

Financial Empowerment Curriculum

Moving Ahead Through Financial Management



Module Four: Building Financial Foundations

Homes, Loans and Automobiles



Module 4: Building Financial Foundations

Time Clock: 1:00-2:00

Module Objectives:

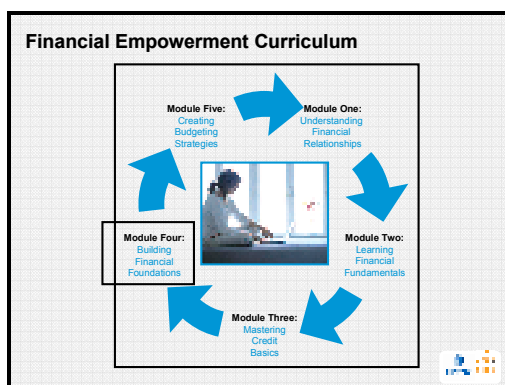
- (1) Explain the various types of financial paperwork that exist.
- (2) Describe the difference between the various loan options.
- (3) Apply for a loan and recall how to prepare for the application process.
- (4) Recall the various home options to consider when seeking financial living independence.
- (5) Describe the path to achieve home ownership.

Module Overview



Slide 1

Explain that the purpose of this module is to help individuals learn the more advanced facets of financial management.



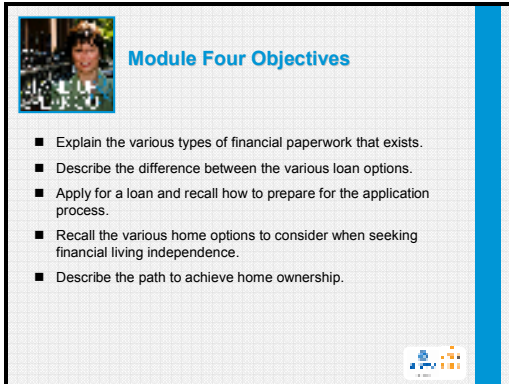
Slide 2

Say “As you may know, the *Financial Empowerment Curriculum* was developed through the partnership of *The Allstate Foundation* and the *National Network to End Domestic Violence*. As you can see, the curriculum consists of five separate learning modules that can be delivered in a group or one-on-one setting, and can be delivered together during a five hour course or independently with each module lasting about one hour.”

TRANSITION

“Today, we are going to review module four as part of a <insert time allocated> session. There is quite of information that we’ll be covering, so please ask questions and share your personal experiences. After all, that is how we all learn!”

Module Overview (continued)



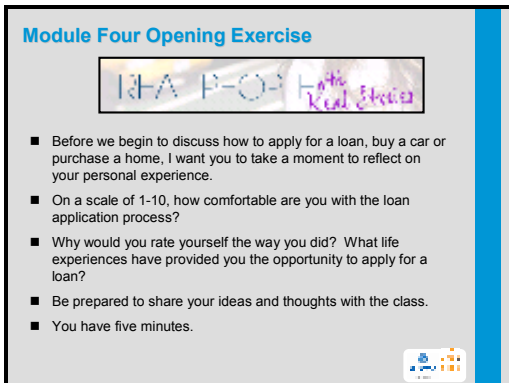
Module Four Objectives

- Explain the various types of financial paperwork that exists.
- Describe the difference between the various loan options.
- Apply for a loan and recall how to prepare for the application process.
- Recall the various home options to consider when seeking financial living independence.
- Describe the path to achieve home ownership.

Slide 3

Display the slide “Module Four Objectives.”

Read the bulleted items on the slide that reviews the module objectives.



Module Four Opening Exercise

- Before we begin to discuss how to apply for a loan, buy a car or purchase a home, I want you to take a moment to reflect on your personal experience.
- On a scale of 1-10, how comfortable are you with the loan application process?
- Why would you rate yourself the way you did? What life experiences have provided you the opportunity to apply for a loan?
- Be prepared to share your ideas and thoughts with the class.
- You have five minutes.

Slide 4

Display the slide “Module Four Opening Exercise.”

Read the bulleted items on the corresponding slide which provide an overview of the discussion activity.

Allow five to ten minutes for participants to gather their thoughts.

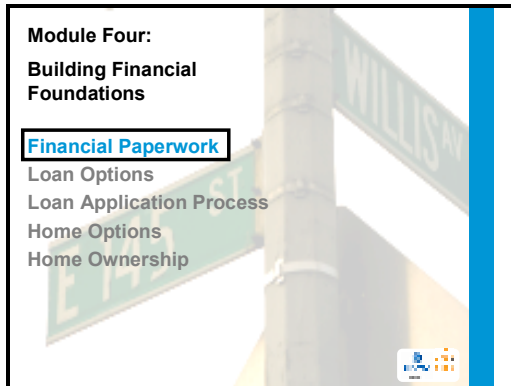
Ask for someone to share how comfortable they feel with the loan application process, using a scale 1-10. After they answer, ask why they believe they rated themselves that number? What caused it to be high or low?

Allow participants to share stories and thoughts. Although you don’t want to move too quickly during this segment of the course, you also want to manage the discussion.

TRANSITION

“Thank you for sharing your stories and experiences. This module will not only help you better understand the loan process, but we will also talk about buying a car, owning a home as well as the power of investing.”

Topic 1: Financial Paperwork



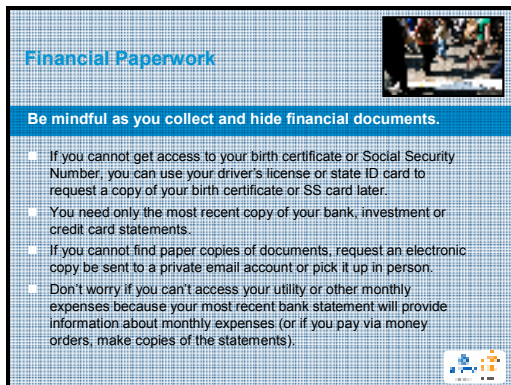
Slide 5

Display the slide “Module Four-Financial Paperwork.”

Say “*Module Four of the Financial Empowerment Curriculum: Moving Ahead Through Financial Management has a total of five topics.*”

Read topics shown on the corresponding slide.

Say “*The first topic we are going to be discussing is Financial Paperwork.*”

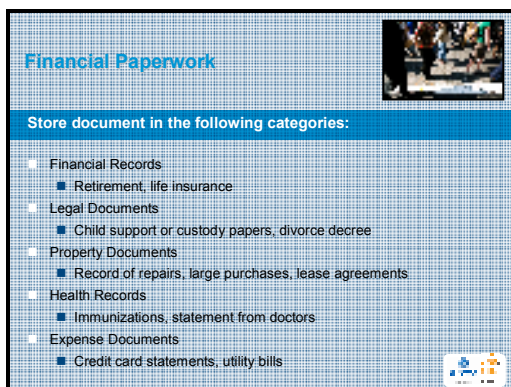


Slide 6

Display the slide “Financial Paperwork.”

Say “*Before we talk about the more advanced finance topics, it is important for us to review the basics of collecting financial documentation. This topic helps reinforce what the basics we learned in earlier modules.*”

Ask for a volunteer from the audience to read the bullet points on the corresponding slide.



Slide 7

Display the slide “Financial Paperwork.”

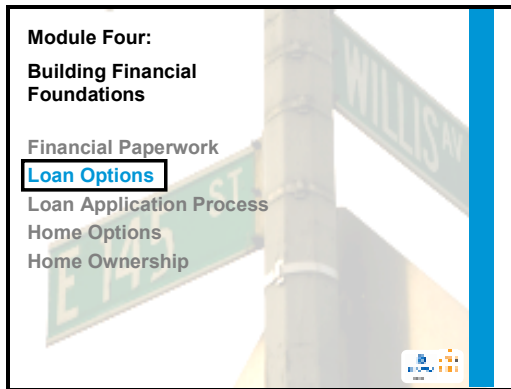
Say “*As you begin to collect documentation, including your credit report, store them in separate categories for easy reference.*”

Ask for a volunteer from the audience to read the bullet points that display on the corresponding slide.

TRANSITION

“Nice work! Now let's move to our second topic of Module Four.”

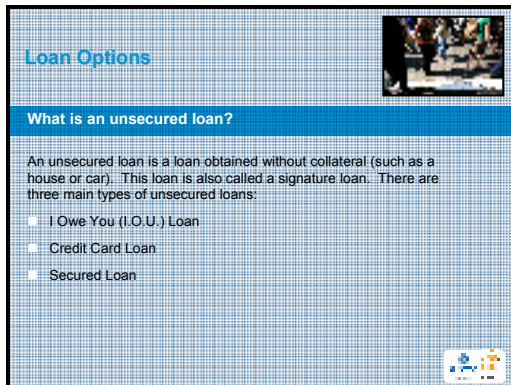
Topic 2: Loan Options



Slide 8

Display the slide “Module Four-Building Financial Foundations.”

Say “As you can see, our second topic of Module Four is Loan Options.”

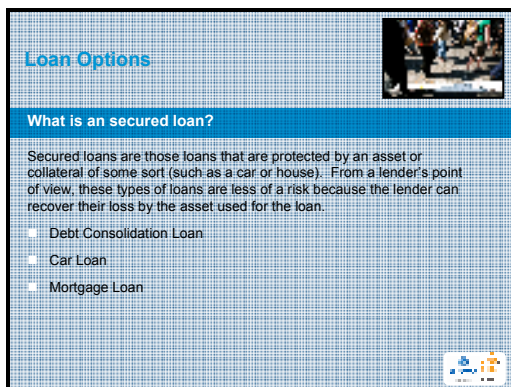


Slide 9

Display the slide “Loan Options.”

Say “Now let’s discuss some of the various loan options available. The first one that we will address is an unsecured loan.”

Ask for a volunteer from the audience to read the bullet points displayed on the corresponding slide.



Slide 10

Display the slide “Loan Options.”

Say “Now that we know a little about an unsecured loan, let’s talk about secured loans.”

Read the bullet points displayed on the corresponding slide.

Topic 2: Loan Options (continued)

Loan Options

Before you buy a car, consider the following:

- The primary difference between loans for new and used cars is that new cars tend to come at a lower interest rate.
- You should be very careful when shopping for a car loan to ensure that they get the best loan for their needs.
- Visit www.edmunds.com to determine how much of a car loan you can afford.
- As a general rule, loans with short terms are better because borrowers pay less interest, and the lower the interest rate, the less costly the used car financing. However, the monthly payment will be higher.

Slide 11

Display the slide “Loan Options.”

Say **“One of your first secured loans will probably be when you buy a car. Before you buy a car, what are the different items to consider?”**

Ask for a volunteer from the audience to read the bullet points that are displayed on the corresponding slide.

Loan Type	Loan Features	Perfect If You:
Fixed-Rate Loan (e.g., 10, 15, or 30 years)	<ul style="list-style-type: none"> Fixed interest rate and monthly payment over the entire term of the loan Higher interest rate and monthly payment than adjustable rate loans 	<ul style="list-style-type: none"> Don't plan to sell or refinance for 10 years or more Prefer the security of having the same monthly payment with no pressure to refinance later
ARM Loan (e.g., 1, 3, 5, 7, or 10 years)	<ul style="list-style-type: none"> Lower starting interest rate and monthly payment than fixed-rate loans May eventually go higher than a fixed-rate loan 	<ul style="list-style-type: none"> Want the lowest possible interest rate and monthly payment Are comfortable with changing interest rates and monthly payments
Balloon Loan (e.g., 5 or 7 years)	<ul style="list-style-type: none"> Lower starting interest rate and monthly payment than fixed-rate loans Full balance of loan is due at end of term (5 to 7 years) 	<ul style="list-style-type: none"> Plan to only live in your home for a short time but want a stable interest rate
Sub-Prime Loans (e.g., 2, 3, 15 or 18 years)	<ul style="list-style-type: none"> May contain a prepayment penalty 	<ul style="list-style-type: none"> Want a home, but don't qualify for the lowest rate and best terms and can afford paying more for the loan

Slide 12

Display the slide “Loan Options.”

Say **“Thank you for reading that slide. In addition to a car loan, the next major secured loan will be when you purchase a home. Let's review four of the main types of mortgage loans available.”**

Read the bullet points displayed on the corresponding slide.

Loan Options

Before you apply for a mortgage, be familiar with:

- Prepayment penalties are monetary penalties should a borrower payoff a loan earlier than was originally agreed.
- Negative Amortization (Neg Am) may be appealing to first time buyers who can't afford huge upfront mortgage payments, however may result in unmanageable monthly payments in the end.
- Predatory lending is the practice of using unfair, deceptive, and abusive tactics in lending money.
- Payday loans are short-term loans are offered to individuals without regard to credit. Though these loans are relatively easy to obtain, they are granted at unreasonably high interest rates.

Slide 13

Display the slide “Loan Options.”

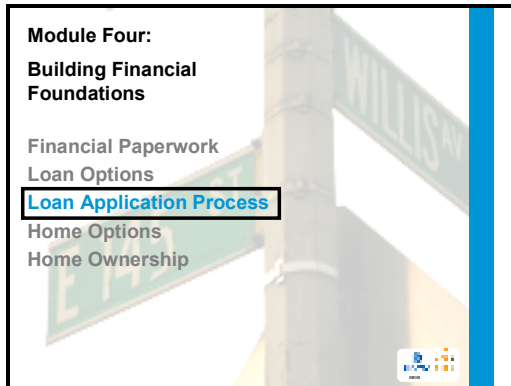
Say **“In addition to knowing the various mortgage loans available, what else should you be familiar with before apply for a home loan?”**

Ask for a volunteer from the audience to read the bullet points that display on the corresponding slide.

TRANSITION

“Again, many thanks for all of your help! Now let's move to our third topic of Module Three.”

Topic 3: Loan Application Process



Slide 14

Display the slide “Module Three-Building Financial Foundations.”

Say “As you can see, our third topic of Module Three is the Loan Application Process.”



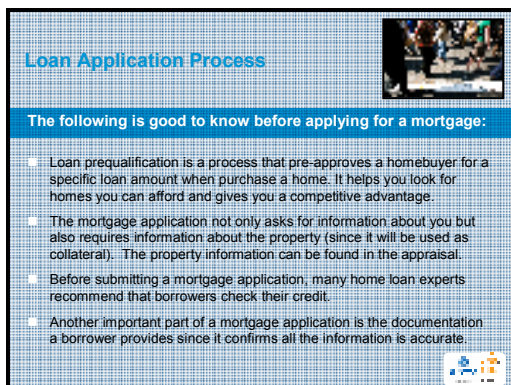
Slide 15

Display the slide “Loan Application Process.”

Say “First, let’s discuss the different components lenders use to evaluate loan applications.”

Ask for a volunteer from the audience to read the bullet points displayed on the corresponding slide.

Say “Although this list is not all encompassing of all the facet considered for a loan approval, they are the four primary components a lender will evaluate your loan application.”



Slide 16

Display the slide “Loan Application Process.”

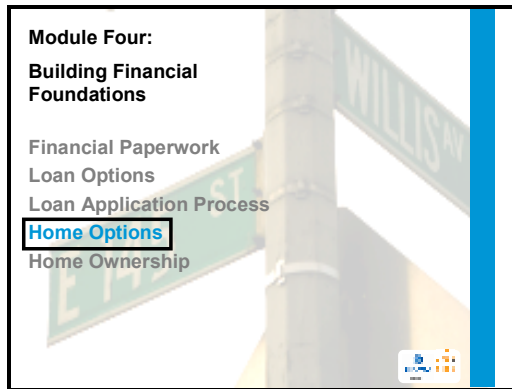
Say “What else do you think is good to know before applying for a mortgage?”

Ask for a volunteer from the audience to read the bullet points that display on the corresponding slide.

TRANSITION

“Again, this isn’t all encompassing on the loan application process; however, it does provide you with a sound foundation to build upon. Thanks again for sharing everyone! Now let’s move to our fourth topic of Module Three.”

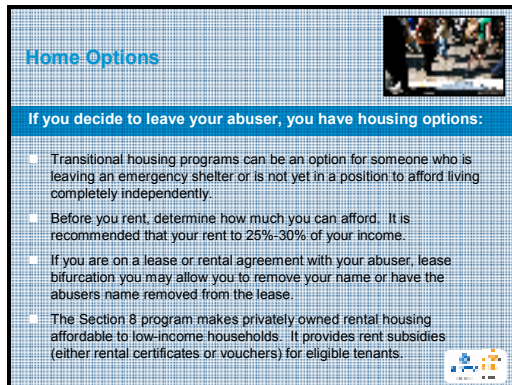
Topic 4: Home Options



Slide 17

Display the slide “Module Four-Building Financial Foundations.”

Say “As you can see, our fourth topic of Module Three is Home Options. Even though many of us dream about owning our own home, it might not be an option to initially consider when first leaving an abusive relationship. However, there are other housing options available.”

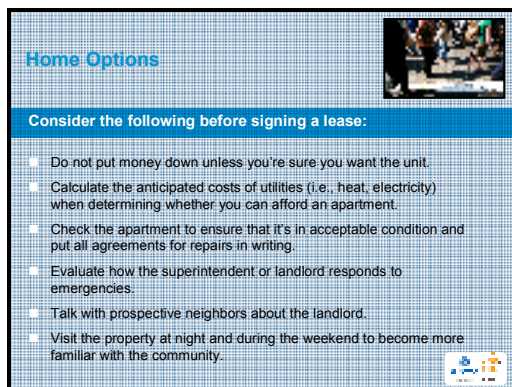


Slide 18

Display the slide “Home Options.”

Say “What are some of the housing options available?”

Ask for a volunteer from the audience to read the bullet points that are displayed on the corresponding slide.



Slide 19

Display the slide “Home Options.”

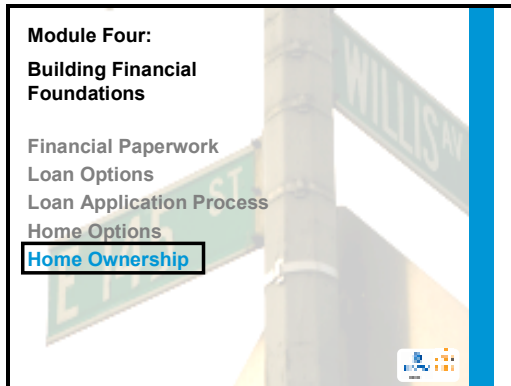
Say “If you are considering leasing an apartment or home, what should you consider?”

Ask for a volunteer from the audience to read the bullet points that display on the corresponding slide.

TRANSITION

“Thanks everyone. Now let’s move to the fifth and final topic of Module Three.”

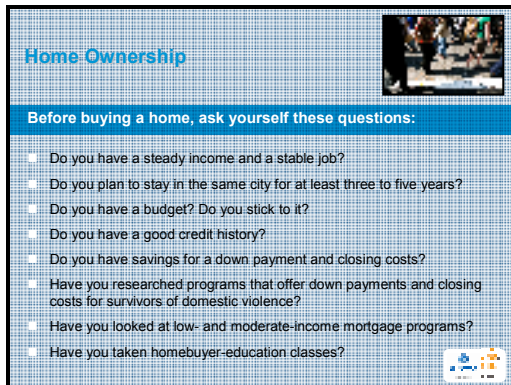
Topic 5: Home Ownership



Slide 20

Display the slide “Module Four-Building Financial Foundations.”

Say “As you can see, our last topic of Module One is Privacy Challenges and Identity Change. Once you decide to leave an abuser, protecting you identity and privacy will be more important then ever. Let’s take some time to discuss some of the things you should consider when it comes to protecting your privacy.”



Slide 21

Display the slide “Home Ownership.”

Say “There are many things to consider before buying a home. Let’s review a few basic questions that you may want to ask yourself before considering home ownership as an option.”

Ask for a volunteer from the audience to read the bullet points that are displayed on the corresponding slide.



Slide 22

Display the slide “Home Ownership.”

Say “We would also like to share some additional tips when looking to purchase a home.”


Read the bullet points on the corresponding slide and expand on each one of the topics.

TRANSITION

“Thanks for sharing everyone! Now let’s wrap-up this module with a short discussion activity. This forum will provide all of us a good summary of what we learned.”

Module Review

Module Four Review Exercise



- Think about what we have discussed during the past hour.
- What do you believe was the most important piece of information you learned today?
- What is one action item you will commit doing to improve your current situation?
- Be prepared to share your ideas and thoughts with the class.
- You have five minutes.

Slide 23

Display the slide “Module Three Review Exercise.”

Read the bulleted items on the corresponding slide to review the activity

Allow five to ten minutes for participants to gather their thoughts.

Ask for someone to share the most helpful or important information they learned today? When did the “light bulb” go off for them? Encourage others in the audience to also share their thoughts.

Ask for someone to share one action item they learned in this module that they intend to do within the next seven days. Encourage others in the audience to share their thoughts and advise them to transfer their “next steps” into their portfolio.

Note: The most effective way to get someone to change their behavior is to: (1) tell them how to change, (2) have them tell you how they want to change and then (3) get them to write it down. The process of writing the behavior or action transfers accountability and ownership and increases the chances of the action actually taking place.

TRANSITION

“Thank again for sharing your stories and experiences.”

Transition

Financial Empowerment Curriculum
Moving Ahead Through Financial Management



THANK YOU!

Slide 24

Ask if anyone has any questions before closing the session or moving to Module Five.

TRANSITION

Note: How you close the session will be determine whether or not you are delivering this module as a stand-alone or in tandem with other module(s).

Say “Now let’s move to Module Five where we will cover Creating Budgeting Strategies!”

Say “Thank you again for your sharing your insight. We look forward to continuing to support you and your family in the future as you achieve financial independence!”