



LESSON 9: ACTIVITY 2

Types of Loans

Read about the five people below. Some already have a loan and some are looking for a loan.

Work together to answer the questions about the different types of loan which will suit each person.

Match the person and the loan by completing the table at the bottom of the worksheet.



(A)

Claire is having a difficult month. She and her husband, Francis, have recently bought a house and they are trying to do it up and move in at the end of the month. They have had a lot of expenses that they would not normally have. Claire has found herself in the position where she is taking more money out of her account than she has in it. She knows the bank will charge her interest on the extra amount. Luckily Claire thought ahead and contacted her bank to agree that this would be ok. This will go some way to keeping the cost of the loan down.

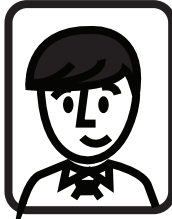
What kind of loan has Claire agreed with her bank?



(B)

Jack is in great form because he found out last week that he has gotten a job with a new start-up company. He needs a car for this job so he's on a mission today to find out whether he can borrow a specific amount of money from a bank or building society which he will repay in regular payments over an agreed period of time.

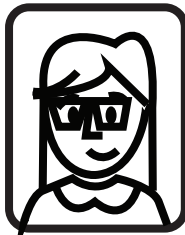
What type of loan do you think would suit Jack?



(C)

Graham travels a lot for work and he doesn't like to carry too much cash around with him. In case of emergencies he uses a facility that allows him to borrow month by month to pay for purchases up to a certain limit (known as a credit limit). If he pays his bill in full each month, he is not charged interest. Graham is always careful because if used incorrectly this loan facility can incur very high interest rates.

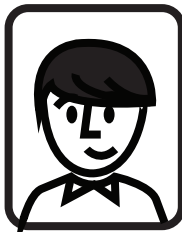
What is the name of the loan facility that Graham uses when travelling?



(D)

Mairin is a long term member of a credit union. This is a good thing because some credit unions require you to save with them first before you can borrow. Mairin is thinking about getting a small loan to pay for a much-needed sun holiday. She can repay the amount in regular payments over an agreed period of time.

What is the name of the loan that Mairin is thinking about getting?



(E)

Mark has his eye on a new computer but he does not have enough money to get the one that he wants. He is making enquiries about a loan which means he would get the computer now, gradually pay off the loan and then actually own the computer when the last instalment is paid. Cars, computers and furniture are often purchased in this way.

What type of loan is Mark making enquiries about?

Now that you've read about Claire, Mark and the others write the loan that each person has, should get, or is thinking about getting in the space provided below:

- Personal loan
- Credit union loan
- Overdraft
- Credit card
- Hire purchase

Claire



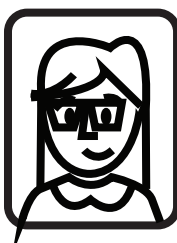
Jack



Graham



Mairin



Mark

