

Reimagining Your Future: What Direction Do You Want to Go?





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Welcome to the Starting Over After Foreclosure Toolkit

This toolkit is designed to help people who have been through home foreclosure or are now in the foreclosure process to rebuild their financial lives. There are eight distinct units available for use in this toolkit. They are:

- ▶ Getting a Fresh Start After Foreclosure
- ▶ Reimagining Your Future: What Direction Do You Want to Go?
- ▶ Assessing Your Financial Situation
- ▶ Rebuilding Your Financial Situation and Credit History
- ▶ Finding a Place to Call Home
- ▶ Knowing Your Rights and Responsibilities
- ▶ Getting Prepared, Getting Organized
- ▶ Returning to Homeownership

You may use each of the units in the toolkit when appropriate depending on where you are in the financial rebuilding process after foreclosure. You do not have to read them in order from start to finish, although you could.

This unit, Reimagining Your Future: What Direction Do You Want to Go?, focuses on identifying your family values, creating effective coping mechanisms, and developing communication and problem-solving skills – all essential elements in achieving financial success.



Identifying Your Family's Values

Our families, friends, coworkers, life experiences, ethnic and cultural identities, faith communities and media intake all influence our financial values. These values, in turn, influence how we spend our money every day. During a crisis, it is important to identify and adjust your family's financial values, as needed. Having a conversation about your family's personal values is the first initial step.



Start a family conversation about your family's financial values by asking these questions:

- ▶ How do we spend most of our money?
- ▶ How do we spend most of what we could call our "extra money"? (That is, the money that doesn't go toward the basics of food, clothing, shelter, transportation and utilities.)
- ▶ Does what we spend our money on tell us anything about what we value?
- ▶ Name one of our family financial values.
- ▶ If we were going to cut our spending, what do you think we could cut?
- ▶ Every family has items that they like to spend money on, even if they don't necessarily need them. Often, we call these items budget busters. What are the budget busters present in your family?

Understanding Needs & Wants

As a family, it is important to understand your family's needs and wants. Deciding what is a need versus a want can be a personal decision.

- ▶ **Needs** are the basics that keep us alive and safe, such as food, air, water, shelter (housing and basic utilities), clothing and transportation. Our basic needs tend to stay the same, though the form they take may change over time and with age.
- ▶ **Wants** are the extras that make our lives more enjoyable and comfortable. They're what we would like to have, but don't need to survive. Wants vary from person to person, but a few typical wants for U.S. consumers are bicycles, movie and music players, designer clothes and shoes, smartphones, concert tickets, kitchen gadgets and sports cars.



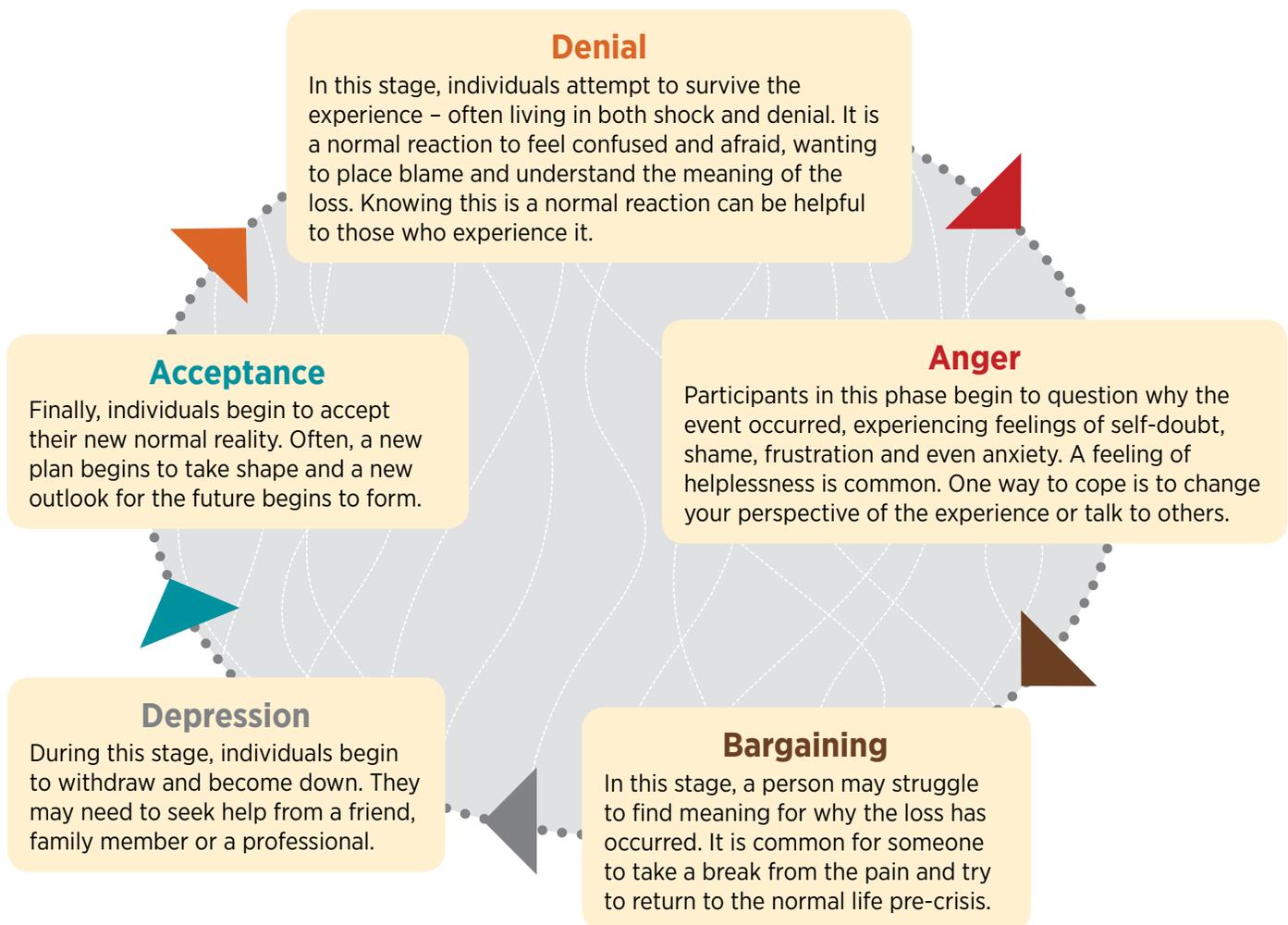


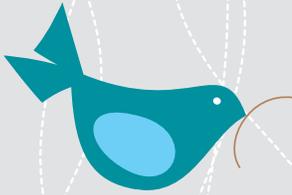
Life After Financial Crisis

After foreclosure, families often face altered financial lifestyles, which can in turn lead to emotional, social and economic changes in a family. How you deal with the experience will influence the outlook you have on the situation. Learning coping and problem-solving skills, managing family stress and improving family communication are all ways to successfully cope to achieve self-sufficiency.

Coping With the Sense of Loss

During foreclosure, it is normal for family members to feel a great sense of loss, which often parallels the five stages of grief described by Elisabeth Kübler-Ross (1969). Kübler-Ross pointed out that different people express the stages in different ways and for different lengths of time. All of the stages are normal, and are not experienced in any particular order. After a loss such as foreclosure, one person may go through the same stage more than once. Another may go quickly through the stages. Still another may skip a stage or get stuck in one stage for a long time. The stages are defined as:





Surviving During Financial Crisis

It's difficult to cope successfully during financial crisis. Some suggestions to help you survive during this difficult time follow:

- ▶ **Accept the loss.** Assess your situation and accept your current reality.
- ▶ **Acknowledge and understand what has been lost.** The loss of a home can be both an emotional experience and physical, given the tangible loss that has occurred. Recognize the loss so that you can plan for your future and move forward.
- ▶ **Build your support system.** Identify individuals who you trust and seek support from them.
- ▶ **Look at the situation from a different perspective.** You may find there are additional options or ideas that can help you cope.
- ▶ **Discover what you can learn from your situation.** Even in crisis, we can learn new approaches or techniques that can aid us through difficult times.

Adapted with permission from "Surviving During Financial Crisis," in *Transitioning Consumers: Counseling Clients to Take the Next Step* by NeighborWorks America, 2011, H0285, Supplemental Resource. NeighborWorks adapted it from *Bounce: Develop the Resiliency in You* by Bobbi Emel.



Managing Family Stress

Identifying Stress

Stress is an unavoidable part of everyday life. Knowing and understanding what triggers stress in your life is the first step to minimizing it.



Although managing stress during times of economic instability is hard, by handling stress appropriately, you can create a positive mindset. It has been said, "If you can't change a situation, change the way you think about it" (source unknown). Identifying the sources of stress, understanding the influence stress has on your health and well-being, and learning coping mechanisms can be useful to creating a healthy financial outlook.

Sources of Stress

In life, we often get used to the way stress affects our health. Besides affecting physical, social and emotional health, stress can also influence financial health. Identify the areas in your life that cause stress. Remember, sometimes we are dealing with multiple stressors at once. Then, explore ways to relax, calm down and de-stress. Not all stressors affect individuals in the same way. Understanding how you and your family experience stress can help to promote positive family communication and family problem-solving skills.



TRY IT!

Michigan State University Extension has developed the *RELAX: Alternatives to Anger* curriculum to help families cope and deal with stress effectively.

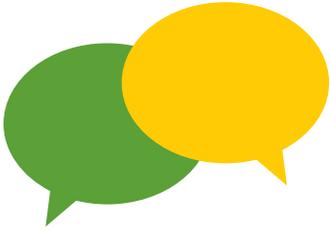
- ▶ Review and rate the commonly experienced stressors in the “Sources of Stress” worksheet on page 11. How do you and your family react to commonly experienced stressors?
- ▶ Identify the ways that stress can influence your body, emotions and feelings by reviewing the “How Stress Affects You” checklist on page 12.

Here are relaxation suggestions from the *RELAX: Alternatives to Anger* curriculum to help during stressful times. Using the chart below, identify the strategies that work for you and your family.

Ways to Calm Down	What works for me	What works for family
Count to 10.		
Take several deep breaths.		
Find some humor in the situation.		
Imagine a peaceful, lovely place.		
Call someone on the phone.		
Go to another room or leave the house for a break.		
Splash water on your face.		
Listen to music.		
Talk positively to yourself.		

Adapted from *RELAX: Alternatives to Anger*, 2009, by Michigan State University (MSU) Extension. MSU Extension adapted it from *Together We Can: Creating a Healthy Future for Our Family*, 2009, by Karen Shirer, Michigan State University Extension, and Francesca Adler-Baeder, Auburn University.

RELAX



Improving Family Communication

Improving family communication is essential when trying to negotiate a new financial and economic reality for your family. Learning to communicate effectively can help you and your family members make decisions for your future in a productive manner.

Review the following handouts from *RELAX: Alternatives to Anger* to improve your communication strategies for you and your family.

- ▶ Review “Why Don’t They Listen?” handout on page 13 and learn the reasons why both adults and children don’t listen.
- ▶ Review “How to Fight Fairly” handout on page 14 to learn the “4Cs” of fair fighting.

Learning Problem-Solving Skills

As families try to communicate about money, conflict and tension may arise. These tend to be normal reactions and can be a productive step in the problem-solving process within the family. The following five-step problem-solving process highlighted by Anderson-Porisch, Heins, Petersen, Hooper and Bauer (2009) can help families to look past their family disagreements and work toward their future financial goals. When communicating with another family member, follow the five steps listed below to communicate your concerns and develop solutions for your problem.

Step One: State your problem

Example: “We need to stop spending money on our credit cards.”

Step Two: Use an “I” Statement to convey the problem.

Example: “I feel concerned that we owe too much money on our credit cards.”

Step Three: Identify the feelings attached to your problem.

Example: “I feel frustrated, resentful, angry, worried” or another emotion.

Step Four: Discuss the feelings and problem with your family members.

Example: In the discussion, some members may agree that credit card debt is a problem, but disagree on which family member created the debt.

Step Five: Once the conflict has been resolved, identify additional alternative solutions for the problem.

Example: “We should stop using credit cards and limit the amount of transactions to one transaction per week.”

After you develop suitable solutions for the family, review your progress on an ongoing basis. Managing conflict is a continual process. Active communication with your family is a key component of continued financial growth.



Establishing SMART Goals for You and Your Family*

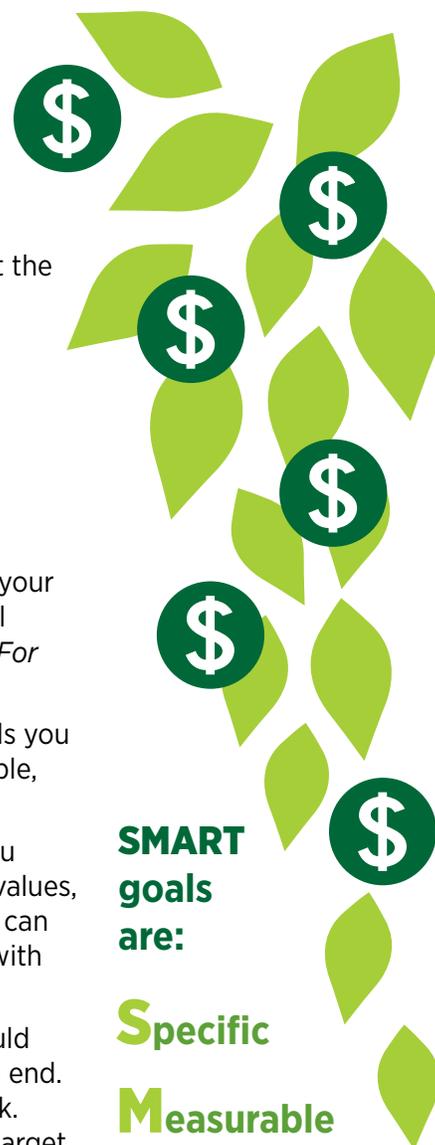
Achieving financial goals can be hard. One way to help with the process is by identifying SMART Goals. SMART goals are defined as:

- ▶ **Specific** – Explain your goals in detail. Writing them down can also assist the process. Goals should address questions such as:
 - Who is involved?
 - What do I want to accomplish?
 - Where will my goal be accomplished?
 - When will my goal be completed?
 - Why do I want to accomplish this goal?
- ▶ **Measurable** – Define, in financial terms, how you’ll know you’ve reached your goal. This means you have clear criteria to measure progress toward goal completion and knowledge of when you’ve actually achieved your goal. *For example, “I would like to save \$10 a week for one year.”*
- ▶ **Attainable** – Goals are achievable when they can be carried out. Set goals you can attain. Make sure your goals are doable, feasible, practicable, realizable, viable and workable.
- ▶ **Relevant** – Is your goal relevant to your life and your priorities? When you carefully consider what’s important to you and base your goals on your values, it becomes easier for you to accomplish them. You are the only one who can determine the realistic nature of your goals. It’s important to be honest with yourself as goals are personal to each individual.
- ▶ **Timed** – Identify a reasonable date for accomplishing a goal. A goal should be based on a time frame, creating both a sense of urgency and a stated end. If you want to pay off your credit card bills, saying “someday” won’t work. However, by defining a date such as “May 1,” then you’ve set a concrete target.

To help further reach your goal – here are some additional questions you can answer.

- ▶ What resources do you need to reach your goal?
- ▶ What milestones do you need to accomplish to successfully meet your goal?

*Adapted with permission from *Money 2000*, by Joan Witter, 1999, East Lansing: Michigan State University Extension.



SMART goals are:

Specific

Measurable

Attainable

Relevant

Timed



TRY IT!

- ▶ Each member of your household has financial dreams for the future. Complete the “Financial Dreams” worksheet on page 15 to help identify the financial goals and dreams your family members share.
- ▶ Use the “SMART Goals” worksheet on page 16 to help your entire household develop constructive, concrete financial goals, and then identify the steps you’ll all have to take to fulfill those goals.



References & Resources

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Sources of Stress

Below is a list of some commonly experienced stressors in people’s lives. Rank each stressor that you have experienced as **Low (L), Moderate (M) or High (H)**. You may not have experienced all of the stressors listed below. In that case, leave those particular boxes blank. You may use the blanks to fill in stressors not already on this list. After you have completed the chart, add up the number of L’s, M’s and H’s to determine the amount of family stress in your life.

Rank	Stressor	Rank	Stressor
	Losing health benefits		Caring for elderly parents
	Divorce		Change in sleeping habits
	Relationship break-up		Change in eating habits
	Detention in jail		Not having enough money to pay bills
	Detention of family member or partner in jail		Change in health or behavior of family member
	No health insurance		Pregnancy
	Death of a close family member		Job changes
	Partner losing a job		Sexual difficulties
	Finding transportation		Gaining a new family member
	Change in living conditions		Change in finances
	Military deployment		Death of a close friend
	Changing personal habits		Finding and paying for quality child care
	Feeling unsafe in neighborhood due to crime		Loss of a home
	Race-related stress		Having to move
	Change in working hours		Inability to pay for children’s needs
	Personal injury or illness		Seeking out community assistance
	Can’t find a job		
	Being fired from work		
	Change in church activities		
	Sick children		
	Loss of a friend		

Record the number of L’s, M’s and H’s:

L _____ M _____ H _____

Based on the above list, circle your level of stress:

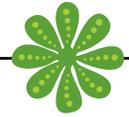
Low Moderate High

Adapted from *RELAX: Alternatives to Anger*, 2009, by Michigan State University (MSU) Extension. MSU Extension adapted it from *Together We Can: Creating a Healthy Future for Our Family*, 2009, by Karen Shirer, Michigan State University Extension, and Francesca Adler-Baeder, Auburn University.



CHECKLIST

How Stress Affects You



How Stress Affects Your Body

From the list below, check off any of the physical symptoms you frequently have under stress.

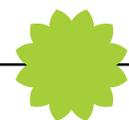
- Heart races
- Shortness of breath
- Increased appetite
- Dizziness
- Tapping fingers
- Cold hands, sweaty palms
- Feels like you are in a fog
- Cramps
- Face feels hot, flushed
- Neck tightens up
- Backaches
- Tightness of chest
- Legs get shaky
- Grind teeth
- Fatigue
- Upset stomach
- Headaches
- Nausea
- Loss of appetite
- Fidgety
- High blood pressure



How Stress Affects Your Emotions and Feelings

From the list below, check off any of the emotional symptoms you frequently have under stress.

- Easily angered
- Argumentative
- Bored
- Crying
- Depressed
- Feel violent or ready to rage
- Restless
- Lower sex drive
- Inflexible
- Cynical
- Irritable
- Exhausted
- Unable to sleep
- Can't concentrate
- Aggressive



How Stress Affects Your Actions

From the list below, check off any of the behavioral symptoms you frequently have under stress.

- Under-eating
- Increased smoking
- Sleep to escape
- Over-eating
- Drug and alcohol use
- Withdraw from people
- Accident-prone

Adapted from RELAX: *Alternatives to Anger*, 2009, by Michigan State University (MSU) Extension. MSU Extension adapted it from *Together We Can: Creating a Healthy Future for Our Family*, 2009, by Karen Shirer, Michigan State University Extension, and Francesca Adler-Baeder, Auburn University.



Why Don't They Listen?

Reasons Why Adults Don't Listen

- ▶ Someone is yelling.
- ▶ There's a power struggle involved.
- ▶ People wait for the loudness level that lets them know the shouter is serious.
- ▶ Changing the level of your voice to something quieter takes practice.
- ▶ For whatever reason, the person listening can't understand or hear the request.
- ▶ Both parties do not have the same priorities in the conversation.

Reasons Why Children Don't Listen

- ▶ Adults don't get down to the child's level and make eye contact.
- ▶ Parents tend to raise their voices instead of explaining why they may be upset.
- ▶ Children do not usually have good impulse control. Impulse control needs to be taught, modeled and practiced.
- ▶ Nagging, yelling and lecturing rarely get the hoped for response.
- ▶ The "voice" of development overpowers the parent's voice. Children need to explore their environment in order to grow and learn. This can sometimes be problematic to parents.
- ▶ The child is not developmentally or intellectually capable of understanding what the parent wants. In addition, the child doesn't understand the current family stress.
- ▶ A child's wants and needs don't always coincide with a parent's wants and needs.
- ▶ Parents don't follow through with appropriate consequences.



"Real communication happens when people feel safe."

- Ken Blanchard

Kenneth Blanchard is an American management expert and author of *The One Minute Manager*, co-authored by Spencer Johnson.

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How to Fight Fairly

Is there a way to fight fairly? Yes. Resolving conflicts with positive communication can bring people closer together and make relationships stronger, even during times of family stress. This handout will show you one way you can begin to learn how to fight fairly, and teach those close to you how to fight fairly as well. This works best in close relationships, such as those involving parents, partners, spouses, children, other family members or roommates. First, set up some time to explain fair fighting to everyone in the family. Each person needs to be willing to follow the steps. Give everyone a chance to practice.

Adapted from *RELAX: Alternatives to Anger*, 2009, by Michigan State University (MSU) Extension. MSU Extension adapted it from *Together We Can: Creating a Healthy Future for Our Family*, 2009, by Karen Shirer, Michigan State University Extension, and Francesca Adler-Baeder, Auburn University.

Think the following 4Cs:

Conflict:

The next time you find yourself arguing with someone close to you, stop and think about your anger threshold: that point at which you know you are losing it. This is the point at which you can most effectively make changes. At lower levels of frustration, we are all capable of some self-control.

Code word:

Choose a code word for this threshold (For example, timeout, rewind, backtrack, pickled fish lips). All household members must agree to respect the code word. You can call the code word on yourself, if your own anger has reached your threshold; or somebody else can call the code word, if they see anger rising in you or in someone else. Give everyone a chance to practice using the code word.

Calm down:

When someone calls the code word, everyone must stop talking and moving for one minute. During that one minute, everyone should try to relax physically and think calming thoughts. Be a model of calm. Let other members in your household see the self-control you are using to be calm. When you get agitated, say to yourself, "I can be calm. I am going to take six deep breaths."

Come back and try again:

Once everyone is calm, seek to discuss the problem, using "I statements." At the end of one minute, someone can ask, "Are we calm enough to talk?" If everyone involved answers, "Yes," you can start to work on a solution. You may decide that more time is needed to calm down. If that's the case, each person needs to go to a separate place for some quiet time.

Remembering this process can help you and your family cope more effectively as a family with the crisis experience.





Financial Dreams

This worksheet lists a set of financial dreams that many U.S. residents have in common. You may share some or all of these dreams, and there may be others you would add to the list. Work with the other members of your household to complete the following steps. Remember that the process will be most successful if the whole group agrees on each dream’s importance and time frame.

Dream	Importance			Less than 1 year	More than 1 year
	Low	Medium	High		
1. Build an emergency fund.					
2. Make home improvements.					
3. Get out of debt.					
4. Replace car.					
5. Buy a vacation home.					
6. Take a vacation.					
7. Go back to school.					
8. Build financial security.					
9. Improve future lifestyle.					
10. Pay for children’s college.					
11. Start a business.					
12. Move.					
13. Plan early retirement.					
14. Take care of dependent parents.					
15. Pay for children’s braces.					
16. Live well in retirement.					
17.					
18.					
19.					
20.					

1. As a group, mark the level of importance of each item on the scale.
2. Put a check in the “less than 1 year” box of the items that the group agrees would take the whole group working together less than a year to fulfill.
3. Circle the two “less than 1 year” items that the group agrees are the most important.
4. Put a check in the “more than 1 year” box of the items that the group agrees would take the whole group working together more than a year to fulfill.
5. Circle the two “more than 1 year” items that the group agrees are the most important.

The circled items are good candidates to build your first set of SMART financial goals around.

Adapted with permission from *Money 2000*, by Joan Witter, 1999, East Lansing: Michigan State University Extension.



SMART Goals

Use the following grid to record your:

- ▶ SMART financial goals (such as saving a down payment for a house)
- ▶ Action steps toward achieving your SMART financial goals (such as completing a monthly spending plan that you will use to calculate how much you can save toward a down payment each month)

Some goals, such as saving for a down payment, will require money. Others, such as completing a monthly spending plan, will require action.

Remember that goal setting is a continuous process. As you complete some goals, you can start and work on others.

Goal or action step	Total amount needed	Goal developed by	Amount needed weekly, biweekly or monthly	Target start date	Target completion date	Actual completion date
Specific	Measurable	Attainable	Realistic	Timed	Timed	Timed
Complete a monthly spending plan	NA	Rita & Jim	NA	12/31/2017	12/31/2017	01/01/2018
Accumulate down payment on a house for a FHA loan	\$6,000	Rita & Jim	\$167/mo	01/01/2018	12/31/2018	11/30/2018

Adapted with permission from *Money 2000*, by Joan Witter, 1999, East Lansing: Michigan State University Extension.

Starting Over

After Foreclosure Toolkit

Evaluation

Please consider taking a short, anonymous survey about how you are using this toolkit.

Your response will help us improve future versions.

Visit:

bit.ly/ForeclosureToolkit