

Welcome

Please complete the Pre-Test and turn it in

Trainer Introductions



Session Facilitators



Overview of Training

- ◆ Importance of Financial Education
- ◆ Introduction to **Building Native Communities: Financial Skills for Families** Curriculum

Overview of Training

Curricula

- ◆ BNC Participant Workbook (Brown Cover)
- ◆ Financial Journal

Introduction to Building Native Communities



Curriculum Sponsors



Purpose of Curriculum

“To enable community members to realize their traditional values by learning financial skills that will help each person make informed financial decisions for themselves, their family and their community.”



Traditional Practices to Teach New Skills

Each session provides:

- ◆ opportunity to discuss community's traditional practices
- ◆ connection between Native resource and financial management
- ◆ introduction to basic financial skills
- ◆ interactive discussion questions
- ◆ skill reinforcement exercises
- ◆ contemporary Native humor as a teaching tool

Native Environment and Context

Teaching in a Native context show the following:

- ◆ Non-Native efforts fail
- ◆ Learning builds on what you already know
 - ◆ builds self confidence
 - ◆ reinforces traditional values and practices

Economic Models

Western Economic Model	Indigenous Economic Model
Consumers	Producers and consumers
Individual	Community
Material wealth	Wealth distribution
Individual family	Extended family/community

Building Native Communities Curriculum Sessions

- 1) Building a Healthy Economy
- 2) Developing a Savings Plan
- 3) Working with Checking and Savings Accounts
- 4) Understanding Credit and Your Credit Report
- 5) Using Credit
- 6) Being a Smart Consumer



Importance of Financial Education



Significance of Financial Education

- ◆ Builds skills to save, invest and grow resources
- ◆ Improves access to affordable financial products and services
- ◆ Promotes understanding and value of credit
- ◆ Helps consumers avoid predatory lending
- ◆ Grows community assets and stimulates local Native economies
- ◆ Strengthens sovereignty



Tangible Benefits of Financial Education

- ◆ Self-sufficiency
- ◆ Ability to maximize income, savings and assets
- ◆ Small business start-up financing
- ◆ Homeownership
- ◆ Access to affordable loans
- ◆ Wealth accumulation
- ◆ Manage family budgets
- ◆ Grow community assets

Session 1: Building a Healthy Economy



Building a Healthy Economy

This session provides an opportunity for participants to:

- ◆ discuss the traditional resource management practices in their community
- ◆ evaluate the economic dynamics of their community
- ◆ identify actions to build a healthier local economy (e.g. strengthening their personal financial skills)

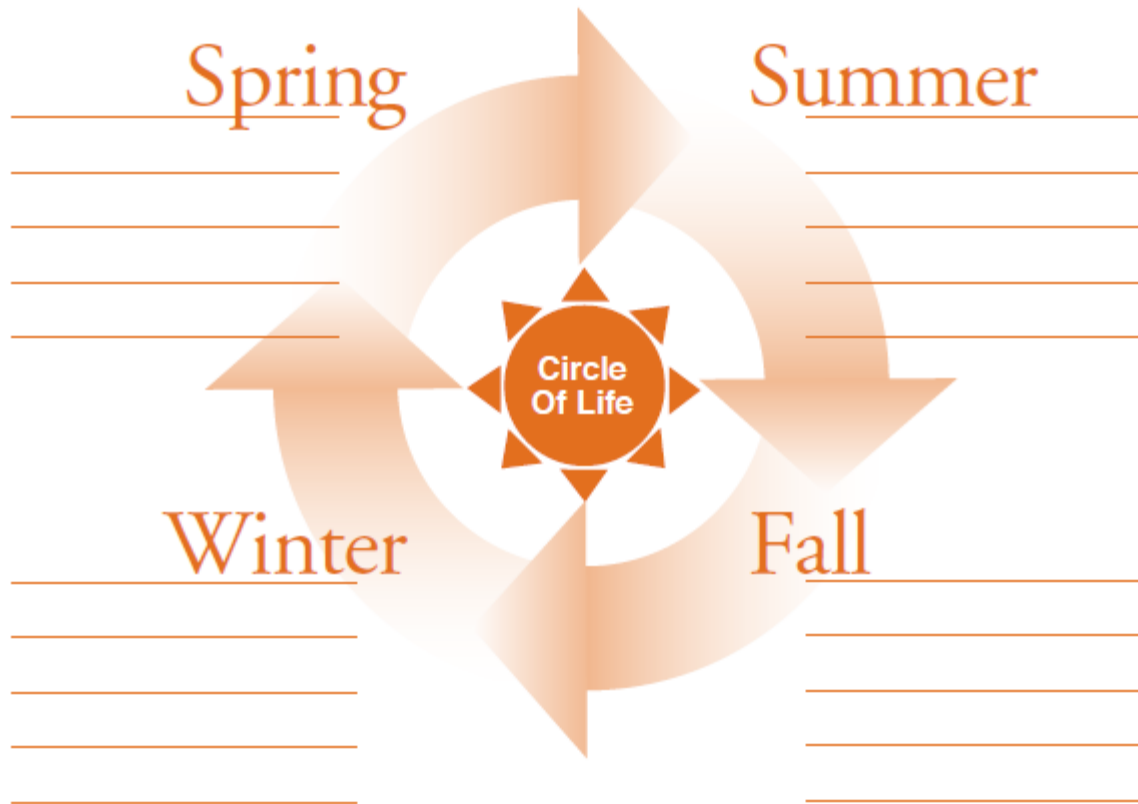


Economy

- ◆ The way a society organizes itself to meet the physical needs of its people.
 - Economies can be local, tribal, regional, and international.



The Circle of Life



The Local Economy

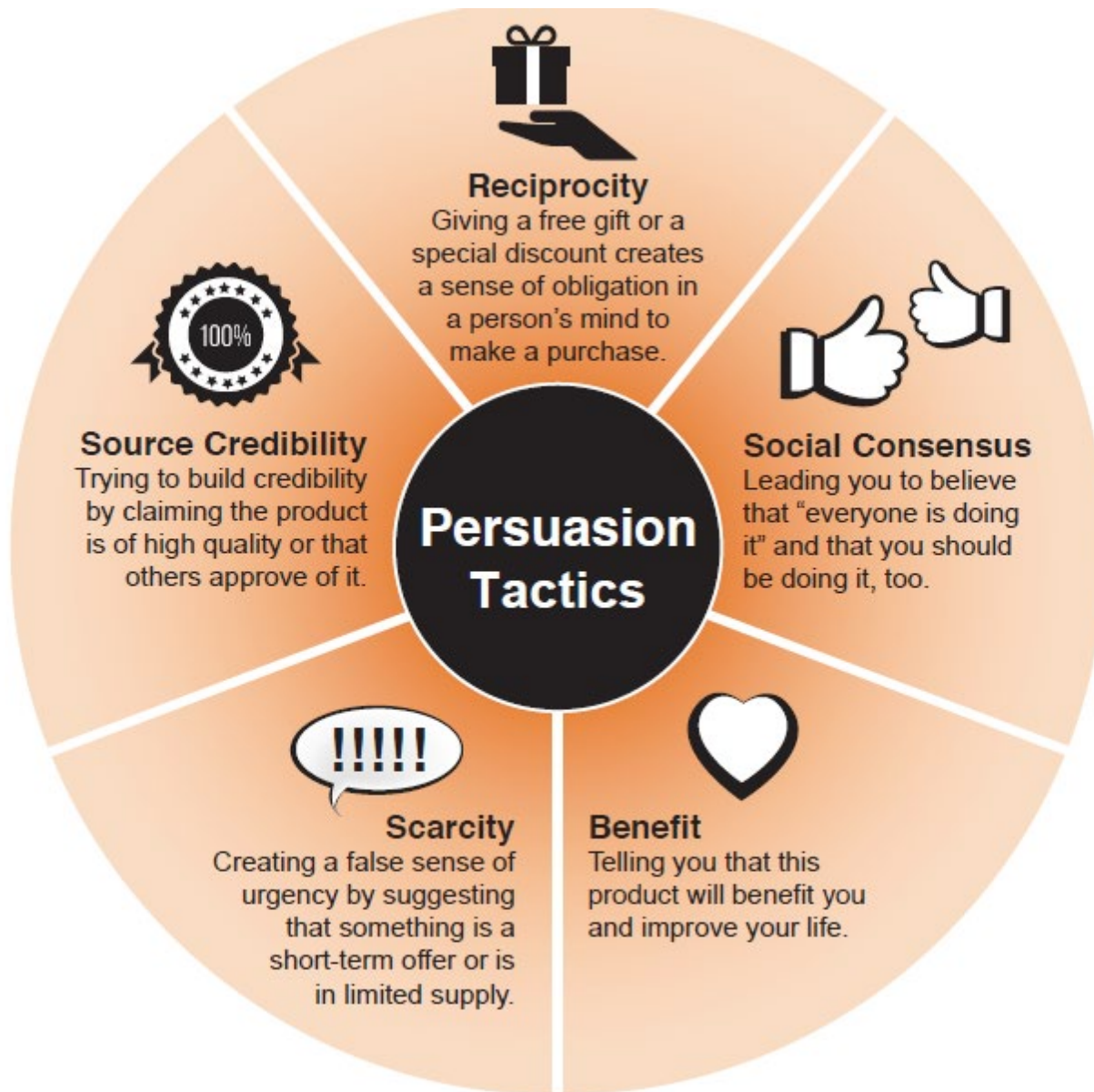


Local Economy

Monthly Expenses	Community	Non-Community
Rent	\$250.00	
Food		\$ 200.00
Gas		\$100.00
Electricity		\$75.00
Phone		\$80.00
TV		\$45.00
Propane		\$75.00
Waste Removal		\$30.00
Entertainment	\$150.00	
Car Payment		\$500.00
Auto Insurance		\$60.00
Childcare	\$300.00	
Restaurants		\$100.00
Mechanical Repairs		
Other		
TOTALS	\$700.00	\$1,265.00



Persuasion Tactics



Persuasion Tactics

Reciprocity

Giving a free gift or a special discount creates a sense of obligation in a person's mind to make a purchase.

Persuasion Tactics

Social Consensus

Leading you to believe that “everyone is doing it” and that you should be doing it as well.

Persuasion Tactics

Benefit

Telling you that this product or service will benefit you and improve your life.

Persuasion Tactics

Scarcity

Creating a false sense of urgency by suggesting that something is a short-term offer or is in limited supply.

Persuasion Tactics

Source Credibility

Trying to build credibility by claiming the product is of high quality or that others approve of it.

Session 2: Developing a Spending Plan



Developing a Spending Plan

This session provides an opportunity for participants to:

- ◆ Connect Native resource management skills with financial budgeting skills
- ◆ Identify savings goals
- ◆ Be aware of the flow of money through their household
- ◆ Take control of the flow of money through their household
- ◆ Develop a financial record keeping system



Building on a Solid Foundation

- ◆ **Values**



What are some values that your tribe is respected for?

Types of Savings

Short-Term Goals

- Put money into an account and take out as you are able to afford your goals. You should be able to reach your short-term goals after a few weeks or months of consistent saving.

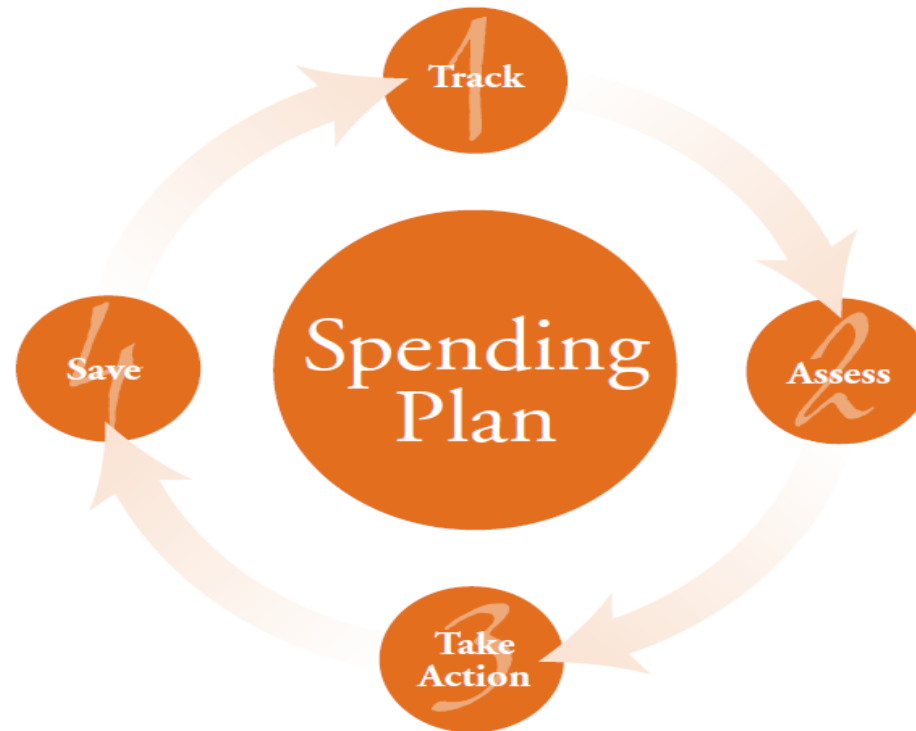
Long-Term Goals

- Invest or set aside money for a larger purchase. It may take a few years of consistent saving to reach your long-term goal.

Emergency Reserve Fund

- Put money into an account and leave there until there is an emergency.

The TATS System



1: Track

Every year our ancestors estimated their needs based on what they used in previous years.

2: Assess

Next, our ancestors compared the available harvest to their current needs.

3. Take Action

Our ancestors put this plan into motion!

4: Save

Finally, our ancestors planned what portion of the harvest to set aside for their future needs.

Step 1: Tracking

- ◆ Tracking makes you aware of the flow of money in and out of your household



THE STEVENS FAMILY MONTHLY EXPENSES

Expense	Last Month Amount	Notes
HOUSING		
Rent/Mortgage	\$575.00	
Water & Sewer	\$34.00	
Electric	\$25.00	
Gas/Propane	\$57.00	
Repairs/Maintenance	\$25.00	parts to fix toilet
HOUSING SUBTOTAL	\$716.00	
TRANSPORTATION		
Auto #1 Loan Payment	\$315.00	
Auto #1 Insurance	\$95.00	
Auto #2 Loan Payment	\$270.00	
Auto #2 Insurance	\$80.00	
Gasoline	\$290.00	
Repairs/Maintenance	\$33.00	oil change, auto #1
TRANSPORTATION SUBTOTAL	\$1,083.00	
FOOD		
Groceries	\$410.00	
Eating Out	\$245.00	
FOOD SUBTOTAL	\$655.00	
DEBT (OTHER THAN AUTO)		
Student Loan	\$64.00	
Mastercard	\$35.00	monthly minimum
Visa	\$35.00	monthly minimum
DEBT (OTHER THAN AUTO) SUBTOTAL	\$134.00	
COMMUNICATIONS		
Cell Phone	\$125.00	family plan
COMMUNICATIONS SUBTOTAL	\$125.00	
ENTERTAINMENT		
Dish/Cable	\$50.00	
Movies	\$100.00	
Other Entertainment	\$170.00	
ENTERTAINMENT SUBTOTAL	\$320.00	
HEALTH		
Gym	\$30.00	
HEALTH SUBTOTAL	\$30.00	
MISCELLANEOUS		
Charitable	\$20.00	school fundraiser
Storage Rental	\$25.00	
New Clothes	\$510.00	
Gifts	\$75.00	
Pet	\$50.00	
Housewares	\$80.00	
Other	\$0.00	
MISCELLANEOUS SUBTOTAL	\$760.00	
TOTAL ALL EXPENSES		

Money Math

Money Math

You will be surprised by how much you use basic math to manage your finances! Think about it. Being able to properly add or subtract figures, understand decimals, or use percentages helps you understand whether you receive correct change when paying cash, how much you are paying for a loan over time, or how much of your income you are spending on eating out. We will be putting these Money Math bubbles throughout the lessons to let you show off your money smarts! Try out this example:

1. Martha works full time (40 hours per week) at a local grocery store. If her hourly rate is \$11.50, and she worked 4 weeks last month, how much did she earn last month (before taxes are taken out)?

Step 2: Assess

- ◆ Was your calculation on the Monthly Expense worksheet negative or positive?
 - Positive – You have more income than you spend each month
 - Negative – You spend more than you make



Types of Expenses

Fixed Expenses

Monthly costs that do not change every month

- rent
- car payments
- loans

Flexible Expenses

Monthly costs that you control

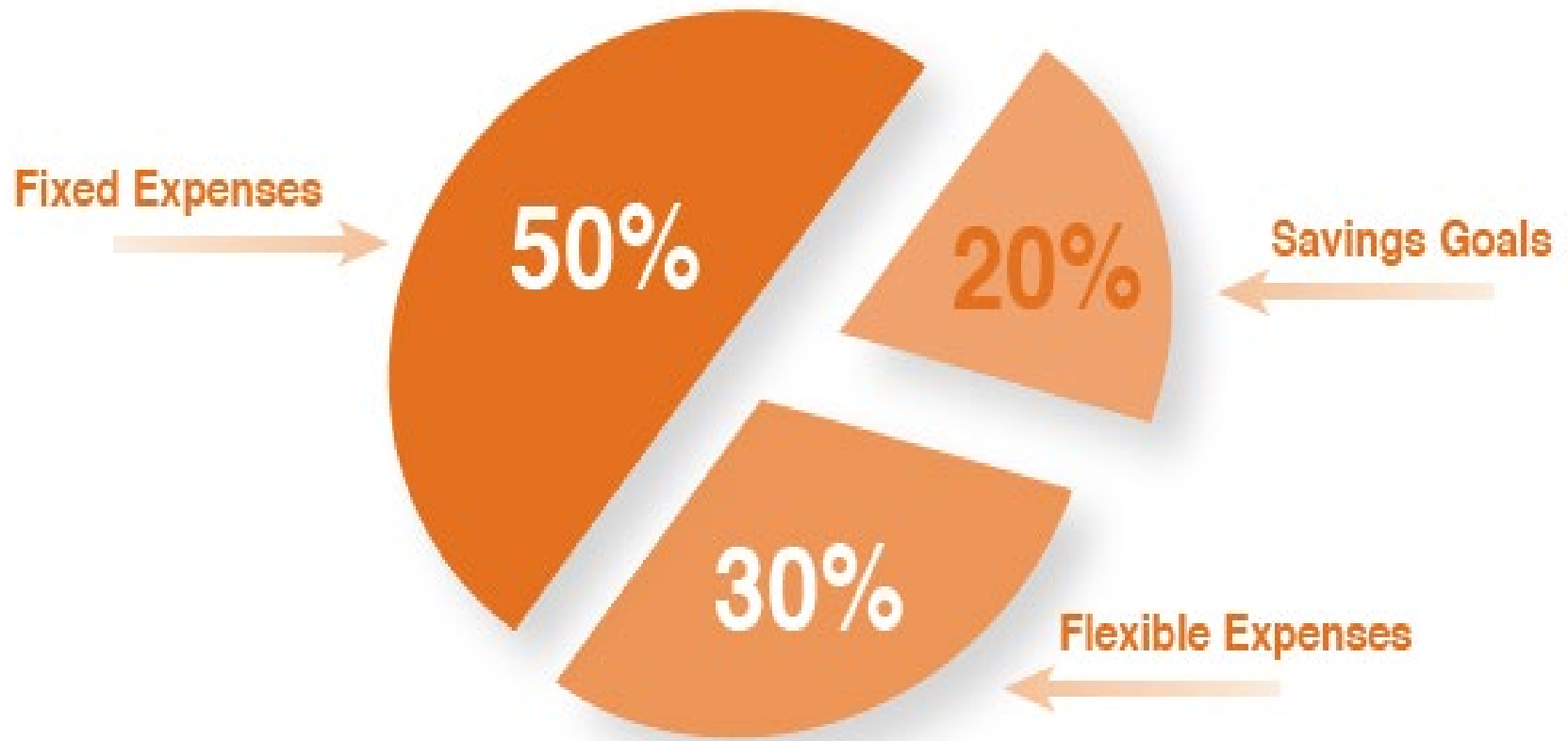
- groceries
- long-distance phone bill
- cell phone bill
- utilities
- gas
- credit card payments
- ceremony costs

Money Math

Money Math

Austin is shopping for tooth paste. His favorite brand comes in two sizes, a 6.4 ounce tube selling for \$2.49 and an 8.2 ounce tube for \$2.99. Which tube is the better deal?

50-30-20 Rule



Step 3: Take Action

- ◆ You can track your monthly spending and make adjustments along the way



Projected vs Actual

MONTHLY EXPENSES			
Expense	SPENDING PLAN: How much do you suggest they spend next month?	Last Month Amount	Notes
HOUSING			
Rent/Mortgage		\$575.00	
Water & Sewer		\$34.00	
Electric		\$25.00	
Gas/Propane		\$57.00	
Repairs/Maintenance		\$25.00	<i>parts to fix toilet</i>
HOUSING SUBTOTAL		\$716.00	
TRANSPORTATION			
Auto #1 Loan Payment		\$315.00	
Auto #1 Insurance		\$95.00	
Auto #2 Loan Payment		\$270.00	
Auto #2 Insurance		\$80.00	
Gasoline		\$290.00	
Repairs/Maintenance		\$33.00	<i>oil change, auto #1</i>
TRANSPORTATION SUBTOTAL		\$1,083.00	
FOOD			
Groceries		\$410.00	
Eating Out		\$245.00	
FOOD SUBTOTAL		\$655.00	
DEBT (OTHER THAN AUTO)			
Student Loan		\$64.00	
Mastercard		\$35.00	<i>monthly minimum</i>
Visa		\$35.00	<i>monthly minimum</i>
DEBT (OTHER THAN AUTO) SUBTOTAL		\$134.00	
COMMUNICATIONS			
Cell Phone		\$125.00	<i>family plan</i>
COMMUNICATIONS SUBTOTAL		\$125.00	
ENTERTAINMENT			
Dish/Cable		\$50.00	
Movies		\$100.00	
Other Entertainment		\$170.00	
ENTERTAINMENT SUBTOTAL		\$320.00	
HEALTH			
Gym		\$30.00	
HEALTH SUBTOTAL		\$30.00	
MISCELLANEOUS			
Charitable		\$20.00	<i>school fundraiser</i>
Storage Rental		\$25.00	
New Clothes		\$510.00	
Gifts		\$75.00	
Pet		\$50.00	
Housewares		\$80.00	
Other		\$0.00	
MISCELLANEOUS SUBTOTAL		\$760.00	
TOTAL ALL EXPENSES		\$3,823.00	



Step 4: Save

- ◆ Important part of a spending plan



3 Categories of Saving

- ◆ Short Term Goals
- ◆ Long term Goals
- ◆ Emergency Fund



Get Organized

How Do I Set Up a Financial Record Keeping System?



Money Math!

Money Math

Jeanette can save \$10 a month in her piggy bank. She is saving up to buy a new bicycle. If she saves \$10 a month for one year, how much has she saved?

More Money Math!

Money Math

Ruth and Cody need a coffee table for their living room. They checked out a store in Rapid City and found one for \$130, but they didn't want to pay that much. Cody's grandfather suggested that they visit some yard sales that weekend to see if they could find one at a better price. The first house they went to had a decent coffee table for \$25. How much money did Ruth and Cody save by going to a yard sale?



Session 3: Working with Checking and Savings Accounts



Working with checking and savings accounts

This session provides an opportunity for participants to:

- ◆ Purpose and benefits of checking and savings accounts
- ◆ How to open an account
- ◆ Activities involved when managing an account
- ◆ Technology tools used to manage accounts
- ◆ Protecting yourself against ID theft



Resource and Money Management

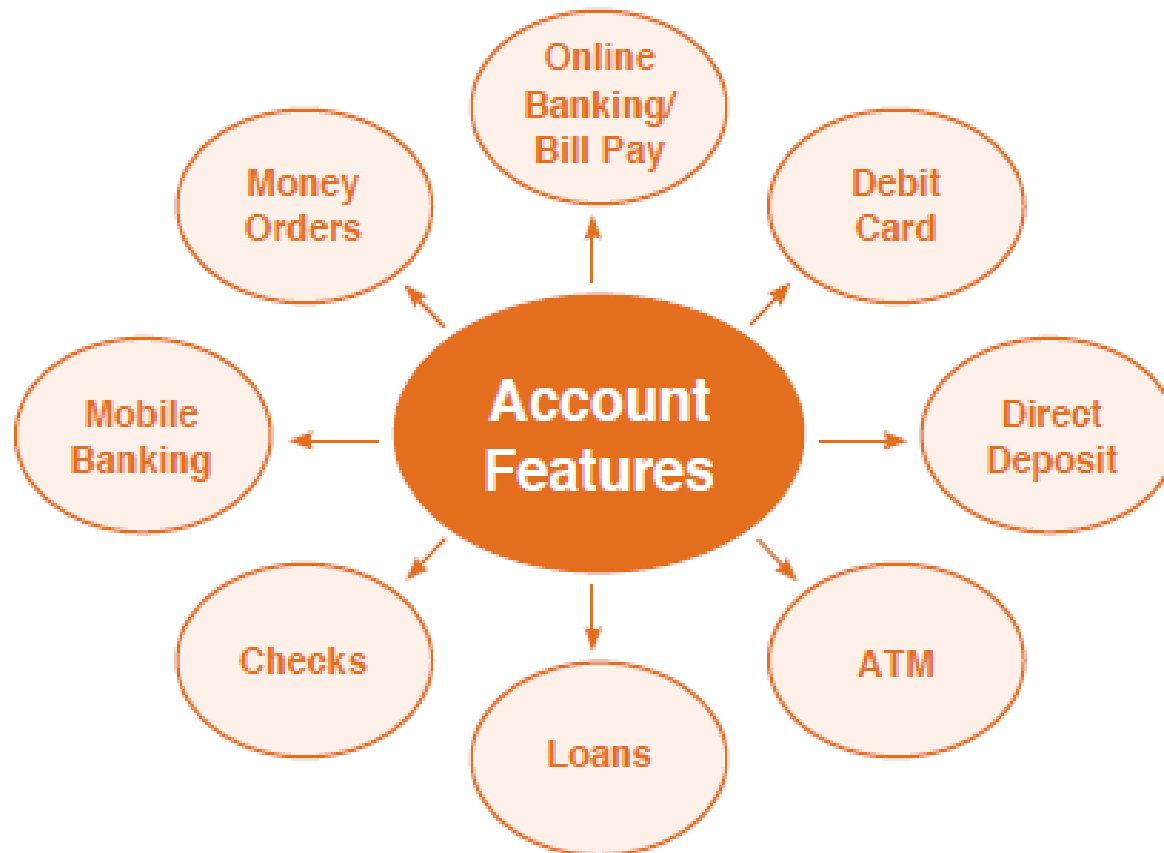
- ◆ Eating Fish immediately = Cash



- ◆ Preserving Fish = Savings



Bank Account Features



Banking Services

- ◆ Selecting a Financial Institution
- ◆ Evaluate Banking Services
- ◆ Opening an Account



Balancing Your Checkbook

- ◆ Why is it important?



Consequences to not balancing your checkbook?



Reading Your Bank Account Statement

Rebecca Raven
 Happness Lane
 Cloquet, MN 55720
 Statement Period: 1/1/00 to 1/31/00

ABC Bank
 Zhoonlyaa Lane
 Cloquet, MN 55720
 1-800-000-0000

Beginning Balance: \$0.00 Total Withdrawals: \$246.50
 Total Deposits: \$900.00 Ending Balance: \$653.50

Date	Description	Debits	Credits	Balance
1/1/00	BALANCE LAST STATEMENT			0.00
1/1/00	DEPOSIT		500.00	500.00
1/5/00	CHECK # 101	75.00		425.00
1/7/00	DEPOSIT		250.00	675.00
1/10/00	CHECK # 102	35.00		640.00
1/15/00	AUTOPAY INSURANCE	50.00		590.00
1/21/00	CHECK # 104	40.00	150.00	550.00
1/25/00	DEPOSIT			700.00
1/26/00	ATM	40.00		660.00
1/26/00	NON-ATM FEE	1.50		658.50
1/26/00		5.00		653.50
1/31/00	SERVICE CHARGE			653.50
1/31/00	ENDING BALANCE THIS STATEMENT			653.50



Money Math!

Money Math

Ben is trying to track the expenses in his checking account. He signed up for a gym last year that takes \$30 directly out of his checking account each month. There is also an annual fee for membership of \$49.99. How much does a year of gym membership cost?

Debit Card, Credit Card: What's the Difference?

- ◆ Debit – commonly called a check card
 - Withdraws money straight out of your account
 - Usually needs a pin, but can run as credit but still not a credit card
- ◆ Credit Card
 - Borrow up to a certain amount and pay back over time with interest

Tips for using Mobile Banking

- ◆ Wireless Networks Are Hacker Friendly
- ◆ Poor Reception = Poor Security
- ◆ Safeguard Your Phone
- ◆ You may have to wait to access newly-deposited funds
- ◆ Beware of fraudulent apps!



Identity Theft



Identity Theft and Fraud

- ◆ What are common types of ID theft ?
- ◆ How can you protect your information?

Forgery



© 2009, Oweesta.

Session 4: Understanding Credit and Your Credit Report



Understanding credit and your credit report

This session provides an opportunity for participants to:

- ◆ The purpose of credit and importance of credit history
- ◆ How to read, analyze, and dispute your credit report
- ◆ Steps to build, maintain, or rebuild your credit history
- ◆ Learn about FICO scores and understand collection laws and your rights as a borrower



Subsistence vs Market Economy

◆ Subsistence

- People could provide for their own needs



◆ Market

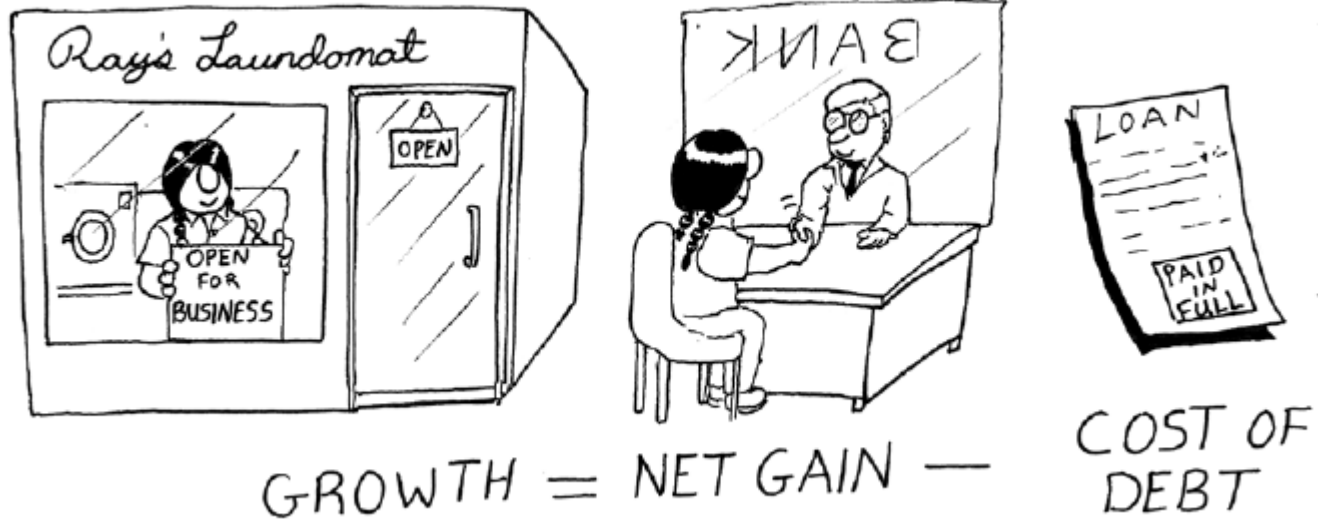
- Majority of goods and services must be purchased from others



What goods and services did your community provide by now have to purchase from others? Advantages? Disadvantages?

Importance of Credit

Growth = Net Gain (Borrowing) – Cost of Debt



© 2009, Oweesta.

Using Credit

Would you use credit for this purchase?

Item/Situation	Need/Want	Yes	No	Maybe	Reason
A Friend's Birthday Present					
Weekly Groceries					
College Education					
New Basketball Shoes					
New Refrigerator Because Yours Broke					
A Snack					
Materials for a Beadwork Project					
Medical Procedure That the Doctor Told You to Have Done Immediately					
Overdue Bills					
Fixing a Car					
Attending a Powwow					



Types of Credit

Revolving Credit

- Remains open as long as you pay the minimum payment

Installment Credit

- Fixed payment amount for a particular item

Non-Installment (Service) Credit

- An item that you use and pay for after obtaining item

Secured vs Unsecured

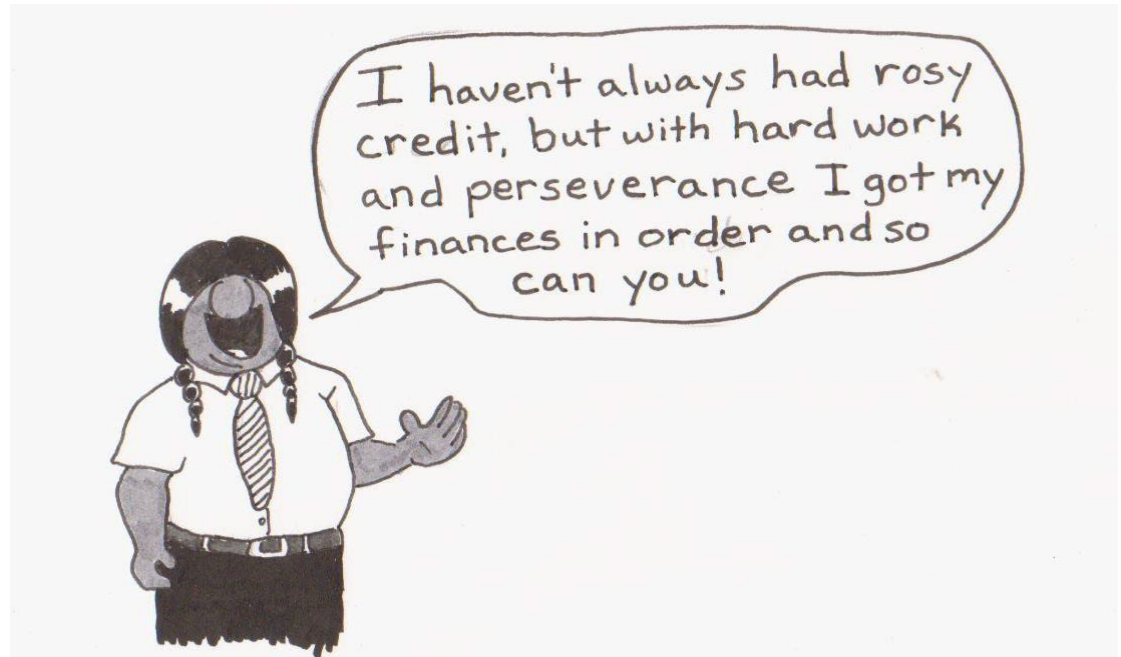
- ◆ **Secured** – when you provide something of value to guarantee you pay your debt
- ◆ **Unsecured** – A guarantee is not required



Credit Report

Annualcreditreport.com
Creditkarma.com

- ◆ **Equifax**
- ◆ **Trans Union**
- ◆ **Experian**



Reading Your Credit Report

March 16, 2016
Page 1

Sample Credit Report

Consumer Information

	<u>Experian</u>	<u>TransUnion</u>	<u>Equifax</u>
Name:	Michael T. Iron	Michael Todd Iron	Michael Iron
Current Address:	Box 10, Basom, NY	Box 10, Basom, NY	#3 Sage Ln., Basom, NY
Previous Address:	123 Mill St., Buffalo, NY	123 Mill St., Buffalo, NY	123 Mill St., Buffalo, NY
Current Employer:	IronWorks Co.	IronWorks Company	IronWorks Co.

Consumer Statement

My loan payment to Quick and Easy Payday Loans on 5/21/12 was not late because I called their office on my due date and informed them I was caught in traffic and might not be able to make it by 5pm. The office manager told me not to worry as long as I dropped my payment in the mail slot that evening. I did this but they still marked my payment as late.

Summary Information

Real Estate Accounts	<u>Experian</u>	<u>TransUnion</u>	<u>Equifax</u>
Count	1	1	1
Balance (\$)	134100	134100	134100
Payment	757	757	757
Current	1	1	1
Delinquent	0	0	0
Derogatory	0	0	0
Unknown	0	0	0
Revolving Accounts	<u>Experian</u>	<u>TransUnion</u>	<u>Equifax</u>
Count	3	2	2



Reading Your Credit Report

Page 2

Account History Information

Specific information regarding current status of various accounts

Account History Information

Creditor Name

	<u>Experian</u>	<u>TransUnion</u>	<u>Equifax</u>
Account Number:	1234***	1234***	1234***
Type:	Real Estate	Real Estate Mortgage	Real Estate
Condition:	Open	Open	Open
Responsibility:	Individual	Individual	Individual
Pay Status:	60 days late	Charge off	30 days late
Date Opened:	06/01/2012	06/2012	06/2012
Date Reported:	01/01/2016	01/2016	01/2016
Balance and Limit:	Balance of \$134000	Balance of \$134000	\$134,100
Payment and Terms:	\$757 for 360 months	\$757 for 360 months	Payment \$757
High Balance:	\$135000	\$135000	\$135,400
Past Due:	\$0	\$0	\$0
Remarks:			

Two Year Payment History:

Experian

OK 30 60 OK OK OK OK OK OK OK OK OK OK OK OK OK OK OK OK
 Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar

TransUnion

OK
 AU

Page 3

Public Record Information

Public record items obtained from local, state, federal, and tribal courts

Public Record

Bankruptcy

	<u>Experian</u>	<u>TransUnion</u>	<u>Equifax</u>
Type:	Chapter 7 Bankruptcy	Chapter 7 Bankruptcy	Chapter 7 Bankruptcy
Status:	Filed	Filed	Filed
Date File/Reported	08/2008	08/2008	08/2008
How Filed:	Individual Acct	Individual Acct	Individual Acct
Reference #:	10-11-15	10-11-15	10-11-15
Closing Date:	12/15/2008	12/2008	12/15/2008
Court:	County Court	County Court	County Court
Liability:	\$50000	\$50000	\$50000
Exempt Amount:	\$1000	\$1000	\$1000

Asset Amount: \$15000 \$15000 \$15000

Inquiry Information

Creditor Name	Date of Inquiry	Inquiry Type	Credit Bureau
Bank	01/02/2016	Solicited	TransUnion
Credit Card Company	12/13/2015	Unsolicited	Equifax
Credit Card Company	12/05/2015	Unsolicited	Equifax
Insurance Company	10/08/2015	Unsolicited	Experian
Mortgage Lender	09/22/2015	Solicited	Experian



Common Credit Report Errors

- ◆ Information that is not yours because of confused names, addresses, theft, etc.
- ◆ Information from an ex-spouse
- ◆ Outdated information
- ◆ Incorrect payment status
- ◆ More than one delinquent date on an account
- ◆ Remedied delinquencies not reported as such

Disputing info on your report

BNC Update

Online dispute option
now available through
annualcreditreport.com

Check it out!

example

[Date]

TO: *[Name of credit reporting agency]*

ATTN: Consumer Relations

RE: *[Your name]*
[Address]
[Telephone]
[Social Security number]
[Date of birth]

I recently obtained a copy of my credit report and found items to be in error. Please begin an immediate investigation of the item(s) listed below and highlighted on the attached copy of my credit report.

Identified errors *[List errors and provide an explanation.]*

1. *[Merchant name]* *[Account number]* *[Date reported]*

[Explain the error]

Please remove any unverifiable or inaccurate information from my credit file. Please send me a new copy of my credit report at the conclusion of your investigation.

Thank you for your help and prompt attention to this matter.

Respectfully,

[Your signature]
[Your name typed]

FICO Score

35% Payment History

Your track record paying bills is the biggest factor determining your score.

30% Current Debt

How much total debt you carry comes next.

15% Length of History

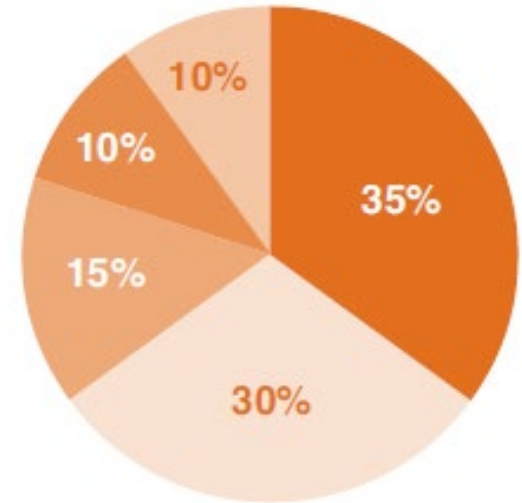
How long you've been borrowing is important.

10% Types of Credit

Revolving or installment, auto loan, or mortgage matters, too.

10% Applications

How recently and often you apply for credit is another consideration.



Tips to Maintaining or Improving your FICO

◆ Payment History Tips

- Pay your bills on time.
- If you have missed payments, get current and stay current.
- Be aware that paying off a collection account will not remove it from your credit report.
- If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor.

Tips to Maintaining Or Improving your FICO

- ◆ **Amounts Owed Tips**
 - Keep balances low on credit cards and other "revolving credit".
Pay off debt rather than moving it around..
 - Don't close unused credit cards as a short-term strategy to raise your scores.
 - Don't open a number of new credit cards that you don't need, just to increase your available credit.

Tips to Maintaining or Improving your FICO

- ◆ **Length of Credit History Tips**
 - If you have been managing credit for a short time, don't open a lot of new accounts too rapidly.
- ◆ **New Credit Tips**
 - Do your rate shopping for a given loan within a focused period of time.
 - Re-establish your credit history if you have had problems.
 - Note that it's OK to request and check your own credit report.



Tips to Maintaining or Improving your FICO

- ◆ **Types of Credit Use Tips**
 - Apply for and open new credit accounts only as needed.
 - Have credit cards – but manage them responsibly.
 - Note that closing an account doesn't make it go away.

Know Your Rights

FAIR DEBT COLLECTION PRACTICE ACT (FDCPA)
effective 1978, amended:

FAIR DEBT COLLECTION PRACTICE ACT

Debt collectors may not:

- Make threats or use violence
- Use obscene or profane language
- Publish lists of consumer names
- Call a debtor repeatedly

If a debtor is represented by an attorney, a collector may not make contact, unless the attorney grants them permission

Contact can only be made between 8am and 9pm in the time zone of the consumer

Contact may only be made at work if authorized by the consumer



www.ftc.gov/os/statutes/031224fcra.pdf

<https://www.optoutprescreen.com>

Money Math

Money Math

Gabe's landlord charges him a \$30 late fee if he pays his rent after the due date. His cable company charges a \$15 late fee. During the course of one year Gabe is late paying rent five times and late paying cable four times. How much did he pay in total late fees that year?

Session 5: Accessing Credit, Part I



Accessing Credit, part I

This session provides an opportunity for participants to:

- ◆ Learn about the lending process
- ◆ Understand the 5 C' s of Credit
- ◆ Planning and completing a strong loan application
- ◆ Understanding loan rates, terms, and fees



Adopting New Ideas to Benefit the Community

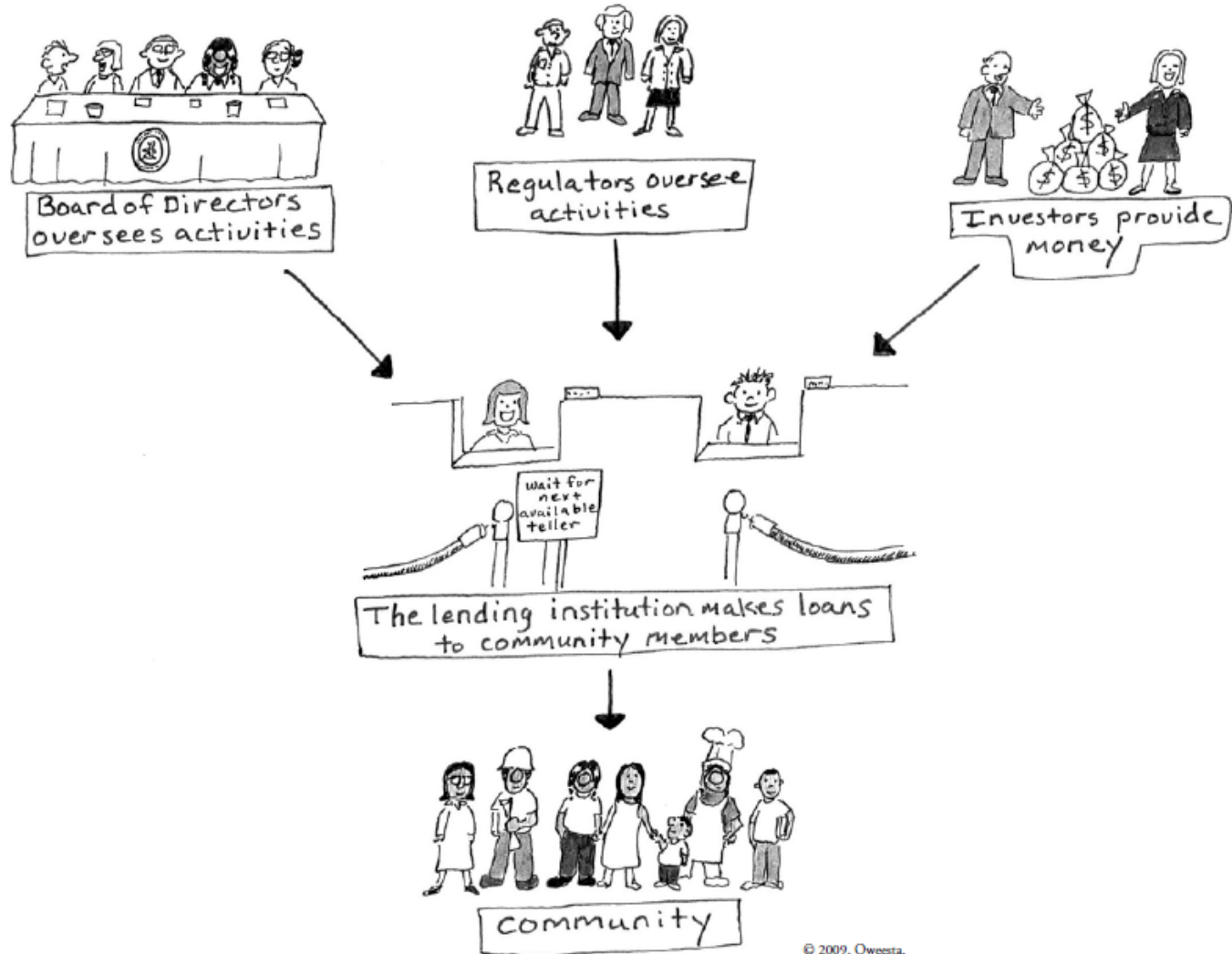
- ◆ Natives bought and sold goods, bartered for supplies and purchased necessities on credit



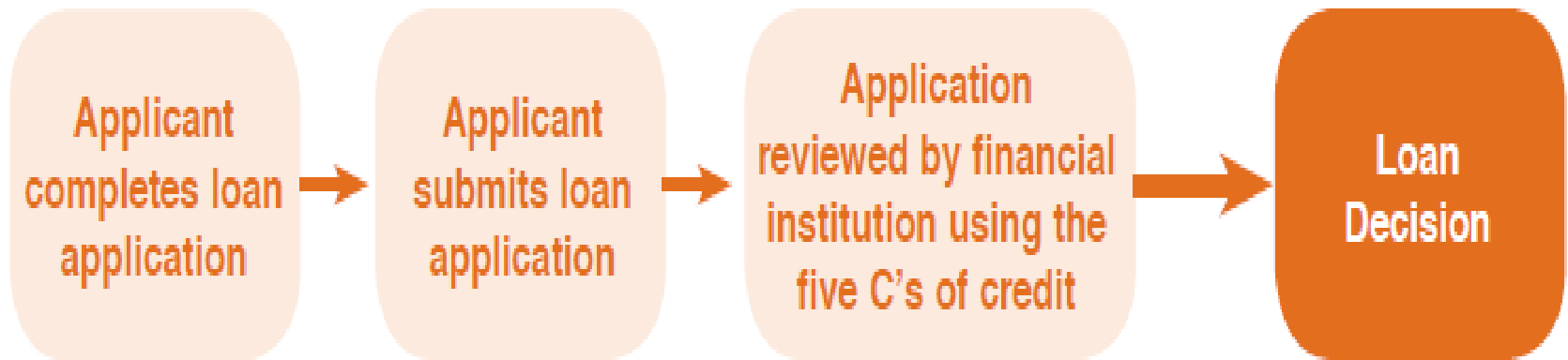
What goods and services did your community purchase on credit?



Credit Systems



Applying for a Loan



Loan Application



Consumer Loan Application

ABC Bank

Purpose: Auto Loan Make _____ Model _____ Year _____ Amount Requested: \$ _____
 Boat Loan Insurance Co. _____
 Other _____ Term Requested: 1 yr. 2 yrs. 3 yrs. 4 yrs. 5 yrs. Other: _____

APPLICANT INFORMATION

FULL NAME: FIRST		MIDDLE INITIAL	LAST		DATE OF BIRTH		SOCIAL SECURITY NO.	
PRESENT HOME ADDRESS: STREET		CITY	STATE	ZIP	HOW LONG THERE	PHONE		
					YRS.	MOS.	()	
PREVIOUS ADDRESS (IF ABOVE IS LESS THAN TWO YEARS)								HOW LONG THERE
								YRS. MOS.
HOME <input type="checkbox"/> OWN <input type="checkbox"/> RENT		MORTGAGE/RENTAL PAYMENT		MTO. HOLDER OR LANDLORD				
OTHER		(INCLUDE PETI AND CONDO FEES)						
NAME, RELATIONSHIP, ADDRESS AND PHONE NUMBER OF CLOSEST RELATIVE NOT LIVING WITH YOU								
NAME AND ADDRESS OF CURRENT EMPLOYER								
OCCUPATION OR POSITION			HOW LONG THERE	BUSINESS PHONE	PRESENT EARNINGS		NET MONTHLY \$	
			YRS. MOS. ()	()	GROSS MONTHLY \$			
NAME AND ADDRESS OF PREVIOUS EMPLOYER (IF ABOVE IS LESS THAN TWO YEARS)					OCCUPATION OR POSITION		HOW LONG THERE	
							YRS. MOS.	
NOTICE: Alimony, child support or separate maintenance payments need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.								
OTHER INCOME		SOURCES OF OTHER INCOME						
\$ PER								
CHECKING ACCOUNT #	INSTITUTION			SAVINGS ACCOUNT #	INSTITUTION			

JOINT APPLICANT INFORMATION

FULL NAME: FIRST		MIDDLE INITIAL	LAST		DATE OF BIRTH		SOCIAL SECURITY NO.	
PRESENT HOME ADDRESS: STREET		CITY	STATE	ZIP	HOW LONG THERE	PHONE		
					YRS.	MOS.	()	
NAME, RELATIONSHIP, ADDRESS AND PHONE NUMBER OF CLOSEST RELATIVE NOT LIVING WITH YOU								
NAME AND ADDRESS OF CURRENT EMPLOYER								
OCCUPATION OR POSITION			HOW LONG THERE	BUSINESS PHONE	PRESENT EARNINGS		NET MONTHLY \$	
			YRS. MOS. ()	()	GROSS MONTHLY \$			
NAME AND ADDRESS OF PREVIOUS EMPLOYER (IF ABOVE IS LESS THAN TWO YEARS)					OCCUPATION OR POSITION		HOW LONG THERE	
							YRS. MOS.	
NOTICE: Alimony, child support or separate maintenance payments need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.								
OTHER INCOME		SOURCES OF OTHER INCOME						
\$ PER								
CHECKING ACCOUNT #	INSTITUTION			SAVINGS ACCOUNT #	INSTITUTION			

CREDIT REFERENCES

AUTO(s) (YR., MAKE, MODEL)	FINANCED BY (NAME AND ADDRESS)	ACCOUNT NO.	BALANCE REMAINING	MO. PAYMENT
CREDIT REFERENCES: list all debts currently outstanding and/or paid off. (Include credit cards, home mortgages and amount due other banks, finance companies, credit unions, alimony, child support, separate maintenance payments, etc. Attach extra sheets if necessary.) Please list separately any credit references you may have in a name other than the one above.				
CREDITORS NAME AND ADDRESS	ACCOUNT NO.	BALANCE REMAINING	MO. PAYMENT	
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	

APPLICANT'S SIGNATURE _____ DATE _____ CO-APPLICANT'S SIGNATURE _____ DATE _____

CREDIT INSURANCE INFORMATION

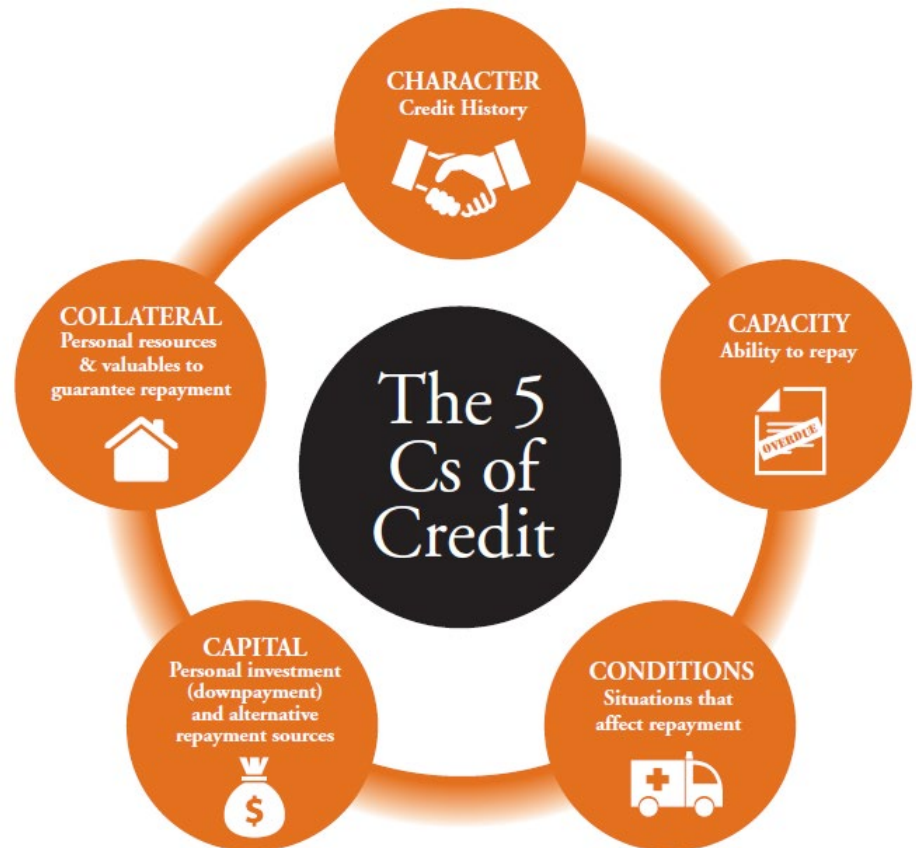
I would like Credit Life Insurance
 I would like Credit Life Insurance and Disability Insurance
 Credit Life Insurance or Disability Insurance is optional and is not a condition for approval of your application. The insurance premium will vary based on the amount of the loan for which you apply and the state in which you live. If insurance is elected, the premium will be included in your monthly payments. Disability Insurance is not available jointly.

APPLICANT'S SIGNATURE _____ CO-APPLICANT'S SIGNATURE _____

7155-0199

Assessing the 5 C's of Credit

- ◆ Character
- ◆ Capacity
- ◆ Capital
- ◆ Conditions
- ◆ Collateral



Character

- ◆ Credit Report
- ◆ Checking & Savings Account
- ◆ Length of Current Residence

Capacity

- ◆ Amount borrow can afford to pay
 - Debt to Income Ratio (DTI)
 - DTI can vary from lender to lender

$$\text{Total Debt} / \text{Total Income} = \text{DTI}$$

What to include as Debt

- ◆ Mortgage or Rent
- ◆ Minimum Credit Card Payments
- ◆ Car Loans
- ◆ Student Loans
- ◆ Alimony/Child Support Payments
- ◆ Other Loans

What to include as Income

- ◆ Gross Income
- ◆ Bonuses
- ◆ Alimony/Child Support
- ◆ Other Income

Ratio Categories

- ◆ **36% or less** is the healthiest debt load
- ◆ **37%-42%** not bad
- ◆ **43%-49%** indicates likely financial trouble.
- ◆ **50% or more** is a dangerous ratio.

Debt-to-Income Ratio

Debt-to-Income Ratio Exercise

Kelly earns \$1,500 a month. She pays \$300 a month for rent. She pays her entire credit card bill each month and does not owe any money. She pays \$50 a month for her car payment and \$50 a month to repay a student loan. Calculate Kelly's debt-to-income ratio.

Total Monthly Debt = _____

Total Monthly Income = _____

Debt-to-Income Ratio = \$ _____ / \$ _____ = _____ %
debt *income*

Based on Kelly's debt-to-income ratio, do you think a lender will feel comfortable making Kelly a loan? _____

Capital

- ◆ Items of value that are liquid to repay the loan
- ◆ How much money you plan to invest in purchase

Collateral

- ◆ Committing an item of value to guarantee repayment of loan
- ◆ If you are unable to pay, the lender takes ownership of the item as repayment

Conditions

- ◆ Anything that may affect the applicants ability to repay the loan
- ◆ Consistency of employment

I Love Money Math!



Money Math

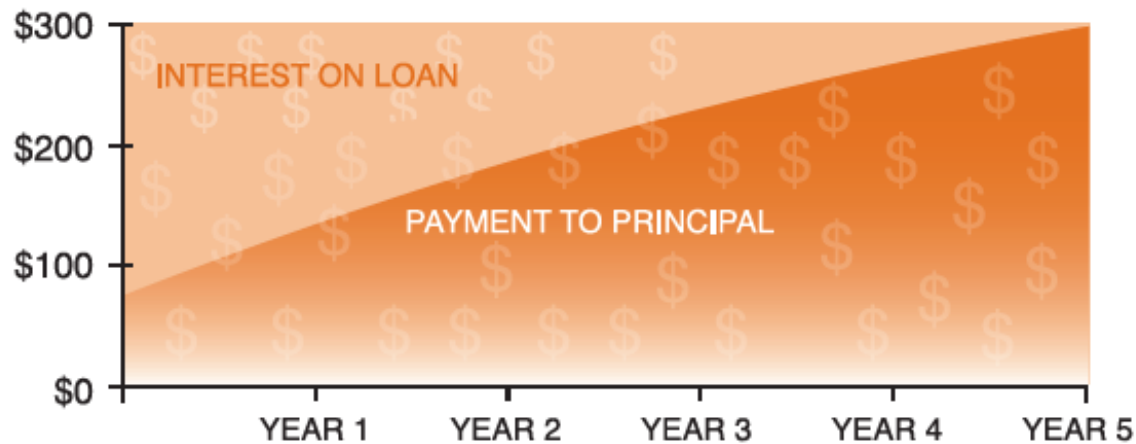
Let's try this Debt-to-Income ratio calculation again. Sherry earns \$2,000 a month. She pays \$300 a month on her home loan. She has no credit card debt, but has a \$200 a month car payment. She also has a student loan payment of \$250 per month. What is her debt-to-Income ratio (DTI)?

Loan Rates, terms, and Fees

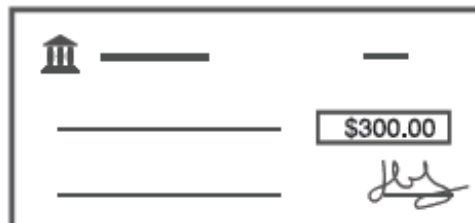
- ◆ Interest & Fees

**Monthly payment
= Principal payment + Interest**

The cost of credit over time



\$300 Monthly Loan Payment



=



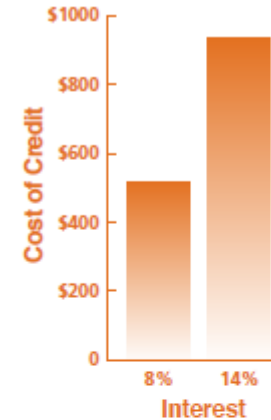
\$100 Interest Payment

\$200 Principal Payment

Cost of Credit

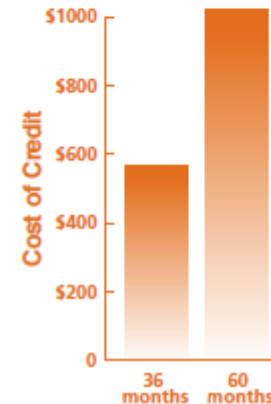
The higher the interest rate, the greater the cost of the credit.

Interest rate	8%	14%
Loan amount	\$3,000	\$3,000
Number of monthly payments	48	48
Monthly payment	\$73.24	\$81.98
Total amount of payment	\$3,515.46	\$3,935.01
Cost of credit	\$515.46	\$935.01



The longer the term of the loan, the lower the monthly payment but the greater the cost of the credit.

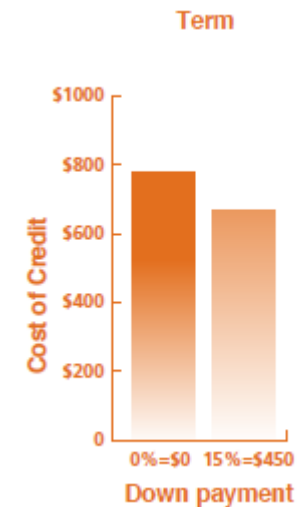
Number of monthly payments	36	60
Loan amount	\$3,000	\$3,000
Interest rate	12%	12%
Monthly payment	\$99.64	\$66.73
Total amount of payments	\$3,587.15	\$4,004
Cost of credit	\$587.15	\$1,004.00



Cost of Credit

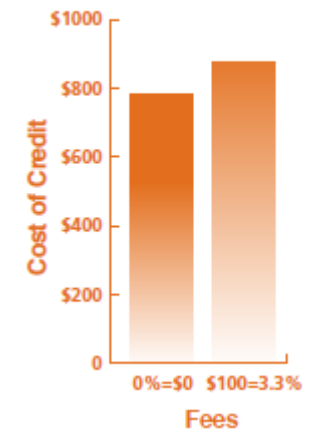
The higher the down payment, the lower the loan amount and the cost of the credit.

Down payment	\$0 Down	\$450 Down
Purchase price	\$3,000	\$3,000
Loan amount	\$3,000	\$2,550
Interest rate	12%	12%
Number of monthly payments	48	48
Monthly payment	\$79.00	\$67.15
Total amount of payments	\$3,792.07	\$3,223.26
Cost of credit	\$792.07	\$673.26



The higher the loan fees, the higher the cost of the credit.

Loan fees	\$0 = 0%	\$100 = 3.3%
Loan amount	\$3,000	\$3,000
Net loan proceeds	\$3,000	\$2,900 (\$3,000 - \$100)
Interest rate	12%	12%
Number of monthly payments	48	48
Monthly payment	\$79	\$79
Total amount of payments	\$3,792.07	\$3,792.07
Cost of credit	\$792.07	\$892.07



Session 6: Being a smart consumer



Being a smart consumer

This session provides an opportunity for participants to discuss:

- ◆ Different types of Financial institutions
- ◆ Tips for being a savvy consumer
- ◆ The importance of Insurance
- ◆ Financial goals in your life

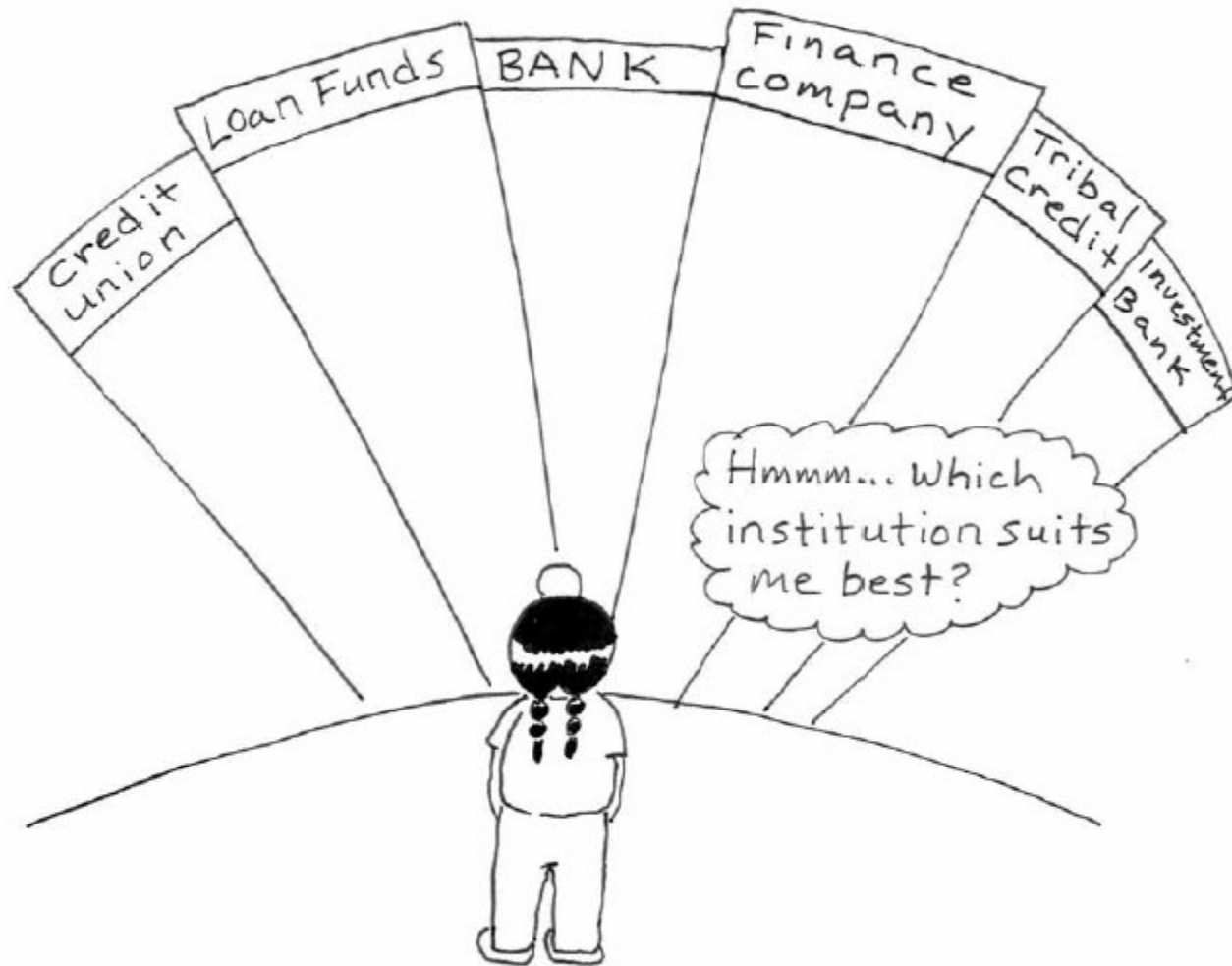
Financial Systems before European Contact

- ◆ Native communities interacted with others over great distances



Whom did your community trade with?

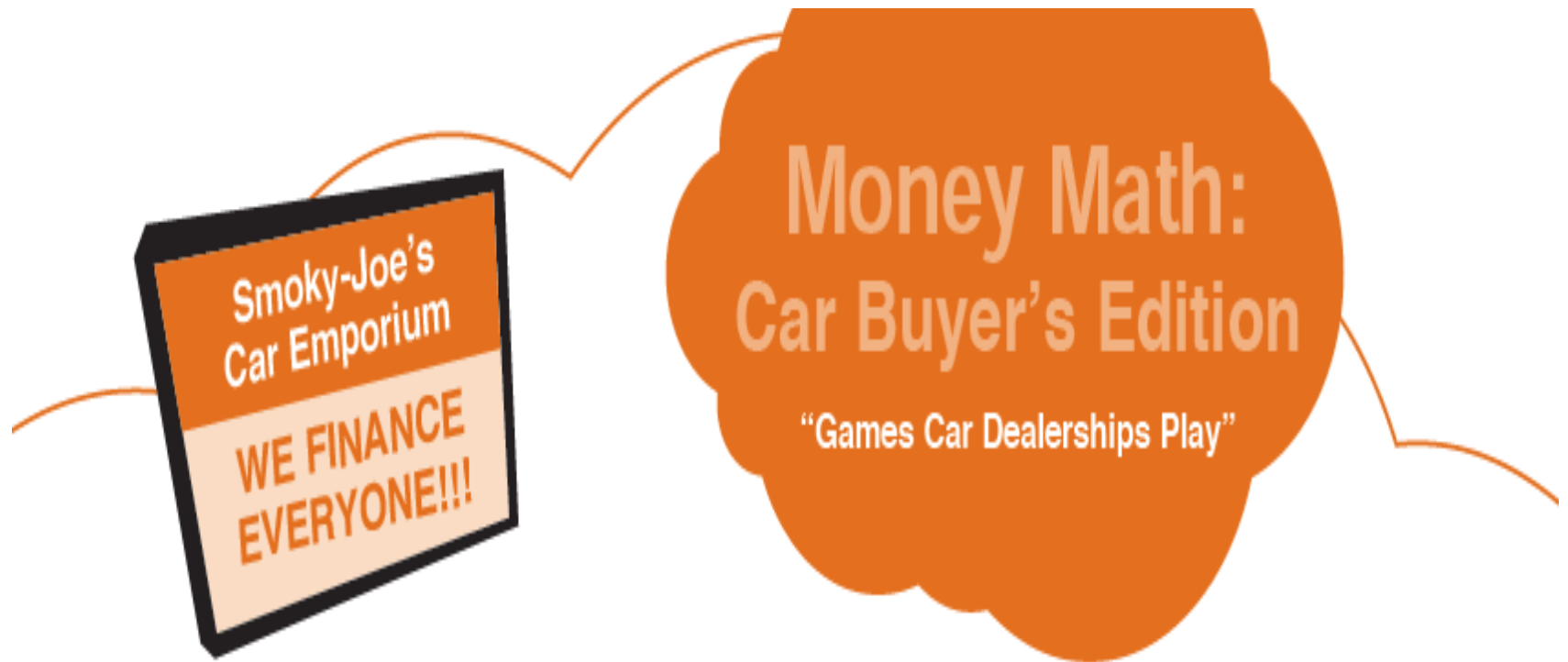
Types of Financial Institutions



© 2009, Oweesta.

Depository or Non-Depository Institutions





PAGE 123 IN PARTICIPANTS BOOK

Payday Lending

You can do business with the coyote, but remember he is a trickster.

So, how about it?

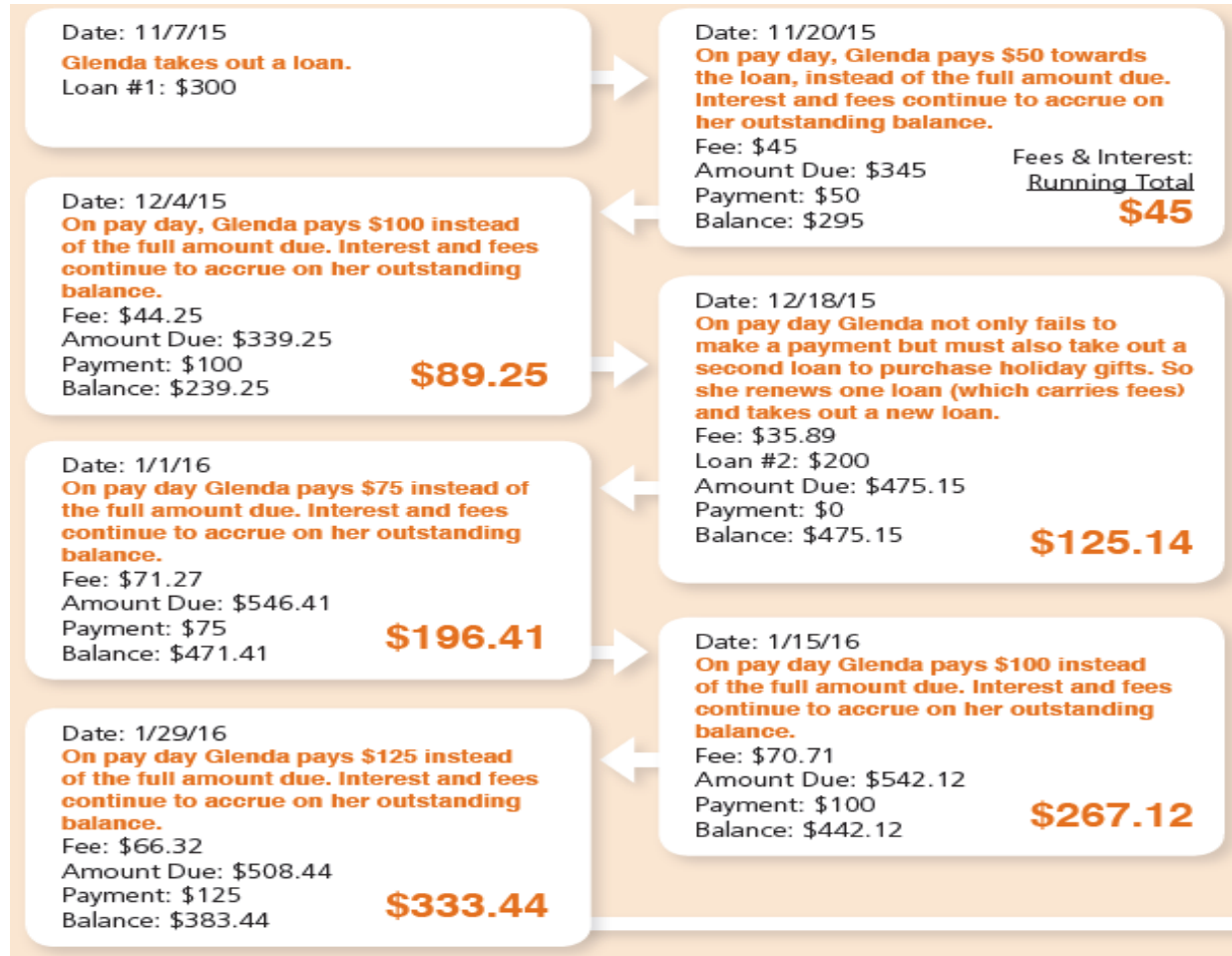
PAYDAY
LOANS



Characteristics of Predatory Lenders

- ◆ Excessive Interest Rates
- ◆ Unnecessary charges
- ◆ Questionable terms
- ◆ Others?

Glenda's Payday Loan Saga



Date: 2/12/16

On pay day Glenda pays \$125 instead of the full amount due. Interest and fees continue to accrue on her outstanding balance.

Fee: \$57.52

Amount Due: \$440.95

Payment: \$125

Balance: \$315.95

\$390.96

Date: 2/26/16

On pay day Glenda pays \$125 instead of the full amount due. Interest and fees continue to accrue on her outstanding balance.

Fee: \$47.39

Amount Due: \$363.35

Payment: \$125

Balance: \$238.35

\$438.35

Date: 3/11/16

On pay day Glenda pays \$125 instead of the full amount due. Interest and fees continue to accrue on her outstanding balance.

Fee: \$35.75

Amount Due: \$274.10

Payment: \$125

Balance: \$149.10

\$474.10

Date: 3/25/16

On pay day Glenda pays \$125 instead of the full amount due. Interest and fees continue to accrue on her outstanding balance.

Fee: \$22.36

Amount Due: \$171.46

Payment: \$125

Balance: \$46.46

\$496.46

Date: 4/8/16

On pay day Glenda pays \$53.43, the full amount due on her loans.

Fee: \$6.97

Amount Due: \$53.43

Payment: \$53.43

Balance: \$0

\$503.43

Be a savvy consumer



Tips for your next Negotiation

- ◆ Do your homework
- ◆ Plan ahead
- ◆ Less is more
- ◆ No distractions
- ◆ Eat first

More negotiation tips

- ◆ Tag Team
- ◆ Stand your ground
- ◆ Leave your emotions at home
- ◆ Use your feet

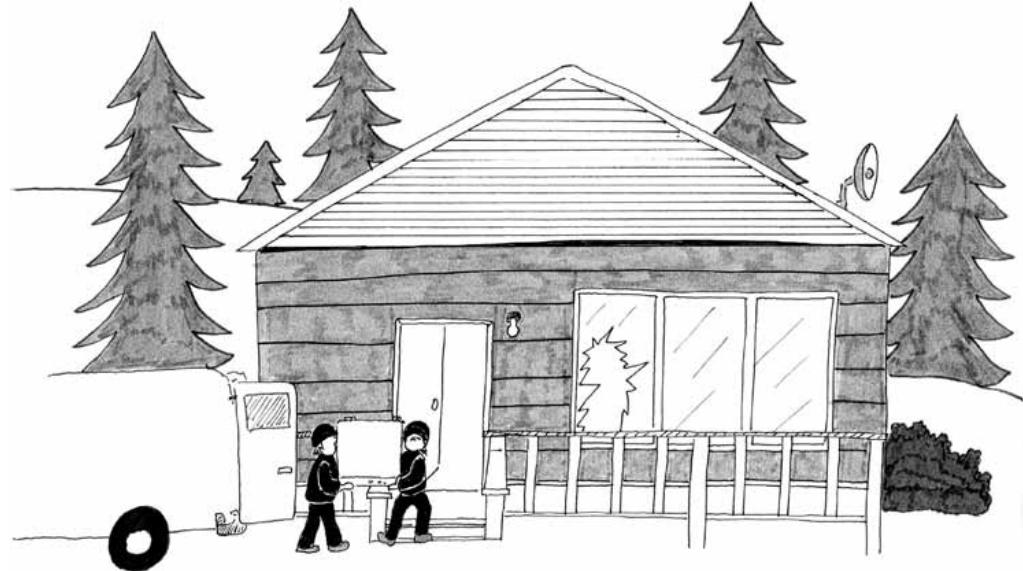
Ways to Prevent Identity Theft

How do you protect your personal information-

1. At home
2. While conducting personal business
3. On computer
4. Others?

Insurance

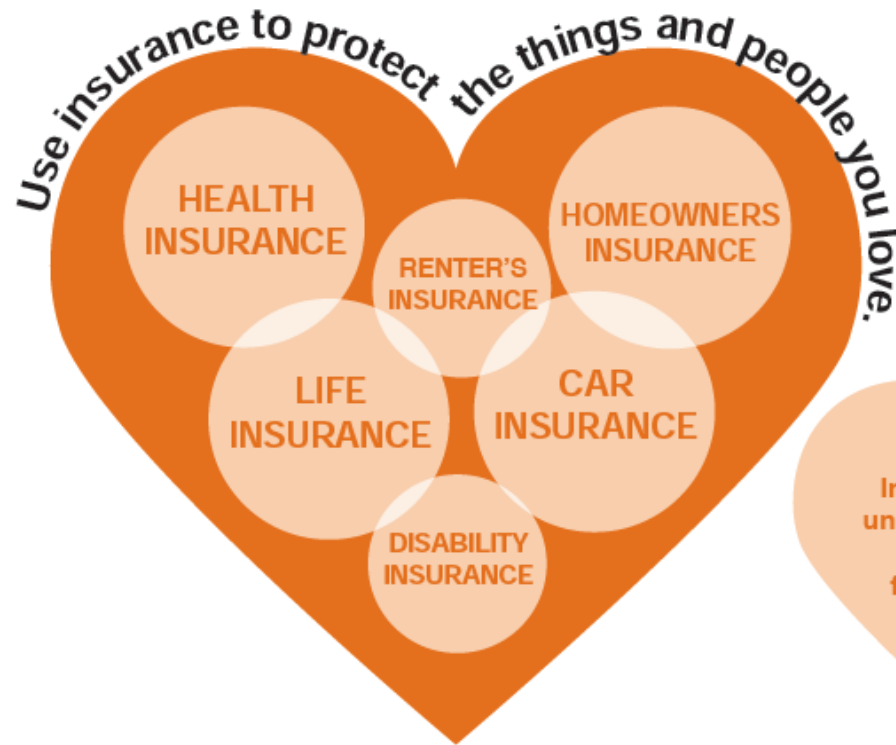
Most people do not realize how important insurance is until they experience an emergency. What are some reasons that people might delay getting insurance?



Insurance

- ◆ Determine Insurance Needs
- ◆ Compare companies
- ◆ Deductibles & Co Pays
- ◆ Don't over insure
- ◆ Review periodically

Life Insurance



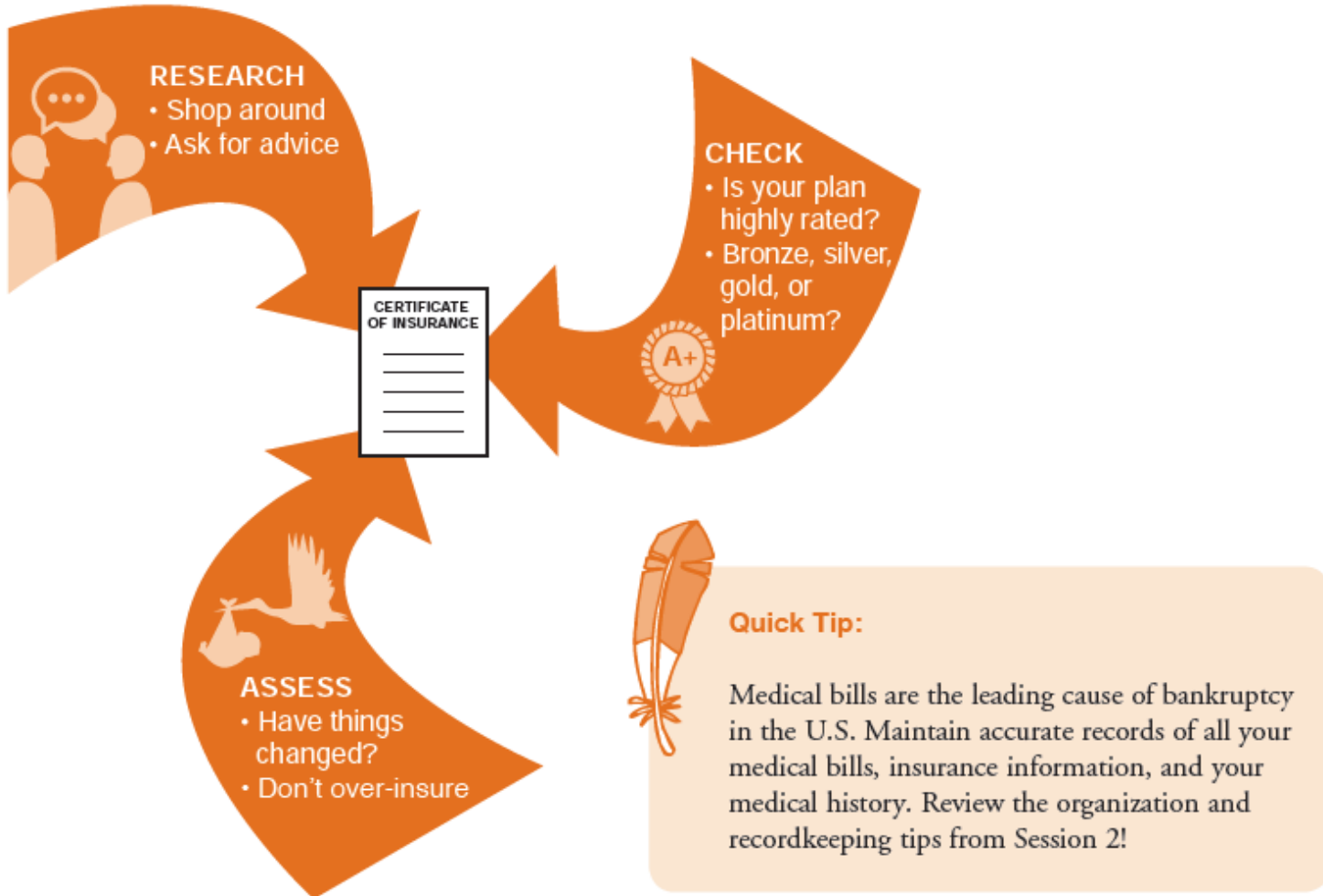
Insurance can best be understood as a back up plan to protect your family or community if something goes wrong.

What's the difference between term and cash value?

- ◆ Term life insurance- covers you for a set amount of time at a level price
- ◆ Cash Value- Has a savings component that policyholder can use as a tax-sheltered investment, and may borrow against the policy.



Don't Wait!



Circle of Life Checklist



Questions?





THANK YOU!

FIRST NATIONS OWEESTA CORPORATION
(303) 774-8838
WWW.OWEESTA.ORG