



Your Bottom Line

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New Mortgage Rules

Earlier this year, the Consumer Financial Protection Bureau (CFPB) issued new guidelines to better protect homebuyers from irresponsible lending and high-risk loans. The products covered by these rules include, but aren't limited to, balloon payment mortgages, stated-income loans (also called liar loans), interest-only mortgages, loans that have repayment schedules lasting more than 30 years, and negative amortization loans (loans with increasing principals).

The new rules are intended to ensure that borrowers are only approved for loans they can afford to repay. According to an article published by News 9, these changes may make home-buying more difficult for "marginally qualified"

borrowers, though it's unclear if the new standards will affect the overall availability of home loans. These changes will begin to take effect Jan. 10, 2014; certain amendments and rules will phase-in over time.

If applying for a home loan is in your future, there are at least two rules under the CFPB's new guidelines that you should be aware of:

- Ability to Repay
- Qualified Mortgages

Ability to Repay

The Ability to Repay rule seeks to ensure that the borrower can afford the initial loan and any changes that may occur throughout the life of the loan. The rule limits the borrower's

amount of allowed debt, including mortgage loan payments and homeowners insurance, to 43 percent of monthly income. Borrowers will be required to document their income, rather than simply signing a statement of financial status, and lenders will have to assess the borrower's ability to repay the loan over time—including increases in the interest rate.

Qualified Mortgages

Future borrowers should also be aware of the upcoming implementation of what CFPB calls "Qualified Mortgages." While Qualified Mortgages will not be required for home loans, the CFPB anticipates the

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New OKMM Services Money Talks



Q&A: Financial Planning Association of Tulsa



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financial protections offered to lenders will make Qualified Mortgages less costly and more popular than other loan options. Qualified Mortgages reduce the amount of high-risk borrowing and ban loans with harmful features such as excess points and fees, balloon payments, negative amortization, interest-only payments, and loans with repayment schedules lasting more than 30 years.

Additional regulations will apply for loans that don't meet the Qualified Mortgage standards, including high-cost mortgages. Some of the rules for high-cost mortgages will include restrictions on balloon payments, up-front payment of closing costs, fee limits, and borrower loan counseling requirements. High-risk borrowers may still qualify for a mortgage through smaller lenders and the CFPB may still consider amendments and adjustments to the rules based on feedback and concerns.

When you're ready to apply for a home loan, consider visiting potential lenders to learn more about loan requirements and your borrowing options. For more information about these new mortgage rules, visit the CFPB's website, Consumerfinance.gov.



Start a conversation with your friends or family about money. Ask them:

“If you could go back in time and change one financial decision, what would it be?”

Tell us at [Twitter.com/OKMoneyMatters](https://twitter.com/OKMoneyMatters)
or [Facebook.com/OklahomaMoneyMatters](https://facebook.com/OklahomaMoneyMatters)



Debuts New Services

OKMM is proud to announce a new service, a new online tool and new lesson plans that will help teachers fold a little extra fun into their existing personal finance lessons.

Workplace personal finance education.

Workplace Money Matters is OKMM's newest service initiative. Studies show that many employees live paycheck-to-paycheck and struggle to meet day-to-day living expenses. Not only does financial stress impact employees and their families, it also impacts productivity and engagement in the workplace. We want to partner with employers across the state to combat the negative effects of financial stress and help improve employees' financial health. All *Workplace Money Matters* services are free and completely customizable. To learn more about *Workplace Money Matters* and how OKMM can design a program to meet your employees' financial education needs, contact us at 800.970.OKMM or OklahomaMoneyMatters@ocap.org.

Interactive budget tool. Creating a realistic budget just got easier with our new customizable online calculator. Edit, add or delete spending categories as needed to create the spending plan that truly fits your lifestyle. Once you're satisfied with your budget, export it to Microsoft Excel for your personal use.

High school and college lesson plans.

We're happy to share two new lesson plans to complement the high school and college editions of our *Your Money Matters* guide. Visit the resources page of our website, OklahomaMoneyMatters.org, to download the Saving and Banking lesson and scenario cards for high school students and the Living on a College Budget lesson and Susie Smith's Spending Profile for use in college classrooms.



Q&A: Financial Planning

Denise Lant, CFP® Professional

Financial Planning Association of Tulsa

Tell us what you do for the Financial Planning Association of Tulsa?

I serve on the Board of Directors for the Financial Planning Association of Tulsa, which is a local chapter of the Financial Planning Association. Our goal is to promote the highest standards of the profession through networking and education opportunities for our members, and to raise the public's awareness for the need for financial planning. I've served on the Board in many leadership capacities to help our local chapter serve the needs of financial planners and their clients throughout Tulsa.

What is financial planning and how does it help people achieve their financial goals?

Financial planning is a process of wisely managing a person's money to meet financial goals; ultimately developing a game plan - based on their current lifestyle, resources, and future goals - that will help them achieve the financial life they want for themselves.

Our job as financial planners is to act as a "coach" who identifies and navigates that plan so it's realistic and attainable. If someone has long-term financial goals such as buying a home or business, saving for college, reducing taxes, or living comfortably during retirement, we'd create a

personalized financial strategy to help them reach these goals in practical ways that will keep them from feeling overwhelmed with the process. We also realize that life happens, so we act as a windbreaker that protects our clients through changing situations like job layoff or family crisis. We want to stand beside our clients so they can manage their finances without unnecessary worry and stress.

What should consumers look for when choosing a financial planner?

With any service you employ, it's important to do some research before making any commitments. A good place to start your search is the Financial Planning Association's website - fpanet.org. It's also a good idea to contact financial planners within your area or ask for references from people who already have a working relationship with a financial planner.

It's recommended that you interview at least three planners so you can find the one who'll best suit your needs. Not all financial planners provide the same services; many focus on only one specialty such as retirement, small business ownership, or taxes. Luckily, many planners offer a complementary consultation and will discuss their services and help you determine which financial strategies may be

right for you. The consultation is your opportunity to ask questions about their education, work experience, methods of compensation, conflicts of interest, etc.

Ultimately you'll want to work with someone you trust, who listens to your goals and effectively communicates how they'll help you reach those goals. If for some reason you don't feel comfortable working with a particular planner, keep looking until you find someone who's a better fit. And remember, by choosing a certified financial planner® (CFP®), you're working with someone who'll act in your best interest with integrity, trust, and an ethical obligation to ensure you receive the right services.

How can someone contact you if they want more information?

For financial planning services, contact me at Regent Financial Services at 918.493.4190 or Regentfs.com.

To learn more about the Financial Planning Association of Tulsa, contact me or Tiffany Chaney, Administrative Assistant, at 918.388.2000 ext. 104.

Getting College Ready

What comes to mind when you think of summer? Maybe you envision swimming pools, sleeping late and family vacations. Those options are great, but if you're a student, we encourage you to consider one more - looking for free money. Use summer downtime to research and apply for as many grants and scholarships as possible. Every free dollar you can get is one less dollar you may need to borrow to pay for school.

Luckily, there are numerous resources offering financial aid information to those seeking higher education. Here are some tips to simplify the research process.

Visit local resources. Your local library or bookstore are great sources for financial aid information. Two popular books to look for are *The Ultimate Scholarship Book 2013* and *The Scholarship Book 13th Edition*. Both offer information about thousands of scholarships for students of all ages.



Utilize the Web. Some scholarship search engines, like FastWeb.com, allow users to create a profile and then match grant and scholarship opportunities based on the user's listed interests and qualifications. Other sites, like UCanGo2.org, offer a wide range of information to people who want to learn more about preparing for and paying for college. Visit their Scholarships Page to search available aid options by category or application deadline and "like" them on Facebook to receive weekly updates on scholarships and other financial aid information.

Apply every year. Grants and scholarships aren't only for freshmen. Eligibility requirements for scholarships change and new programs are added every year! Talk to your financial aid office to learn more about your options.

Fun Father's Day Gifts

Father's Day is drawing near and it's the perfect time to show Dad just how much you care. This year, skip the tacky neckties and cheap cologne and instead, give him a gift that will make him (and your wallet) happy. Try these creative gift ideas for the Dad(s) in your life.

- **Cooking gifts.** If your Dad is a foodie, consider making his favorite meal or treating him to his favorite restaurant. If he'd rather cook for himself, support his hobby by buying a selection of utensils, cookbooks or condiments like barbeque sauces or spices to show him he's "king" of the family cookout.
- **Techie gifts.** If dad's more tech savvy, getting him the latest gadget will make his day. For affordable gift ideas and product reviews, check out cnet.com or browse online comments for the item(s) you'd like to purchase.
- **Hobby gifts.** For the dad that enjoys DIY projects, working on cars, or perfecting his golf game, getting him a gift to fuel his love for his hobbies shows you know what makes him happy. A new tool or a gift card to his favorite home improvement store could make his day.
- **Heartfelt gifts.** If your Dad already has everything, use your creativity to show him you appreciate all the great things he does. Post thank you notes all over the house or write a sincere letter listing some of the less obvious, but greatly appreciated things he does.



Educational Fun... There's an App for That!

If your kids constantly ask to play with your tech toys, let them play but encourage them to learn, too. Many apps can provide your kids with the educational building blocks they'll use in school (even preschool). Here are just a few fun and affordable options.

Jelly Car 2 – For children ages 5 and up. This app has many levels and customization options for building jelly cars and puzzles. Don't tell the kids, but while they play they're actually learning about physics and problem solving!
(\$0.99 for iPod and iPad)

American Museum of Natural History: Dinosaurs – For children of all ages. Your budding paleontologist can tap on mosaic images for information on a variety of prehistoric creatures.
(Free for iPod and iPad)

Toddler Teasers: Shapes – For children ages 2-4. This app was created by a mom and dad who were looking for a way to keep their 2 year old occupied. This app will quiz your child on basic shapes and offers rewards through virtual stickers. If they answer incorrectly, the app repeats the name of the incorrect selection and allows them to guess again.
(Free for iPod, iPod Touch, and iPad)

Local Library apps – Fun for all ages. If your children enjoy reading a good book, check with your local library to see if they offer a lending app. These apps allow you to check out eBooks and audiobooks at the push of a button. And the best part? No late fees and no field trips to return books!
(Price varies - for iPod, iPad, Android, Kindle, Nook)

On Our **MIND**

What's on the mind of OKMM staff? This month **communications specialist Michelle Van Swearingen** talks about the worth of extended warranties.



Lately when buying new gadgets, be it a \$7 set of headphones or a \$700 kitchen appliance, I'm often offered an extended warranty. While opting for the extra coverage feels like a safe choice, it significantly increases the overall cost of the item. I wonder, is it a waste of money?

I recently dug a little deeper into the extended warranty I purchased for a range oven. While the warranty was very comprehensive, there were some "selling points" I found misleading. For example, the estimated costs for replacement parts were exaggerated, making the warranty seem like a better deal in comparison. In reality, the cost to replace a single part would be far less than the price of the warranty. It also included many inapplicable statements so that the same warranty would cover a broad range of appliances. While this is great for the company, it makes this particular warranty appear longer and more extensive than it really is. Furthermore, many of the features of the extended warranty were already covered in the limited-time manufacturer's warranty, which was included with the purchase of the appliance. This isn't to say that extended warranties are always a waste, but it's important to think critically before making the investment.

- **Do your research.** Find out if the item you're interested in has a manufacturer's warranty, and if so, how long it lasts and what repairs it covers. If you're buying a small item, like headphones, you may have to consider the benefits on-the-spot, in the checkout line. If so, start by comparing the cost of the item to the cost of the warranty. If the warranty is more than half the cost of the item, the warranty may be more of a gamble than it's worth. If you're still unsure, ask the cashier if you have to purchase the warranty right away, or if there's a grace period.
- **Read the fine print.** In a fast-paced digital world, it's all too easy to skim the technical jargon and simply click or check "I Agree." But, when you're considering spending a substantial amount on a warranty, it's definitely worth the extra time to review the details.
- **Don't be afraid to ask.** If you still have questions, take the time to call and ask for more information or clarification about anything you find to be misleading or confusing. Ask the customer service representative if s/he thinks the warranty is worth the cost and how many people usually end up claiming the warranty.



Are You Covered?

In the past, when you thought of disasters that could strike your home, you may have only pictured floods, fires and tornadoes. But now there's another, earth-shaking, threat. Earthquakes are becoming less rare in our great state, and damage caused by them isn't included in traditional homeowner's or renter's insurance policies. Here are some things to consider if you're in the market for added earthquake coverage.

- **Cost.** Annual premiums for this type of coverage vary from state to state. Premiums reflect several factors, including age of the home, type of building material, the nature of the soil your home sits on and its proximity to known fault lines.
- **Coverage and exclusions.** Like many other services, earthquake policies aren't created equal. Ideally, you'll want a policy that covers the cost to replace or repair your damaged property, not just cover the current market value of the property.

It's also important to know that not all of your assets are necessarily covered. Be sure to ask about outbuildings, detached garages, pools, fences, gazebos, landscaping or any other assets other than your primary dwelling. It's also a good idea to inquire about coverage for items inside your home that could suffer earthquake damage, like TVs, computers, or china.

- **Deductible.** Earthquake insurance is considered "catastrophic" coverage and because of this, it carries a high deductible. For those who are used to standard homeowner policies, the fact that you don't get to choose your deductible amount can come as a shock.

The deductible is typically a percentage of the overall coverage costs and can be as high as 15 percent. For instance, if your home is covered for damages up to \$200,000, at 15 percent, your deductible would be \$30,000.



Photo courtesy of Northwestern Oklahoma State University

At Your Service

Freshman Orientation

What happens when you combine college freshmen, financial literacy education and fun? You get an entertaining and educational workshop created by Oklahoma Money Matters! Our freshman orientation workshops help students learn to sensibly manage their money early in their college career.

We teach tips and tricks for living on a college budget, saving and spending wisely, monitoring credit and borrowing wisely to pay for school. During our workshops, freshmen learn how to handle their finances successfully while focusing on important aspects of college life, like staying on course for graduation and managing debt (and friends and pizza).

OKMM provides free presentations, materials and consultations to help campuses fit personal finance education into existing orientation programs. For those who prefer to teach their own sessions, we offer train-the-trainer workshops for campus staff and student leaders.

To learn more about OKMM services or schedule a workshop, contact us at 800.970.OKMM (toll free) or OklahomaMoneyMatters@ocap.org.



Photos courtesy of the University of Central Oklahoma

Health foods are often less expensive than junk food when compared according to weight and portion size. Healthy eating on a budget is possible with a little planning.

*U.S. Department of Agriculture's
Economic Research Service*



Savvy Savings

The many uses for coconut oil

Of course you can cook with it, but did you know coconut oil has many other uses, too?

- Use just a dab as moisturizer, hair conditioner or lip balm. A little goes a long way.
- Apply it to cuts or scrapes as a protective sealant or to bug bites to stop the itch.
- Use it to naturally relieve diaper rash or cradle cap.
- Massage it into your temples in a circular motion to relieve stress.
- Mix it with baking soda to make a non-toxic "goo" remover.



Protecting Your Mobile ID

Smartphones, laptops, tablets and flash drives make life more convenient. They're an easy way to keep personal contacts, billing information, purchase history and other information within easy reach - but does this convenience come at a price? Easier access may mean increased risk of compromising your personal information. Protecting yourself from identity theft has become

harder in recent years, but there are some simple steps you can take to defend yourself.

- **Use settings to lock down devices.** Turn off networks and services, like wi-fi, Bluetooth, and hotspots, when not in use. When these services are in use, consider enabling phone settings that make your device undiscoverable.
- **Be password savvy.** Protect your SIM card with a PIN to render it off-limits if used in a different device. When creating passwords, make them complex by using alphabet characters, numbers and symbols, and remember not to reuse passwords for multiple accounts or devices. Never use information like Social Security numbers and birthdates when constructing passwords. Think about using passphrases, i.e. "My cat hates cake", and make it even better by changing it to Myc@Th8sCaKe! Don't allow websites or applications to store passwords, especially when security is critical - like banking, credit card, retail sites.
- **Watch what you click.** When installing applications, read disclosures and determine if it's a trusted source. Be choosy when deciding which updates will be installed automatically, and just as you do on your computer, be mindful when visiting websites or clicking on links in emails or text messages.
- **Be proactive.** Back up your data often and use Cloud services wisely. Carefully assess Cloud providers before you upload your information. Be cautious; if your information is sensitive, think twice about storing it in the Cloud. It's always a good idea when using these types of services to keep a local copy of anything you store electronically.



Partner News and Events



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 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.



Member Meeting:
Wednesday, June 26
11:30 a.m. until 1:00 p.m.
Oklahoma City

Email Oklahomajumpstart@gmail.com for more details.



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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 mneal@ocap.org today; space is limited.