

 **BUILDING BLOCKS STUDENT WORKSHEET**

Qualifying for loans

Not everyone who applies for a loan qualifies for it. Creditors often evaluate a person's credit history to determine whether they will lend to that person.

Instructions

- 1 Using what you've learned about secured and unsecured loans, describe a person who fits one of the scenarios below.
- 2 Be creative in describing your person and the information that helped you make your decision.
- 3 Share your description with your classmates.

Four scenario options

In the space on page 2, write a description of an individual who fits one of these credit scenarios:

- | | |
|------------------------------------|--------------------------------------|
| 1. Secured loan - qualifies | 3. Unsecured loan - qualifies |
| 2. Secured loan - does not qualify | 4. Unsecured loan - does not qualify |

Here's an example to get your ideas flowing:

Scenario: Secured loan - qualifies

Joe is 23. He just graduated from college and has \$7,500 in student loans. He got his first credit card when he was 18 by having his mom cosign on the account, and he has used it carefully. He makes sure he only uses the card for true emergencies – no late-night pizza purchases! When Joe uses his credit card, he adjusts his budget for the next few months so he can pay it off as soon as possible. He has had only two or three late payments of two or three days each in the past five years,



so his credit score is good. Joe doesn't have a job yet, but he's looking diligently. He wants to buy a car. He'll likely qualify for a secured loan because he has a good credit score and the car will be his collateral.

Your credit scenario

Mark the box that applies to the individual you'll write about.

Secured loan - qualifies

Unsecured loan - qualifies

Secured loan - does not qualify

Unsecured loan - does not qualify