

Money Talks



Unit 5 Loans

Beginning and Low-Intermediate

Objectives

- Identify vocabulary and concepts related to borrowing and loans.
- Given terms for loans, and evaluate a car loan.
- Practice listening and speaking the numbers associated with terms of loans.
- Given appropriate information, fill out a basic loan application.
- Language and/or EFF skills practiced-speak so others can understand; learn through research; read with understanding



In this Unit

- Activity 5-1: What Do You Want to Buy?
- Activity 5-2: The Car Loan Picture Story and Activities
- Activity 5-3: Understanding Loan Offer Terms
- Activity 5-4: Loan Terms Information Gap Activity
- Activity 5-5: Filling Out a Loan Application

Materials

- Overhead 5-A Pre-reading: What Do You Want to Buy?
- Overhead 5-B: The Car Loan - Picture Story
- Overhead 5-C: Comparing and Evaluating Loan Offers
- Worksheet 5-2: The Car Loan - Picture Story and Activities
- Worksheet 5-3 : Understanding Loan Offer Terms
- Worksheet 5-4 : Loan Information Gap Activity
- Worksheet 5-5 : Loan Application Form

Loans

Beginner & Low-Intermediate

Warm-up: What do you want to buy?

Materials

Overhead 5-A Pre-reading: What Do You Want to Buy?

1. Show Overhead 5-A, with pictures of a house, vacation, etc. Ask students if there is anything there they would like to have or do. Then ask what other things students would like to have or do and write down responses.
2. Give students the vocabulary needed for this if necessary. Then, have students brainstorm a price for each item. For example:
 - a. home: \$510,000
 - b. computer: \$1,000
 - c. college: \$20,000
 - d. vacation to Miami: \$1,000
 - e. opening a business: \$10,000
3. Ask students which things on the list they have enough money to buy right now.
4. Ask how they might buy something on this list if they don't have enough money now. Answers may vary, but the concept of borrowing money or a loan will probably come up.
5. *Transition:* Ask how many students if they have a car or take the bus.



Loans

Beginner & Low-Intermediate

Presentation: The Car Loan Picture Story

Materials

Overhead 5-B: The Car Loan - Picture Story

Worksheet 5-2: The Car Loan - Picture Story and Activities

1. Follow the instructions for *Picture Story Best Practices*.
2. Generate a story and complete related picture story activities.
3. Use the printed story below for telling the story to students and other reading/writing activities, and/or for understanding the story sequence.
4. This may lead to a discussion about
 - a. researching a car before buying it (use the CarFax, <http://www.carfax.com>, to find out the history of a used car)
 - b. saving or borrowing more money to get a better car

The Car Loan

Marco doesn't have money to buy a car. He waits at the bus stop with his girlfriend. His girlfriend says, "The bus is late again!"

Marco saves his money for many months. He goes to Friendly Joe's Used Cars to buy a used car.

The loan officer says, "These are your loan terms." Marco is confused. He fills out a loan application. He gets a loan, and he leaves in his new car.

His girlfriend is very happy. They go to a restaurant in his new car. That night, Marco sees smoke in the engine. The mechanic says, "The engine repair is \$500." Marco doesn't have money for the repair.

Marco waits at the bus stop. He sees his girlfriend drive by with a new boyfriend.

Students usually find this picture story humorous, but you can wrap up this activity by asking, "What can Marco do now?"

Loans

Beginner & Low-Intermediate

Practice: Understanding Loan Offer Terms

Materials

Overhead 5-C: Comparing and Evaluating Loan Offers
Worksheet 5-3: Understanding Loan Offer Terms

Warm-up

1. Review the *Car Loan Picture Story*, and explain that to get the best deal, and to pay the least amount possible for a car, buyers must compare loan offers.
2. For this level, only try to cover three loan terms:
length of the loan, interest rate, and monthly payment
3. Write down the term *loan*. Ask if anyone knows what it is. Explain that a loan is money that a bank gives to you to purchase something. Use the pre-reading pictures as a visual for this explanation. Money must be paid back every month until the loan is paid off.
4. Write *length of loan* and explain that you have to pay every month for a certain number of months until the loan is paid off.
5. Write *interest rate* and explain that each loan has an associated interest rate. It is used to determine the extra amount you need to pay the bank over time, in addition to the amount of the loan.
6. Write *monthly payment* and explain that this is the amount you need to pay the bank every month.

Activity

1. Give an example of how a loan would work with the car Marco wants to buy. Write on some paper and say that the car costs \$10,000, and he makes a down payment of \$2,000 in cash. So, he needs to finance (get a loan) for the additional \$8,000.

- Draw the chart below. Say that Marco will need to pay back his \$8,000 (plus interest) and that there are different ways he can do it: different lengths of loans (1 year, 3 years, 5 years), different interest rates, and different monthly payments.

Length of Loan	Interest Rate	Monthly Payment
36 months	7.5%	\$249 per month

- Ask students if this is a good loan offer. Answers may vary, but suggest that different offers are good for different people. Some people want to pay back the loan quickly, some need a lower monthly payment, etc.
- Pass out the worksheet. Notice that there are more columns here.
- Dictate the California Mutual Bank offer (example A) - same as the example above, and have students fill in the missing information in their chart.

- The length of the loan is 36 months.
 - The interest rate is 7.5%.
 - The monthly payment is \$249.00 per month.
- Ask students to repeat these sentences before moving on. Now dictate the remaining examples:
 - Example B: West Coast Federal Credit Union
 - The length of the loan is 36 months.
 - The interest rate is 6.75%.
 - The monthly payment is \$246.00 per month.
 - Example C: Loans 'R Us Online
 - The length of the loan is 72 months.
 - The interest rate is 8.5%.
 - The monthly payment is \$142.00 per month.
 - Example D: Friendly Joe's Used Cars
 - The length of the loan is 60 months.
 - The interest rate is 9.15%.
 - The monthly payment is \$167.00 per month.

- Repeat the dictation and discuss the answers until the students have the correct answers.
- Ask students which loan offer is the best. Answers may vary. However, point out that for the \$8,000 amount financed, Marco will pay more than \$12,000 for the Loans R' Us Online loan compared to about \$10,800 for the West Coast Federal Credit Union.

Loans

Beginner & Low-Intermediate

Application: Filling Out a Loan Application

Materials

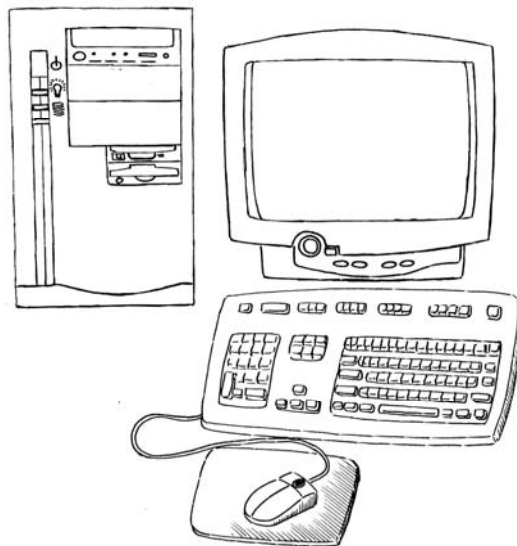
Worksheet 5-5: Loan Application Form

1. Have the student fill out the loan application form.
2. You may want to start filling it out in class, discuss new vocabulary such as "previous", and then have students complete the form at home, especially as some information is confidential.
3. Review the student's work.
4. As another alternative, you and your students can generate information about a fictitious person, and students can use this information to complete the form.

The image shows a sample loan application form. It is a structured document with various fields for data entry. The form is divided into several sections, including personal information, employment details, and financial information. The fields are organized in a grid-like format, with labels on the left and input areas on the right. The form is titled "Loan Application Form" and includes a section for "Personal Information" at the top. Below this, there are sections for "Employment Information" and "Financial Information". The form is designed to be filled out by a borrower, providing the lender with necessary details for loan approval.

Materials**Pre-reading****What do you Want to Buy?****Lesson 5: Loans****Overhead 5-A**

Put a check (✓) next to the pictures of the things you might want to have or do.



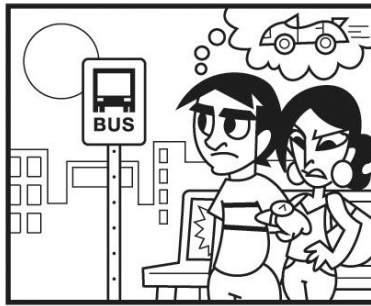
The Car Loan

Picture Story

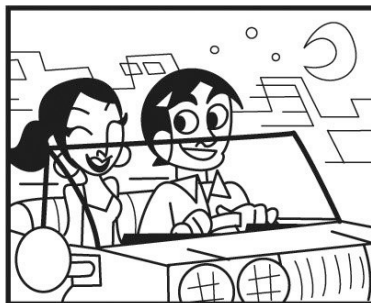
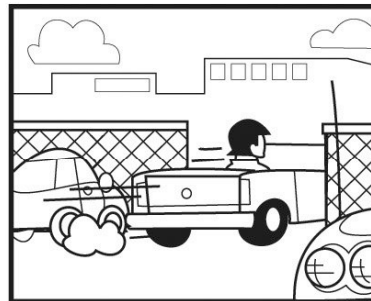
Lesson 5: Loans

Overhead 5-B

Talk about the pictures. Listen to the story. Learn new vocabulary.



LOANS	
Length (Months)	36
Interest Rate	7.5%
Monthly Payment	\$249



Comparing and Evaluating Loan Offers

Lesson 5: Loans Overhead 5-C

Listen to your teacher. Write the numbers you hear.

California Mutual Bank

Loan #	Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)
A	\$10,000	\$2,000	\$8,000				\$959	\$10,959

West Coast Federal Credit Union

Loan #	Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)
B	\$10,000	\$2,000	\$8,000				\$860	\$10,860

Loans 'R Us Online

Loan #	Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)
C	\$10,000	\$2,000	\$8,000				\$2240	\$12,240

Joe Friendly Used Cars

Loan #	Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)
D	\$10,000	\$2,000	\$8,000				\$1999	\$11,999

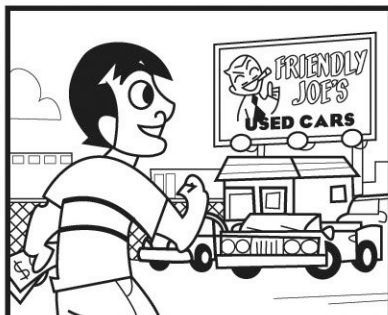
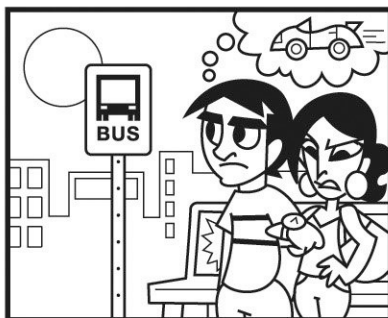
The Car Loan

Picture Story and Activities

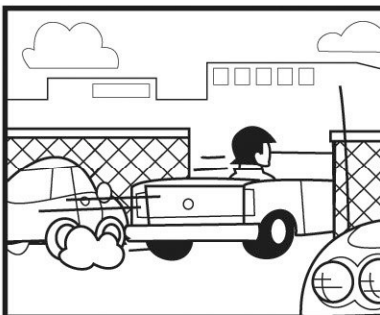
Lesson 5: Loans

Worksheet 5-2 page 1

Talk about the pictures. Listen to the story. Learn new vocabulary.



LOANS	
Length (Months)	36
Interest Rate	7.5%
Monthly Payment	\$249



The Car Loan**Lesson 5: Loans****Picture Story and Activities****Worksheet 5-2 page 2**

Listen to the story. Practice reading the story.

Marco doesn't have money to buy a car. He waits at the bus stop with his girlfriend. His girlfriend says "the bus is late again!"

Marco saves money for many months. He goes to Friendly Joe's Used Cars to buy a used car.

The loan officer says "these are your loan terms." Marco is confused. He fills out a loan application. He gets a loan, and he leaves in his new car.

His girlfriend is very happy. They go to a restaurant in the new car. That night, Marco sees smoke in the engine. The mechanic says "the engine repair is \$500." Marco doesn't have money for the repair.

Marco waits at the bus stop. He sees his girlfriend drive by with her new boyfriend.

Name _____ Date _____

The Car Loan

Picture Story and Activities

Lesson 5: Loans

Worksheet 5-2 page 3

Put the story in order. Tell the story again.



The Car Loan

Picture Story and Activities

Lesson 5: Loans

Worksheet 5-2 page 4

Match the picture with the sentence.

1.



a. Marco saves money for a down payment.

2.



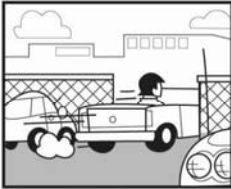
b. Marco fills out a loan application.

3.



c. Marco buys a car.

4.



d. Marco waits at the bus stop alone.

5.



e. Marco compares loan terms.

6.



f. Marco dreams of buying a car.

7.



g. Marco can't afford the car repair.

Name _____ Date _____

Understanding Loan Offer Terms

Lesson 5: Loans Worksheet 5-3

Listen to your teacher. Write the numbers you hear.

California Mutual Bank

Loan #	Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)
A	\$10,000	\$2,000	\$8,000				\$959	\$10,959

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Joe Friendly Used Cars

Loan #	Purchase Price	Down Payment	Amount Financed	Length of Loan (in months)	Interest Rate	Monthly Payment	Total Interest to be Paid	Total Cost (down payment + principal + interest)
D	\$10,000	\$2,000	\$8,000				\$1999	\$11,999

Name _____ Date _____

Loan Application Form

Lesson 5: Loans Worksheet 5-5

LOAN APPLICATION

LAST NAME (PRINT)	FIRST	MIDDLE INITIAL	BIRTHDATE	<input type="checkbox"/> MARRIED <input type="checkbox"/> UNMARRIED <input type="checkbox"/> SEPARATED
DRIVER'S LICENSE NUMBER		SOCIAL SECURITY NUMBER		
ADDRESS	CITY	STATE	ZIP	HOME PHONE () YRS MOS
PREVIOUS ADDRESS	CITY	STATE	ZIP	HOW LONG? YRS MOS
OCCUPATION PRESENT EMPLOYER				PHONE () YRS MOS
ADDRESS	CITY	STATE	ZIP	HOW LONG? YRS MOS
PREVIOUS EMPLOYER				PHONE () YRS MOS
ADDRESS	CITY	STATE	ZIP	HOW LONG? YRS MOS

INCOME: **Income from employment** \$ _____
Amount of other monthly income \$ _____
TOTAL MONTHLY INCOME \$ _____

LANDLORD OR MORTGAGE HOLDER <input type="checkbox"/> OWN <input type="checkbox"/> RENT	ADDRESS	MORTGAGE BALANCE	MONTHLY PAYMENT
CREDIT CARD	ACCOUNT NO.	BALANCE	MONTHLY PAYMENTS
CAR LOAN INFORMATION		BALANCE	MONTHLY PAYMENT
BANK	ACCOUNT NUMBER	<input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS	BALANCE