Math 10 GMF

Personal Loans, Lines of Credit and Overdrafts

1. Read pages 128-129 and answer the following questions:
   1. What is a loan? What is a line of credit? How are they different?
   2. What is the amortization period?
   3. What is a payday loan? Why might someone take out this type of loan rather than a line of credit or a bank loan?
   4. What is the difference between a secured loan and an unsecured loan?
   5. What is collateral? Why might a bank ask for collateral on a loan? What types of items do you think could act as collateral?
   6. What does it mean if you “default” on a loan? What would happen if you defaulted on a loan?