

Loan Connection

Getting to Know Lending Practices

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Grade Level	12th Grade	**Time Frame**	120 minutes
Course	Personal Financial Literacy	**Duration**	2 days

Essential Question

What factors do financial institutions consider when deciding whether to approve or deny a loan, and why are these factors important?

Summary

Finding love or a loan can be tricky! In this lesson, students learn some basics on types of loans and lenders. To begin, students are given fictional characters and asked who they would rather lend money to. Then, students explore pertinent vocabulary through a word scramble and reading about standard practices in lending. After that, they participate in a live-action loan simulation game, ultimately deciding who gets a loan and which lender to go with. Finally, they reflect on what was surprising, interesting, and troubling about the loan options in the game.

Snapshot

Engage

Students brainstorm ideas about ideal borrowers and play a “Would you rather” game deciding who to give a loan to.

Explore

Students unscramble and sort related vocabulary and create a Mind Map.

Explain

Students read an article on loan practices and complete a Triangle-Square-Circle reflection.

Extend

Students participate in a loan simulation game.

Evaluate

Students reflect using the S-I-T strategy.

Standards

Oklahoma Academic Standards (Personal Financial Literacy (7th through 12th grade))

PFL.7.2: Identify standard loan practices, predatory lending practices (e.g., rapid tax return, rapid access loans, and payday loans), and legal debt collection practices.

Oklahoma Academic Standards: English Language Arts (Grade 12)

12.1.S.1: Work effectively and respectfully in diverse groups by showing willingness to make necessary compromises to accomplish a goal, sharing responsibility for collaborative work, and recognizing individual contributions

Attachments

- Game Facilitation Package—Loan Connection.docx
- Game Facilitation Package—Loan Connection.pdf
- Lesson Slides—Loan Connection.pptx
- Loan Wars Reading—Loan Connection.docx
- Loan Wars Reading—Loan Connection.pdf
- S-I-T Handout—Loan Connection.docx
- S-I-T Handout—Loan Connection.pdf
- Triangle-Square-Circle Handout—Loan Connection.docx
- Triangle-Square-Circle Handout—Loan Connection.pdf
- Word Scramble Cards—Loan Connection.docx
- Word Scramble Cards—Loan Connection.pdf

Materials

- Lesson Slides (attached)
- Word Scramble Cards (attached; one set per team)
- Loan Connection Game Facilitation Package (attached)
- Loan Wars Reading (attached; one per student)
- Triangle-Square-Circle handout (attached; one per student)
- Sticky Notes
- Writing Utensils
- Chart Paper

25 minutes

Engage

Begin the lesson by asking students to think about how banks decide who to give a loan to. Ask *What factors do you think a bank considers when deciding whether to approve or deny a loan application?* Ask students to share their thoughts while you create a list of these ideas on the board or chart paper.

Then, tell them you'll be playing a game of "Would you Rather…" In order to play, display **slides 5-7** one at a time. Two fictional characters will be on each slide. Pause for a moment and ask students to say which of the two they would rather lend money to and why. Then, move on to the next slide and continue the discussion until you've been through all the characters.

After you've been through all of the characters, note in a brief discussion if any of the factors on their list came into play in their decisions. Were there factors they considered that aren't on the list? Add those to the list.

20 minutes

Explore

Teacher's Note: Preparing Word Scramble Cards

Before this Explore activity, print out on card stock (if available) and cut apart the Word Scramble Cards. These can be laminated (if possible) for reuse.

Put students into small teams and hand out the **Word Scramble Cards** (attached). Display **slide 8** and tell teams that they will work together to match the scrambled words with their definitions. Have them write the correct word onto a sticky note or slip of paper which they will pair with their matched word and definition cards. The first team to correctly match and unscramble all of the words wins.

Have the winning group share their unscrambled words and the definitions they matched them to. Every group should write down the correct terms and add them to their own matched sets.

Once all of the groups have a correct word bank, ask them to work together to create a Mind Map of how these terms relate to each other. Provide chart paper and markers students can use for arranging their words by drawing lines or matching phrases to connect the ideas together. Directions are on **slide 9.** Have groups compare their mind map with a neighbor group and discuss similarities or differences they found in how they connected the terms to one another.

30 minutes

Explain

Next, hand out the attached **Loan Wars Reading** and the **Triangle-Square-Circle** handout to each student while displaying **slide 10** with the directions for the Triangle-Square-Circle reading strategy. As students each individually read the one-page document, they should note on their handout three important points (on the triangle), things that square with their thinking (on the square), and any questions that are still circling in their mind (on the circle). Have students share at their table what they each wrote on their handout and why. Then, resolve any outstanding questions in a whole group discussion.

40 minutes

Extend

Move to **slide 11** and introduce the idea that students will participate in a role-playing game where some of them play the part of lenders and others play the part of borrowers. There are four borrower characters and four lender characters in this game. Students can be broken into groups of 8 to play so that everyone gets a part. The attached **Game Facilitation Package** provides detailed instructions on how to set up and play the game.

Display **slide 12** and hand out character sheets and designate areas of your class for lenders as their "banks." Provide about 5 minutes for each rotation to role play borrowers and lenders. After all the characters have met each other and taken notes on their organizer, group by the same role 4-5 borrowers or 4-5 lenders per group. Then, have these groups answer the reflection questions on **slide 13** based on their role.

10 minutes

Evaluate

After the groups have discussed the provided questions among themselves, display **slide 14** and have them take what they learned from that discussion and prepare a summary on their **S-I-T** handout (attached) using the S-I-T strategy.

- *What surprising, interesting, or troubling things have you learned about loans and making financial decisions through playing this game?*

Their answer should be written down as well as shared with the whole class.

Resources

- American Credit Consumer Counseling. (2024). *Equal credit opportunity.* https://www.consumercredit.com/debt-resources-tools/credit/credit-education/equal-credit-opportunity-a-creditor-may-not/
- Center for Responsible Living. (2024). *8 signs of predatory mortgage lending.* https://www.responsiblelending.org/issues/8-signs-predatory-mortgage
- K20 Center. (n.d.).Mind maps. Strategies. https://learn.k20center.ou.edu/strategy/1277
- K20 Center. (n.d.b.). Triangle-square-circle. Strategies. https://learn.k20center.ou.edu/strategy/65
- K20 Center. (n.d.). Surprising, interesting, troubling. Strategies. https://learn.k20center.ou.edu/strategy/926
- Jayakumar, A. (2024, January 29). What is predatory lending? *Nerd Wallet*. https://www.nerdwallet.com/article/loans/personal-loans/what-is-predatory-lending
- Rivera, H. (2024, October 03). How to compare personal loans and choose the best option for you. *Bankrate*. https://www.bankrate.com/loans/personal-loans/how-to-choose-the-best-personal-loan-lender/#compare