



Personal Finance Virtual Learning

11th and 12th/ Lesson: Loan Fundamentals



Lesson: 4/30/2020

Students will be able to:

- Differentiate between amortized installment loans and revolving credit lines
- Read an amortization table and understand how the payments are structured
- Consider whether taking out a loan is a good or bad idea in a given circumstance

Question Starter:

There are several types of loans people apply for,
name two.

Background and Connection:

While credit cards are a popular choice amongst students and other young adults, there are many other loan types as well that they could take advantage of.

Also, just like baking cookies, you have to understand the terms used in the directions. If not, the end result could leave you disappointed and with a bad taste.

Click on the activity link for
Loan Fundamentals and complete sections 1-4

Loan Fundamentals

Exit Ticket:

1. In the early repayment phase of an amortized loan, your monthly payment is...
 - a. All interest and no principal
 - b. Mostly interest and a little principal
 - c. Evenly split between interest and principal
2. It's time for Ronda to start repaying her student loans, which are amortized over the next 10 years. Her first month's payment due is \$396. How much should she expect to pay next month?
3. Name two types of amortized loans.