

Becoming a Homeowner

AIM

To familiarize students with the benefits and responsibilities associated with becoming a homeowner and to promote understanding of some of the terminology, concepts and procedures involved.

OBJECTIVES

At the end of this lesson, students will be able to:

- Discuss the pros and cons of renting versus buying a home.
- Calculate the U.S. Department of Housing and Urban Development's recommended monthly amount to pay for housing.
- Understand key vocabulary and concepts related to buying a home.
- Identify the basic steps involved in buying a home in the United States.
- Access community housing resources.

TARGET GROUP

Intermediate- to high-level ESL students (levels 4 through 8) (For the purpose of this lesson, the target group levels range from 1 through 8, with the following guidelines: 1 = beginning, 5 = intermediate, 8 =advanced.)

LENGTH

Four 90-minute class periods

OVERVIEW

In this lesson, students analyze the pros and cons of renting versus buying a home, learn about the basic steps involved, and explore Internet resources that relate to becoming a homeowner. The intention is to empower students who want to pursue home ownership.

DAY ONE

Renting Versus Buying a Home

Introduction

Direct students to the ESL Housing Information page on the EL Civics for ESL Students' website (http://www.elcivics.com/housing_lesson_1.html) and ask them to look at the images of different types of housing. Alternatively, project the images onto a screen in the classroom. Go over the vocabulary for different types of housing: house, apartment, duplex, condo and so on.

Warm-up Activity

1. Write the phrases "pay the rent" and "pay the mortgage" on the board. Ask students if they understand the difference and invite them to explain their understanding of the difference. Ensure that everyone understands the distinction, then write the words "renter" and "homeowner" on the board.

Ask the class: "How many of you rent your homes?" and "How many of you are buying / own your homes?"

Discussion

2. Ask students: "Is it better to rent your home or buy your home?" Reproduce the following two charts on the board, then ask students to work in small groups and talk through the advantages and disadvantages of renting and of buying. Then invite them to volunteer their ideas to the class and fill in the charts.

Renting a Home

Good things/Advantages	Bad things/Disadvantages
1.	1.
2.	2.

Buying a Home

Good things/Advantages	Bad things/Disadvantages
1.	1.
2.	2.

MATERIALS

- ESL Housing Lesson – housing information provided by EL Civics for ESL Students; available at http://www.elcivics.com/housing_lesson_1.html
- Beehive.org – website produced by the nonprofit organization One Economy that provides information and resources about money, health, jobs, school and family; <http://www.thebeehive.org>
 - Housing – provides information on renting, buying and owning; available at <http://www.thebeehive.org/housing>
 - Mortgage and Rent Calculator – interactive tool; available at <http://www.thebeehive.org/node/4957>
 - All About Equity – interactive tool; available at <http://www.thebeehive.org/housing/prepare-buy/financing-your-home/interactive-all-about-equity>
- Mortgage Loan Calculator – interactive tool provided by American Public Media’s Marketplace; available at <http://marketplace.publicradio.org/toolbox/calculators/MortgageLoan.html>
- Becoming a Homeowner in the U.S. – blog that has links, many of which are used in this lesson, to information to help ESL students learn about buying a home in the United States; available at <http://eslhomebuying.edublogs.org/>
- Webcasts to Buying a Home – section of the U.S. Department of Housing and Urban Development’s website that contains links to various webcasts on such topics as buying a home, owning a home, avoiding predatory lenders and more; available at <http://www.hud.gov/webcasts/archives/buying.cfm>

Listening Activities

3. After the discussion, distribute the chart below to students and direct them to the listening activity “What are the advantages and responsibilities of being a homeowner?” on the Becoming a Homeowner in the U.S. blog (<http://eslhomebuying.edublogs.org/2009/08/10/what-are-the-advantages-and-responsibilities-of-being-a-homeowner/>). (This can be done in a computer lab or in the classroom.) Ask students to listen to the story and fill in the chart. After they have listened several times, go over the information and clarify new vocabulary.

What are the advantages of being a homeowner?
1.
2.
3.

What are the responsibilities of being a homeowner?
1.
2.
3.

Financial Literacy Activities

4. Direct students to Beehive’s Mortgage and Rent Calculator (<http://www.thebeehive.org/node/4957>). Students can type in their estimated monthly income and calculate the U.S. Department of Housing and Urban Development’s recommended monthly amount to be spent on housing. (This exercise can be completed individually in a computer lab or students can write down their monthly income anonymously and the different calculations can be discussed with the class.)

Assure students that many people must pay more than 30 percent of their income on housing. Direct students to the **All About Equity** interactive tool (<http://www.thebeehive.org/housing/prepare-buy/financing-your-home/interactive-all-about-equity>).

Homework: Reading Activity

Buying a Home

Many people think it is better to buy a home than to rent one. ... Let me mention three main reasons why it is good to buy property. They are: being able to **deduct** or **write off** your household expenses on your yearly income taxes, building **home equity**, and not being forced out, or **evicted**, from your property if the landlord wants to sell the house or apartment you are living in.

... If you buy a home, you can save money on your income taxes every year. This is called a **tax deduction**, or **write-off**, and it simply means that you pay lower income taxes because of the extra expenses you have as a homeowner. Next, when you buy a home, you build **equity** in your home. That means that over time, as your home becomes more valuable, you can sell your house for a higher price and make a **profit**. If you don't sell your house, you can use your home equity to borrow money for other things you might need, such as sending someone to college or remodeling your house. Finally, maybe the best thing about owning a home is that it is yours. You can decorate or remodel it any way you want. And no one can evict you or force you to leave unless you stop paying your monthly **mortgage**. Sometimes people do lose their homes if they can't pay the mortgage. When you can't pay your mortgage, the bank or creditor that loaned you the money for your mortgage **forecloses** on your home and you have to give your house back to the bank and move out. Unfortunately, because of the economic problems right now in the United States, foreclosure is happening to a lot of people.

However, when you buy property, you have a lot more responsibilities as a homeowner than you do as a renter. Some of these responsibilities include having to pay **property taxes**, **homeowner's insurance** and **home maintenance costs**. If anything needs to be repaired, you must find someone to fix it and you must pay for it. Also, homeowners usually must pay a **down payment** when they buy a home. A down payment is a cash payment of a percentage (usually 5 to 20 percent) of the total price of the home. It is the first payment on the house before you start paying a monthly mortgage. Usually, people need to save up for many years in order to have the money for a down payment.

Source: Text by Diane Wallis

Write the letter of the correct definition next to each number.

Vocabulary Words	Definitions
Property 1) _____	a. the first payment you make to buy a home
Deduct 2) _____	b. money you pay to repair or replace something
Home Equity 3) _____	c. a place that you can buy
Profit 4) _____	d. money you pay that will help in case of a fire, flood or other accidental problem
Down Payment 5) _____	e. to subtract or take money off your tax bill
Property Taxes 6) _____	f. money homeowners pay every year to the city or county government
Homeowner's Insurance 7) _____	g. when the bank takes back a home because someone can't pay the monthly mortgage
Maintenance Costs 8) _____	h. extra money you make over what you paid for something
Foreclosure 9) _____	i. the money you pay every month to pay back a home loan
Mortgage 10) _____	j. the difference between how much money you owe on a home and how much money it is worth

Extension Activities

Direct students to <http://eslhomebuying.edublogs.org/> and ask them to find the blog entry **Renting Vs. Buying a Home**. They should listen to the Ello Interview (552 Rent or Own) and take the interactive quiz at <http://www.ello.org/english/0551/T552-Mark-Renting.html>.

Suggest students watch **Episode 1** from **To the Front Door** at <http://www.thebeehive.org/housing/prepare-buy/video-front-door>.

Then ask students the following questions:

- Why does Kelvin want to buy a home?
- How does the home ownership program MANNA House help him?

DAY TWO

Getting Ready to Own / Credit History

Warm-up Activity

1. Ask the class: “How many of you would like to buy a home in the future?” Direct students to the Housing page at Beehive website (<http://www.thebeehive.org/housing/prepare-buy/are-you-ready-own>) and ask them to print out the nine questions from the page “Are You Ready to Own?” Review the questions and explain vocabulary such as “credit history,” “down payment” and “closing costs.” Ask students to work in pairs to answer the questions.

Listening Activity

2. Write the terms “credit history” and “credit report” on the board. Ask students if they use credit cards and / or bank accounts or if they have taken out loans in the United States. Explain that in order to buy large items such as cars and houses, it is necessary to borrow money from a bank. In order to do that, one needs to build up a credit history. Direct students to <http://eslhomebuying.edublogs.org/> and ask them to scroll down to the blog entry “Ways to Start a Credit History.” Have students listen and note down a few ideas on how to start a credit history. Review their ideas with the class after the listening activity.

Ways to Start a Credit History

- | |
|----|
| 1. |
| 2. |
| 3. |

NOTE: Lesson 003370 “Financial Literacy Lessons for ESL Students” at www.otan.us under EL Civics, Unit 2, Lesson 3: The Credit Report is also very helpful for this topic.

Reading / Vocabulary Activity

3. Direct students to the blog at <http://eslhomebuying.edublogs.org/> and have them scroll down to the entry **ESL Lessons from Fannie Mae Foundation – How to Buy a Home in the United States**. From that page, they should click on the link “**Click here for a wonderful set of lessons ...**” (<http://literacyworks.org/fmfhome/esl-students/index.html>) and go to **Unit 1, Lesson 3: Your credit report**. Ask them to read the text and work through the interactive comprehension and vocabulary exercises.

Ask students to list ways they can build a nontraditional credit history. Make a list on the board for further discussion.

Homework Activity

Go to the Beehive website and print the page **Benefits of Owning a Home** (<http://www.thebeehive.org/housing/prepare-buy/are-you-ready-own/benefits-owning-home>). Have students read this page for homework and be ready to review it and offer examples of the advantages of being homeowner in class the next day.

DAY THREE

Steps to Buying / Owning a Home

Warm-up Activity

1. Discuss as a class the images and information at <http://www.elcivics.com/lifeskills/buying-house-1.html>.

Reading Activity

2. Print the page from <http://www.thebeehive.org/housing/prepare-buy/financing-your-home>. Explain to students that this is a general list of steps to owning a home. Allow them time to read the page, then ask them: "What can a homeownership counselor help you with?"

Listening Activity

3. Ask students to go to <http://eslhomebuying.edublogs.org/> and scroll down to **MEDA – Basic Steps to Buying a Home – 11 Steps**. Invite students to listen to Elisa and Melissa talk about 11 basic steps involved in buying a home. Distribute copies of the exercise below, then instruct students as follows:

MEDA: 11 Basic Steps to Buying a House

Listen to Elisa and Melissa, two homeownership counselors with the Mission Economic Development Agency (MEDA) in San Francisco talk about 11 basic steps to buying a home. Then listen again and write the following steps in the correct order:

11 Basic Steps to Buying a House	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	

- a. get the keys
- b. make an offer
- c. attend a first-time homebuyer's workshop
- d. get pre-approved
- e. open escrow
- f. shop for a home
- g. the offer is accepted
- h. talk to a bank or lender
- i. buy the house, sign the papers
- j. attend a one-on-one homeownership counseling session
- k. shop for a realtor

Video: Department of Housing and Urban Development – ABCs of Homebuying

- Direct students to <http://www.hud.gov/webcasts/archives/buying.cfm> and have them scroll down to the webcast **ABCs of Homebuying**. Ask them to click on the link “without captions” and stream the first 4 minutes of the webcast, listening to it twice. The second time, they should listen and respond to the following issue.

According to the video, what is “the old way” to buy a house? Now, what is “the new way” to buy a house? List the different steps here:

Old way to buy a home	New way to buy a home

Homework

Ask students to visit the blog at <http://eslhomebuying.edublogs.org/> and scroll down to the entry **NPR Podcast – Roundtable: Buying Your First Home**. After students listen to the podcast and read the excerpt below, ask them: “As a new homeowner, how is Mr. Hackett cutting down on his spending?”

FARAI CHIDEYA: Leford, ... how is buying this home ... going to change your month-to-month? You know, because most people I know who bought something, they had to pay a lot more. And, you know, just per month going out of their pockets, even though they’re getting something back by having a home. Leford, is this going to really just, like, force you to, like, no more Fatburgers, no more, you know, whatever?

LEFORD HACKETT: Actually, it’s not, because once I decided to purchase the property, I started practicing certain habits. So I’ve been saving money and doing different things and cutting in certain areas. So it’s going to be, actually it’ll be a pretty smooth transition for myself.

CHIDEYA: Well, tell me what areas that you’ve been cutting back on.

HACKETT: Well, for instance, I wanted to have all of my bills paid, so probably by August I won’t have any other bills but the mortgage. And I work a lot, so I just cut all the credit cards, cut all the bills down there. I actually went and purchased me a bike yesterday because I was feeling, like, \$400 a month for gas?!? And I don’t even work five miles from my house.

CHIDEYA: So you’re going to ride your bike to work to cut back on gas costs?

HACKETT: Yeah. And it’ll help me with the exercising thing. Just cutting in small areas, you would be surprised how not going and eating fast food, you know, shopping for the month, those types of things alleviate a lot of unwanted bills.

Financial Literacy Tool

6. Direct students to the **Mortgage Calculator** at <http://marketplace.publicradio.org/toolbox/calculators/MortgageLoan.html>. Have them type the following amounts in the “Mortgage amount” box and write down the monthly payment that the calculator comes up with:

- 1. Mortgage of \$125,000: Monthly payment is _____
- 2. Mortgage of \$250,000: Monthly payment is _____
- 3. Mortgage of \$375,000: Monthly payment is _____

DAY FOUR

Accessing Community Housing Resources

Warm-up Activity

1. Write the term “homeownership counselor” on the board. Ask students to talk about what they think a homeownership counselor does. Ask if anyone in the class knows about any organizations in San Francisco that help new homeowners. Explain that because buying a home is a complicated and sometimes difficult process, there are many local, state and national resources that exist to help people.

2. Listening Exercise

Distribute copies of the chart below. Have the class go to <http://eslhomebuying.edublogs.org/> and scroll down to the blog entry **MEDA: Mission Economic Development Agency – Homeownership Program**. Ask the students to listen to the discussion, then fill in the chart.

Questions	Answers
1. How long has MEDA been in San Francisco?	
2. What kinds of programs / services do they have?	
3. When did their homeownership program start?	
4. What kind of services do they offer in their homeownership program?	
5. What other services do they offer?	

Give students MEDA's contact information:

Mission Economic Development Agency
3505 20th St.
San Francisco, Calif. 94110
415.282.3334
<http://www.medasf.org/homeownership.htm>

3. Listening / Reading

Have students go to <http://eslhomebuying.edublogs.org/> and scroll down to the blog entry **Down Payment for Homes**. Ask students to read the introduction to the story. Challenge them to explain the term “down payment.” Then have students listen to the story, which is about a new way to pay for a down payment. Ask the following questions:

- How much do the homes cost in this program?
- How do people in the program pay for the down payment?

4. Reading

Have students download volume 1, issue 6 of SF URBAN Community Housing Corporation's newsletter (http://www.sfurbanchc.org/assets/newsletter/Newsletter_6_November.pdf) and read the article “**SF URBAN CHC: Gets New Home of Its Own**.” They should then answer the following questions:

- What is SF URBAN's address?
- What year was SF URBAN founded?
- What is SF URBAN's goal?
- How many people has SF URBAN counseled?

5. Community Resources: Habitat for Humanity

Offer a final link for information about an organization in San Francisco that helps people build their own houses in exchange for no-interest mortgages. Show students the organization's home ownership applicant requirements at http://www.habitatgsf.org/own/own_sf_ownership.html.

Extension Activity

Suggest that students watch episode 6 of season 28 of the television show *House Hunters* (<http://www.hulu.com/watch/70364/house-hunters-first-time-home-buyer>). This episode features a young woman named Laura who is looking for a house to buy in Michigan. As students view her looking at three different houses with a realtor, encourage them to try to guess which house she will buy.

Ask students to answer these questions after watching the program:

- How much is the first house she looks at?
- How much is the second house she looks at?
- How much is the third house?
- Which house does she finally choose?

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SURVEY: KQED would love to hear from you.**Send results to MEINHORN@KQED.ORG**

Just tell us which lesson/activity you used and tally the total number of correct responses pre and post lessons/activities.

Becoming a Homeowner

Pre- and Post-Assessment Questionnaire

DIRECTIONS: CIRCLE THE CORRECT ANSWER

1. One advantage of owning a home is:
 - a. You have to fix things
 - b. You pay lower income taxes
 - c. You pay property taxes

2. One way to start a credit history is:
 - a. open a savings account and link it to a secured credit card
 - b. buy a house
 - c. deposit money in the bank

3. A “down payment” is:
 - a. the last payment you make to buy a home
 - b. the first payment you make to buy a home
 - c. the money you use to pay your mortgage each month

4. “Foreclose” means:
 - a. the bank lends you money to buy a house
 - b. the bank helps you pay property taxes
 - c. the bank takes back your house when you don’t pay your mortgage

5. “Home equity” means:
 - a. how much a house sells for
 - b. how much interest you pay on a mortgage
 - c. how much a house is worth minus the payments already made