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OKMM
OKLAHOMA MONEY MATTERS

Your Bottom Line

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Facing Foreclosure

What you need to know to avoid being taken advantage of through a loan modification scam.

Losing your home. It's one of the scariest thoughts for many families. Unfortunately, due to the recent economic downturn and increase in unemployment, Oklahoma homeowners are face-to-face with foreclosure.

As if losing a home—typically a family's largest asset—isn't difficult enough, consumers are falling prey to loan modification scams that promise to eliminate or slow the foreclosure process.

At a recent conference in Tulsa, fair housing activists, local nonprofits, governmental agencies and concerned citizens gathered to discuss this type of fraud, and forge partnerships and develop educational campaigns to spread the word about these scams.

Spotting a scam sometimes isn't easy, especially when you're fearful about losing your dwelling or confused about the options you have. According to conference experts, here are some tell-tale signs to look out for when being presented with your foreclosure options.

You didn't initiate the interaction. Foreclosures are public record. Scammers are able to access your information online and make phone calls, post flyers, send letters or visit with you in-person offering their services. If someone other than your lender is marketing his or her services, be leery.

Money is involved. If you're required to pay for the company's services up-front, you're more than likely dealing with a scam artist. Several legitimate agencies are available to assist you during a foreclosure for free.

You're encouraged to stop paying your mortgage. If an individual offers to help, but encourages you to stop communicating with your lender and to stop making payments, that should be a red flag.

Results are guaranteed. Foreclosures are complicated and no one can guarantee you'll be able to keep your home. Stay away from companies that make this promise.

Numerous mortgage modification scams exist, but two of the more popular ones include rent-to-own or leaseback scams, and foreclosure rescue and refinance fraud.

With a **rent-to-own or leaseback scam**, the scammer convinces

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Planning for Canning

Starting your own backyard garden can slash your produce bill, but even small gardens can create more produce than an average family can eat. Luckily, there are many simple methods to help you preserve food to avoid waste.

Canning and preserving your excess produce can help your garden last throughout the winter. The growing season has begun so if you plan to can, you'll need to know a few things about preserving your edibles.

Know your produce. Fruits, vegetables and meat require different methods of preservation, based on their acidity. High-acid foods like tomatoes, pickles and fruit jams can be preserved using a water-bath canning method. Low-acid foods like most vegetables and meats require a pressure-canning method. Each process may require slightly different supplies, so know what you need before you invest in special equipment.

Pick at their peak. Preserving vegetables and fruits is like hitting the pause button on their development. Once canned, edibles can last up to a year, so you want to be sure that you hit that pause button when they're at the peak of freshness.

Preserve properly. Using proper canning methods is about more than preventing spoilage; it's also about avoiding food-borne illnesses. Visit the National Center for Home Food Preservation website at uga.edu/nchfp/ to learn safe preservation methods.

Extreme Budgeting: 4 Wacky Ways to Spend Less

We've all heard how bringing our lunch to work, cutting cable or limiting our latte runs can help tighten our budget, but beyond these fairly simple fixes, how can we make drastic changes to our financial situation? It may be time for you to take your budgeting to the extreme.

Extreme budgeting isn't for everyone. In fact, going to the extreme with your finances really is more about a lifestyle change than a budgeting tactic. If you're tired of having more month than money, maybe these drastic lifestyle changes are for you.

– Ditch your second car. With many households composed of two working adults, two automobiles is a must, right? Maybe not. Can you and your spouse carpool? Does a co-worker live near-by? Is public transportation an option? What about working from home or starting a new schedule so your family can share one car? Giving up a car also means giving up more freedom and convenience, but the money you save by having one less car payment and insurance cost might be worth it.

– Downsize. Housing is probably the biggest expense for most families. With television shows like *House Hunters* and MTV's *Cribs*, buying a larger, nicer home is the goal of many American families. Before you're lured by a 4-bedroom, 3-bathroom home with granite countertops, decide if that's what you really need for your family. Having an extra bedroom or bathroom means your children won't have to share, but does that really matter if they'll be moving out for college in two years?

– If it's not broken, don't fix it. Americans are constantly urged to upgrade, trading in an object in working condition for one that's newer and better. Don't! If what you have still works, don't replace it. This goes for small appliances and electronics as well as home décor and furniture. Resist the urge to buy new curtains, different colored towels or a decorative cookbook stand. Do you *really* need these items?

– Stop spending for a month. Challenge yourself to cut all non-essential spending for an entire month. Of course, make your debt payments, pay your bills, put gas in your car and buy groceries for your family. Beyond that, however, stop spending and see what happens—and how much you save!

Q&A: Student Loan Repayment

Brian Rousey, Default Prevention Specialist at the Oklahoma College Assistance Program

The Oklahoma College Assistance Program, formerly known as the Oklahoma Guaranteed Student Loan Program, uses a variety of methods to connect with and educate borrowers about the repayment of their student loans. Default Prevention Specialist Brian Rousey shares his tips for successfully repaying student loans.

OCAP
Oklahoma College Assistance Program
formerly known as the Oklahoma Guaranteed Student Loan Program

What do students graduating this spring need to know about repaying their student loans?

First, they need to remember that six months after they graduate, their student loans will go into repayment. As that date approaches their lender will contact them and let them know of their repayment schedule and monthly payment amount. Secondly, students need to make sure that their lender has their most current contact information. Without it, lenders can't notify them when their six-month grace period is about to end, helping them stay on track and not become delinquent due to missed payments.

What advice would you give student loan borrowers who are having a difficult time repaying their loans?

Contact your lender. Your lender is there to help and you shouldn't be embarrassed or afraid to tell them if you're struggling financially. Repayment plans, such as Income-Based-Repayment, will lower your monthly payment to an amount you can afford. Your lender can determine if you qualify for these options with just a simple phone call. Also, there are several deferment or forbearance options that borrowers may qualify for that will place a temporary hold on their loan payments while they get back on their feet financially. Your lender wants to help you find the best solution, so don't hesitate to talk to them.

What type of repayment plans are available to borrowers?

There are several available to consider. Here's a quick highlight of some of their terms. For more detailed information, visit **OCAP.org**.

Standard Repayment – 10-year repayment term; monthly payments; most effective way to repay while minimizing interest costs.

Graduated Repayment – 10-year repayment term; monthly payments begin low and then increase gradually over time; interest costs are typically higher over the life of the loan.

Extended Repayment – Repayment term can be up to 25 years; available to borrowers with loans totaling $30,000 and more.

Income-Sensitive Repayment – Available only to Federal Family Education Loan Program (FFELP) borrowers; monthly payments are adjusted based on the borrower's gross monthly income.

Income-Based Repayment – Maximum repayment period of 25 years; monthly payments are based on a percentage of the borrower's income and factors in family size and total amount borrowed.

Is there an online resource where borrowers can locate their loan balance and other important information?

Yes. Go to the National Student Loan Data System at **NSLDS.ED.gov.** Borrowers can log into their loan information by providing a Personal Identification Number (PIN), the same PIN they may have previously used to complete their FAFSA (Free Application for Federal Student Aid) online.

If they can't find or don't have a PIN, they'll be redirected to a website which will provide one. NSLDS provides borrowers with their loan type, total amount owed, and lender and servicer information for all federal Stafford loans.

Even During Summer, Time is Money

Summer is fast approaching and for some that may mean extra time on your hands. If you believe the theory that "time is money", check out these tips for making your summer break a productive one.

High School Students

Check out FastWeb.com or FinAid.org to explore grant and scholarship opportunities.

Visit college campuses to learn which one is right for you. UCanGo2.org has great tips and tools to help you make the most of your visits.

Participate in a summer math and science academy. Visit OKcollegestart.org and click on 'Plan for College' for a full list of available camps.

Get a part-time job. The more money you earn now means less money that you may have to borrow to pay for future college expenses.

College Students

Explore job shadowing or summer internships to gain valuable insight into your chosen field.

Consider summer classes to help you complete your degree faster.

Practice your resume writing and interview skills so you'll be ready when applying for your first post-college job.

Give back to your community. Volunteering is a great way to network and it looks great on your resume.

Teachers

Participate in free workshops. The Oklahoma Council on Economic Education offers free financial fitness workshops for K-12 teachers. Visit EconIsOK.org for a list of upcoming sessions.

Explore a new hobby or participate in adult education classes at your local college or technology center.

Volunteer at a local summer camp or tutor students in your neighborhood.

Do something to recharge your battery; the fall semester will be here before you know it.

Making Finances Fun

On April 19, OKMM hosted its third, free financial literacy train-the-trainer workshop entitled *Teachable Moments: Making Finances Fun*. Educators, program administrators and service providers from around the state attended to learn proven techniques for teaching financial literacy to a wide range of audiences.

Throughout the day participants enjoyed practicing educational activities and participating in interactive group discussions centered around creating a solid message and customizing it to meet audience needs.

If you didn't get a chance to register for the training, mark your calendars. Our next *Teachable Moments* training will be held July 12. Details will be announced soon. Email us at OklahomaMoneyMatters@ocap.org if you'd like to be notified when registration opens.

Our Offices Will Be Closed May 30 for Memorial Day

On Our MIND

What's on the mind of OKMM staff? This month Outreach Coordinator Melissa Crawford talks about using past financial mistakes as a learning (and teaching) tool.

I believe everything in life happens for a reason. This philosophy is easy to follow when things are going well, but it's even more important to remember when things aren't all sunshine and roses.

In my early 20s I earned a degree, got a wonderful job and was debt free. Life was great! It was easy to rationalize that good things were happening because I studied hard, worked hard and did what I was supposed to do.

However, in just a few short years, life changed and I was facing the biggest financial mistake I'd ever made. My perfect credit was gone, my savings were depleted and I was filing bankruptcy. When faced with my poor decisions, it was harder to remember my positive mantra. I spent a lot of time beating myself up and thinking of all the things I should have done differently. Then one day I realized I needed to move forward, taking with me all the lessons my mistakes had taught me.

Lesson 1 – Everyone makes mistakes, so accept them, learn from them and move on. Constantly dwelling on the negative isn't healthy.

Lesson 2 – Recovering from mistakes can be overwhelming. Instead of tackling everything at once, look at the baby steps needed to reach your goal and take them one at a time.

Lesson 3 – It's important to find the positive in every situation. While things were bad, it could have been worse. I still had a good job, plus the love and support of my family and friends. With their help I was able to turn my situation around.

Not only did my credit crisis teach me a lot personally, it's affected my professional life in ways I couldn't have imagined. It led me to teaching financial literacy; it gave me a new perspective about money that I didn't have before; it's allowed me to be empathetic to those facing the same situation; and it gives me added credibility when talking about debt and credit issues.

Do I wish I'd made better decisions back then? Of course, but I also hope that my experience helps someone else avoid making the same mistakes in the future. Everything truly happens for a reason.

A Total Loss: What to Do?

The aftermath of a car accident can be frightening. Once you're sure everyone is unharmed, you'll need to call your insurance company and begin the claim process. The insurance company may determine that your car is a "total loss." What does this mean and what should you do next?

An insurance company declares a vehicle a total loss when the cost to repair it exceeds the worth of the car. Many people think that a total loss only occurs in major accidents. Yet, if you're driving an older car with a lower value, even a fender bender can cause a total loss.

If your vehicle has been declared a total loss, you have a decision to make. Here are your options:

Option 1: Your insurance company will offer you the Kelly Blue Book or National Automobile Dealers Association (NADA) value of the car, minus your deductible. They then sell it to a salvage company for parts. They'll take into account the condition of the car and the mileage when deciding how much to offer you.

Option 2: If you wish to keep the car, you'll need to let the insurance company know immediately. They'll pay you for the cost of the repairs, minus your deductible and also minus the salvage value of the car.

However, keeping a car after a total loss will change the way your car can be insured. Salvage laws differ by state, but in most cases, your car will require a new salvage title. Most insurance companies will only cover liability only on a salvage title. Also, when the time comes to purchase a new or used vehicle, many dealers will avoid a trade-in with a salvage title.

When deciding between these two options, you'll need to take into consideration several factors:

- How much will initial repairs cost and can you afford future repairs if insurance won't cover them?
- How will the accident affect the resale value of your current vehicle?
- How old is your car and how much longer would you expect to drive it?
- Which option will cost you the most out-of-pocket in the short-term and in the long-term?
- Will you realistically save for a down payment on a new or used car in the future?

At Your Service

Self-paced Learning Modules

Successfully managing your money is a skill that's necessary in every stage of life. Whether you're a college student, parent or retiree, OKMM offers self-paced learning modules designed to help you navigate important decisions and give you the tools you need to make informed financial choices.

Our current selection explores:

Love & Money: determining your money personality, setting financial goals as a couple, learning how to protect your financial assets and recovering financially after a divorce.

Money Management for College Students: saving money on college necessities, learning to build and manage credit, avoiding identity theft and successfully managing student loans.

Budgeting: tracking your spending, patching money leaks and building a realistic budget that your family can live with.

Auto Loans: determining how much car you can afford, comparing new vs. used, buying vs. leasing and exploring how to get the best deal.

Each module contains learning objectives, tools, a quiz and a completion certification.

To see how these modules can benefit you, your clients or students, visit the Financial Planning page at OklahomaMoneyMatters.org or contact us at OklahomaMoneyMatters@ocap.org or 800.970.OKMM (toll-free).

A family of four needs $67,920 a year--more than three times the federal poverty level of $22,050--to meet basic annual household expenses, including saving for retirement and other goals.

Source: Wider Opportunities for Women and the Dept. of Health and Human Services

New OKMM Publication

We recognize that traditional money management tips may not fit the bill for all families. That's why Oklahoma Money Matters has developed a new tool to help adults with fewer resources find new strategies for managing their money. *Your Money Matters: Your Money, Your Way* is a 16-page color booklet designed to help adults take control of their finances, even if they've reached a crisis point. Community practitioners working with adults who struggle to make ends meet can use this guide to explain financial concepts, spark discussion about financial challenges and make financial stability a realistic goal. To request copies, email OklahomaMoneyMatters@ocap.org.

Go Green, Save Green

With summer around the corner, lower cooling costs are already on many of our minds. While opening blinds decreases our need to use internal lighting, in summer months keep the shades closed to avoid letting extra heat inside your home. Consider installing reflective window tint on windows that get maximum sun exposure to reduce heat absorption.

Facing Foreclosure, cont. from page 1

the homeowner to transfer the home's title to himself/herself and promises to obtain new financing that will allow the homeowner to stay in the home. The scammer promises to sell the home back to the homeowner after a specific period of time. Many consumers don't understand that simply transferring the title doesn't eliminate their mortgage debt.

Foreclosure rescue and refinancing fraud occurs when a scammer pretends to be a counselor who's working with the homeowner and lender to modify the loan and secure a lower payment. Typically, the homeowner is asked to make payments directly to this "counselor" who will then forward the payments to the lender, which doesn't happen.

So, if you're facing this situation, where can you turn for assistance? Many programs and services exist that you could qualify for. Your first step is to contact your lender directly. Call or write to their Loss Mitigation Department to explain your situation.

Next, get in touch with HUD—the Department of Housing and Urban Development—at 800.569.4287 to locate a HUD-approved housing counseling agency near you. Learn more by visiting their website, http://portal.hud.gov/hudportal/HUD?src=/topics/avoiding_foreclosure.

Partner News and Events

Oklahoma JumpStart Coalition

Next Meeting:
Wednesday, May 25
11:30 a.m. until 1:00 p.m.
Oklahoma City

Email Pam at pamela.gutel@kc.frb.org for more details.

OCEE Teacher Workshops

The Oklahoma Council on Economic Education is hosting several free K-12 teacher trainings during June and July. Workshops planned include *Fiscally Fit Boot Camp for Teachers* and *Financial Fitness for Life*. For more information or to enroll, visit the OCEE website, EconIsOk.org.

Can You Tell Me How to Save on Sesame Street?

Sesame Street and PNC Bank have teamed up to teach children about earning, saving, giving and spending through a series of short videos called "For Me, for You, for Later." Elmo, Cookie Monster, Grover and your kids other favorite Muppets and monsters learn all about earning an income, making choices and other important aspects of money management through these fun, engaging stories.

Watch the videos and download other valuable resources at SesameStreet.org/Parents/Save. Come and play!

Have News to Share?

Let us feature it! Do you have a contest, educational workshop or other personal finance event you'd like us to highlight in a future edition of the newsletter? Send a note to lmyers@ocap.org today; space is limited.

OKMM OKLAHOMA MONEY MATTERS

Oklahoma Money Matters (OKMM) is a personal finance education program that helps K-12 schools, higher education campuses, businesses and community partners develop or expand educational services that empower Oklahomans to make positive financial choices.

OKMM is an initiative of the Oklahoma College Assistance Program, formerly known as the Oklahoma Guaranteed Student Loan Program, and the Oklahoma State Regents for Higher Education.

Visit us online at OklahomaMoneyMatters.org.

To ask questions or share comments regarding this newsletter, email OklahomaMoneyMatters@ocap.org.

OCAP Oklahoma College Assistance Program

OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
Improving our future by degrees

May

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