a priority for Radian.

We reserve the right to change this policy and our information collection activities at any time by modifying and providing a new privacy policy to our customers.



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**Workbook Must Be Completed  
For the Self Study/Telecounseling Program**

## Instructions

### Self-Study/Telecounseling

If you are enrolled in the Radian Guaranty Homeownership Counseling Program's Self-Study/Telecounseling version, these are the basic instructions you must follow to complete the program.

1. Read through the [Radian Homeownership Study Guide](#). Pay special attention to the modules that deal with financial issues.
2. Once you've read through the material, complete [Worksheets 1, 2, 3, 4, 5, 6 & 7](#) in the Radian Guaranty Workbook. Also make sure to *completely fill in* [page 7](#), which asks for your basic information. (This also needs to be *returned with your worksheets* to Radian Guaranty.)
3. If you have questions with any of the worksheets, [call Radian Guaranty's Homeownership Counseling Center](#) at [877 723.4261](#).
4. Once you have completed worksheets 1–7, [mail](#) them and the basic information sheet in the provided postage-paid envelope to Radian Guaranty, [or fax](#) the worksheets and the basic information sheet to [800 564.7284](#).

If you mail the information to Radian Guaranty, be sure to keep a copy of your basic information sheet and worksheets for your own records. If you don't have access to a copier, ask your loan officer to make a set for you.

You can also deliver your basic information sheet and worksheets 1–7 to your loan officer for return to Radian Guaranty.

5. Radian Guaranty will review your worksheets, and if you have completed them successfully, you will receive a telephone call from one of Radian Guaranty's counselors, reviewing the materials to make sure you don't have any questions. After that telecounseling session (5–15 minutes) is completed, you will have completed the program. In some cases, you will receive a Certificate of Achievement. You can take the Radian Guaranty Homeownership Counseling Program certificate to your lender. In other cases, an electronic record will be kept by Radian Guaranty, providing that you have successfully completed the program.
6. If, after Radian Guaranty has reviewed your worksheets, it is determined that you have not successfully completed all of the worksheets, you will receive a phone call from a Radian Guaranty counselor. The counselor will work with you over the phone to make sure you understand the problem area(s). Once the counselor is satisfied that you understand the material, you have completed the program.



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## Basic Information Sheet (BIS)

It's important that we get the right information about you. Please fill in the information completely. If you have any questions about the information, call the Radian Guaranty Homeownership Counseling Center at: [877 723.4261](tel:877-723-4261) or fax your questions to: [800 564.7284](tel:800-564-7284).

### Borrower Information

**Borrower name**

**Co-Borrower name**

\_\_\_\_\_

Social Security number: \_\_\_\_\_

Home phone: \_\_\_\_\_

Work phone: \_\_\_\_\_

Best time to call: \_\_\_\_\_

Street address: \_\_\_\_\_

City, state, zip code: \_\_\_\_\_

*Please indicate borrowers' primary language for telecounseling session:*

### Lender Information *(please see your lender to obtain the following information)*

**Originating Lender**

**Servicing Lender**

Lender name: \_\_\_\_\_

Lender street address: \_\_\_\_\_

City, state, zip code: \_\_\_\_\_

Name of Loan Officer/Underwriter: \_\_\_\_\_

Phone number: \_\_\_\_\_

Fax number: \_\_\_\_\_

### Where to direct completion letter *(please check appropriate box)*

Originating Lender

Servicing Lender

### Radian insured:

Yes: Radian application number \_\_\_\_\_

No: Where to direct invoice for fee-based counseling *(please check appropriate box)*

Originating Lender

Servicing Lender

### For Fax Purposes

To: Radian Homeownership Counseling Center

From: (Borrower or Lender name) \_\_\_\_\_

Number of pages (including this sheet): \_\_\_\_\_

**The fee for a non-Radian insured loan is \$125.00.**



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## Your Current Monthly Expenses

Use this worksheet to calculate your current monthly expenses. By comparing your non-housing expenses to your gross monthly income (see Worksheet 3), you can see how much you have left for housing-related expenses. Remember that as a homeowner, your housing expenses will include your monthly mortgage payment, property taxes and homeowner's insurance, condominium fee (if applicable), utilities and maintenance costs.

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	<b>Average Monthly Payment</b>
<b>Current Housing Expenses</b>	
Rent	\$ _____
Utilities (electric, gas, oil)	\$ _____
Telephone	\$ _____
<b>Current Non-Housing Expenses</b> <i>(use averages for certain expenses, such as medical bills)</i>	
Groceries/school lunches	\$ _____
Clothing	\$ _____
Day care/babysitting/tuition	\$ _____
Bank loans/car loan	\$ _____
Car insurance	\$ _____
Gas and car repairs	\$ _____
Other transportation	\$ _____
Health care/medical bills (monthly payment for non-covered expenses)	\$ _____
Credit cards/store charge cards	\$ _____
Restaurants/entertainment	\$ _____
Personal property taxes	\$ _____
Insurance (other than car)	\$ _____
Cable TV	\$ _____
Church/charity	\$ _____
Miscellaneous (anything else you pay monthly)	\$ _____
Savings (total saved per month)	\$ _____
<b>Total monthly expenses and savings</b>	<b>\$ _____</b>



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## Worksheet 2

# Your Available Cash and Assets

List all your sources of cash and any assets you can use for the down payment and closing costs here.

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	<b>Total Source Amount</b>
Checking account(s) balance	\$ _____
Savings account(s) balance	\$ _____
Current value of mutual funds, stocks and bonds	\$ _____
Cash value of life insurance policy	\$ _____
Cash gifts from parents or other relatives	\$ _____
Other assets	\$ _____
<b>Total cash and assets</b>	<b>\$ _____</b>



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## Your Gross Monthly Income

List all current, regular gross monthly income for yourself and your co-borrower. Consider all sources of income during the past 12 months, if they are likely to continue for at least three years.

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	<b>Average Monthly Payment</b>
Gross pay (before-tax)	\$ _____
Overtime/part-time/seasonal/commissions	\$ _____
Bonuses/tips	\$ _____
Dividends/interest earnings	\$ _____
Business or investment earnings	\$ _____
Pension/Social Security benefits	\$ _____
Veterans Administration benefits	\$ _____
Unemployment compensation	\$ _____
Public assistance	\$ _____
Alimony, child support, or separate maintenance income	\$ _____
Other	\$ _____
<b>Total gross monthly income</b>	<b>\$ _____</b>
<b>Gross Annual Income</b> (Total gross monthly income x 12) = \$ _____	



## Your Monthly Debt Payments

List all the monthly debt obligations of your household (other than your current housing costs).

If your **Total Monthly Debt Payments** equal more than 8 percent — or 10 percent if you have very good credit — of your gross monthly income, which you calculated on Worksheet 3, then your *excess debt* will reduce the amount of mortgage you can qualify for. This, in turn, means you must settle for a less expensive home.

Chart 2 in the Radian Guaranty Study Guide, Appendix A, illustrates the maximum monthly debt that is acceptable at certain income levels.

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	<b>Average Monthly Payment</b>
Car payment	\$ _____
Other installment loan payments with 10 or more monthly payments remaining; e.g., furniture, appliances, etc.	\$ _____
Average monthly credit card payment(s)	\$ _____
Student loan payment	\$ _____
Medical/health care payment (monthly payment for non-covered expenses)	\$ _____
Alimony/child support payment	\$ _____
<b>Total monthly debt payments</b>	<b>\$ _____</b>



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# Prequalifying

## Determining the Key Factors

To calculate your maximum loan amount, you must determine: (A) gross monthly income, (B) total monthly debt payments, and estimates for your monthly escrows, including (C) property taxes, (D) hazard insurance, and (E) private mortgage insurance (PMI).

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Follow the steps shown to determine these key factors.

<b>Gross Monthly Income</b> <i>(from Worksheet 3)</i>	
Annual income (borrower)	\$ _____
Annual income (co-borrower)	+ \$ _____
Total gross income (TGI)	\$ _____ (TGI)
<b>Total Gross Monthly Income</b>	(TGI ÷ 12) = \$ _____ (A)
<b>Monthly Debt Payments</b> <i>(from Worksheet 4)</i>	
Car payment	\$ _____
Credit card(s) payment(s)	+ \$ _____
Student loan	+ \$ _____
Other	+ \$ _____
Other	+ \$ _____
<b>Total Monthly Debt Payments</b>	\$ _____ (B)
<b>Estimate of Monthly Escrows</b>	
To estimate your monthly escrow payments, we must make an educated guess at your maximum mortgage amount. Multiply your total gross income (TGI) times 2.5.	
TGI X 2.5	(Estimated mortgage) = \$ _____
If you know the actual amount of the following escrow items, use the actual annual amount ÷ 12. If you do not know the actual amount of these escrow items, use the estimated mortgage to estimate the following:	
<b>Property taxes</b>	(Estimated mortgage X .000833) = \$ _____ (C)
<b>Hazard insurance</b>	(Estimated mortgage X .000208) = \$ _____ (D)
<b>Private mortgage insurance (PMI)</b>	(Estimated mortgage X .000375) = \$ _____ (E)



# Prequalifying

## Determining the Maximum Loan Amount

To compute your maximum mortgage amount for a loan, you must use the lesser of two calculations, the Housing Expense Ratio (1) **or** the Total Debts Ratio (2).

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<b>Housing Expense Ratio (1)</b>		
Gross Monthly Income (A)	\$ _____ (A)	
	X .33	
<b>Maximum allowable for PITI and homeowners' association/condo fee</b>	= \$ _____ (1)	
<b>Total Debts Ratio (2)</b>		
Gross Monthly Income (A)	\$ _____ (A)	
	X .38	
Maximum debt ceiling	= \$ _____	
Minus Monthly Debt Payments (B)	- \$ _____ (B)	
<b>Maximum allowable for PITI and homeowners' association/condo fee</b>	= \$ _____ (2)	
<i>Choose the lesser amount: (1) or (2)</i>	\$ _____	
Minus Property Taxes (C)	- \$ _____ (C)	
Minus Hazard Insurance (D)	- \$ _____ (D)	
Minus Private Mortgage Insurance (E)	- \$ _____ (E)	
Minus homeowners' association/condo fee	- \$ _____	
<b>Maximum allowable for P &amp; I</b>	= \$ _____	
Divide the <b>maximum allowable for P&amp;I</b> by the factor in the chart to the right that most closely represents today's interest rate environment.	<b>Interest rate</b>	<b>30-year factor</b>
	5.5%	.00568
<b>Maximum Loan Amount</b>	6.0%	.00600
	6.5%	.00632
(P&I) ÷ (30-year factor) = \$ _____	7.0%	.00665
	7.5%	.00699
<b>Application Loan Amount</b> = \$ _____	8.0%	.00734
	8.5%	.00769
	9.0%	.00805
	9.5%	.00841
	10.0%	.00878
	10.5%	.00915
	11.0%	.00953



## A Simple Budget For Your New Home

Subtract your total monthly expenses from your monthly take-home income. This is the amount you have left to save. Now, take a closer look at your expenses. Are there ways to reduce the amount spent each month? If so, what are they, and are you willing to try and reduce your monthly unnecessary living expenses?

Make a list of the things you are willing to cut out (or at least cut down on) in order to purchase a new home. Then, take action.

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<b>Income</b>	
<i>Gross monthly income</i>	
Borrower	\$ _____
Co-borrower	\$ _____
Total gross monthly income	\$ _____
<b>Total net monthly income (take-home pay)</b>	<b>\$ _____</b>
<b>Monthly Expenses</b>	
<i>Proposed housing expenses</i>	
Mortgage payment, including taxes and insurance	\$ _____
Utilities (electric, gas, oil)	\$ _____
Telephone	\$ _____
<i>Non-housing expenses</i>	
Groceries/school lunches	\$ _____
Clothing	\$ _____
Day care/babysitting/tuition	\$ _____
Bank loans/car loans	\$ _____
Car insurance	\$ _____
Gas and car repairs	\$ _____
Other transportation	\$ _____
Health care/medical bills (monthly payment for non-covered expenses)	\$ _____
Credit cards/store charge cards	\$ _____
Restaurants/entertainment	\$ _____
Personal property taxes	\$ _____
Insurance (other than car)	\$ _____
Cable TV	\$ _____
Church/charity	\$ _____
Miscellaneous (anything else you pay monthly)	\$ _____
Savings (total saved per month)	\$ _____
<b>Total monthly expenses</b>	<b>\$ _____</b>



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## Worksheet 7

# Handling Financial Emergencies

Please circle the proper letter in response to the question above. If you are having trouble with the answer, look it up in Module XI of your Radian Guaranty Study Guide.

- 1. The most important bill you should pay each month is your:**
  - a. Electric bill
  - b. Store charge
  - c. Mortgage payment
  - d. Doctor bill
  
- 2. An early warning sign of financial difficulty is:**
  - a. You can't afford dinners out.
  - b. You are making your mortgage payments late in the month.
  - c. You can't buy your child a toy he or she wants.
  - d. None of the above
  
- 3. If you are experiencing financial problems, you can call:**
  - a. A credit counseling agency in your area
  - b. Your mortgage insurer
  - c. Your mortgage lender
  - d. All of the above
  
- 4. Once you own your home, beware of:**
  - a. Friends dropping by too often
  - b. Offers of easy credit, especially home equity loans
  - c. Being a good saver
  - d. None of the above
  
- 5. The Three C's of handling financial emergencies are:**
  - a. Caring, calling and carrying
  - b. Crying, crawling and convincing
  - c. Communication, cooperation and commitment
  
- 6. If you are called by a loan delinquency counselor, you should:**
  - a. Hang up immediately
  - b. Return calls immediately
  - c. Be totally honest
  - d. B & C

*(continued on next page)*



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## Worksheet 7

page 2

- 7. Mortgage foreclosure means:**
  - a. You've paid off your loan.
  - b. Your loan has been suspended until you can pay.
  - c. You will lose your home.
  - d. The bank is going to make your payments for you.
  
- 8. If the bank forecloses on your mortgage loan:**
  - a. It's no big deal.
  - b. It will not affect your credit rating.
  - c. You can be sued for the balance of the mortgage.
  - d. You get a free gift.
  
- 9. You will not avoid foreclosure by:**
  - a. Ignoring the situation
  - b. Transferring title to another person or entity
  - c. Divorcing your spouse
  - d. All of the above
  
- 10. If you are having financial problems, contact creditors:**
  - a. With a telephone call
  - b. In writing
  - c. Through a friend or relative
  - d. If you feel like it
  
- 11. If you receive a late notice when you did make the payment, what should you do?**
  - a. Ignore it
  - b. Call the lender
  - c. Trace the check
  - d. Call the post office