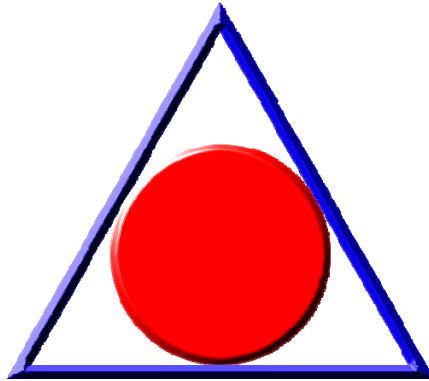


FINANCIAL FREEDOM



Facilitator Guide

2. HOUSE “Home Sweet Home”

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SESSION TWO

HOUSE – “Home Sweet Home”

Materials needed for this class: Review Questions, Facilitator Guide, PowerPoint file, Transcript of lesson.

Session two is designed to help equip the class members with the knowledge needed to make wise decisions when buying a house. Use current events to highlight the recent housing/credit crisis. Budget concerns are a top priority and should be understood and computed *before* the house hunting begins. Emphasis needs to be made on the effects of compounding, both in a negative and positive direction.

The following four key questions are answered:

1. How much house can I afford?
2. How long should I finance my house?
3. Should I refinance my mortgage?
4. Should I pay my house off early?

The last section of the lesson will address the topic of value systems and relating with money in the marriage. This area is a hot topic. The stress and strain found in most marriages and families is nearly always due to financial issues. The Biblical support is aimed at unity. Every family, especially those that are undergoing financial trials, need to be encouraged in this area. When couples are unable to accept a common value system and find that they very rarely agree on spending, saving, giving, and debt reduction, they are usually in need of marital counseling—in addition to financial counseling.

Time should be allowed at the end of the lesson to prepare the class members for the upcoming lesson on DEBT. Encourage the class that the DEBT session presents the opportunity to take the bold step of cutting up those credit cards that have balances older than 30 days. They should be encouraged to pray about it together and be prepared to conduct plastic surgery at the next class. The facilitator needs to bring a large pair of scissors—*Snip! Snip!* I even leave the room and return dressed like a surgeon, including surgical cap, mask, plastic gloves, pants, top—the works. Be creative. Have fun with it. Make it memorable.

LESSON HIGHLIGHTS

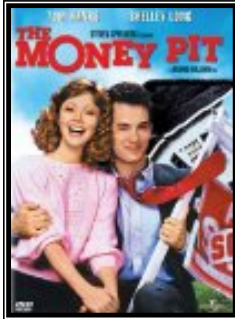
- ✓ Review the triangle (our responsibilities); the red dot (God owns it all); the importance of Attitude (Be), Application (Do), and Assimilation (Have).
- ✓ Review the three motivating forces driving spending, saving, and giving decisions: emotions (need, want, desire), logic (planning and discipline), wisdom (Biblical principles and experience).
- ✓ Answer the four key questions.
- ✓ Discuss the issues associated with the integration of two different value systems.
- ✓ Give a *strong* reminder of the importance of the next session on DEBT.
- ✓ Encourage the class to visit the coeinc.org website to review and preview the lessons.
- ✓ Close with prayer.

Review A & B before every session—see **INTRODUCTION** Session.

A. The three divisions of Financial Freedom: **Attitude** (Be), **Application** (Do), **Assimilation** (Have).

B. The three forces driving all spending, saving, and giving decisions (**Emotions, Logic, Wisdom**).

I. Emotion



Talk about the emotional side of buying a house and becoming a home owner. Give a personal experience or tell a short story. The recent housing crisis offers plenty of material.

Another idea, which I like to do: Show a clip from the 1986 movie, *The Money Pit*, with Tom Hanks and Shelley Long. Plenty to choose from that shows the emotional side of becoming a homeowner. Make this a fun time for the class.

II. Logic - Answer the 4 questions

A. How much house can you afford to buy?

1. Luke 14:28-30 – Jesus used the example to make a point about becoming a disciple. He assumed that it was obvious that you would count the cost before building a tower.
2. Budget ratios for HOUSE – Total 30-40%; 25-30% for P.I.T.I. and 5-10% for other house items. Remember, 65% for the Big Three—(more in BUDGET).
3. Give a budget example using income level appropriate to area.

B. How long should I finance my house?

1. Show the power of compounding by comparing the total paid on 15 and 30 year term mortgages.
2. Show the difference in the payment and interest rate for 15 and 30 year terms.
3. Explain the value found in borrowing less while keeping the same payment. Two 15 year loans made back to back will yield more house over 30 years than one 30 year with a larger starting amount.
4. Give a personal testimony about your house buying experience (optional).

C. Should I refinance my mortgage?

1. Explain how the finance charges must be recovered with the payment savings. The number of months to recover the charges will determine if the refinance is a good idea.

D. Should I pay my house off early?

1. Mortgage debt has not always been a common way of life: 1929 vs. 1962.
2. Although paying extra on your mortgage is a good idea it is not the first target for surplus savings. Talk briefly about priorities (reference SAVING section).
3. Address the most common arguments for not paying your mortgage off early:
 - a) Increase standard of living – Bad idea as this is using surplus to buy things that go down in value.
 - b) Invest the money instead – This has merit and for some is the right way to go. The key point to address here is: all investments have RISK.
 - c) Tax deduction – This is probably one of the least understood issues. The tax credit is a good thing but is not justification for keeping the debt.

III. Wisdom

A. Proverbs 24:3,4 – Wisdom, Understanding, Knowledge

B. Proverb 24:27 – Get prepared then build your house.

C. Value System

1. Normally two different value systems are brought into a marriage. They must be united in order to successfully run the household. Ignorance of personal finance causes couples to fear talking about the issues.
2. Illustration of the Oxen
3. Mark 3:25 – If divided the house will fall.
4. Ephesians 4:2,3 – Keeping the unity in the relationship is TOP PRIORITY!
Understanding in a relationship = Reason ... Good Sense ... Agreement

IV. Conclusion

A. The Next Lesson – DEBT

1. A bold step of change – PLASTIC SURGERY!

B. Visit www.coeinc.org to review HOUSE and preview DEBT; download review questions and handouts.