

DESE Model Curriculum: Business Finance (CIP Code: 52.0803)

GRADE LEVEL/UNIT TITLE: 11-12/The Lending Process

COURSE INTRODUCTION		
<p>This is an introductory course for Banking and Financial Support Services which also operates a student bank as the implementation practicum. This course also introduces the student to personal finance, including opening and maintaining a checking account, and credit card pitfalls and proper use, a very important skill for all young adults. It is designed to familiarize the student with all aspects of a typical bank including savings, loans, operations, and audit functions. It also covers the history of banking, the organizational structure, and the operations and marketing of a student bank.</p> <p>Course rationale: Financial literacy is essential in meeting the financial challenges of the 21st Century. The course provides valuable experience in running an actual bank while learning to analyze personal financial decisions, evaluate the costs and benefits of their decisions, recognize the rights and responsibilities as consumers, and apply the knowledge learned in school to financial situations encountered later in life.</p>		
UNIT DESCRIPTION	SUGGESTED UNIT TIMELINE	
Define and explain the lending process for financial institutions, the qualifying requirements, and categorization of loans. Students will learn the approval criteria for lending.	3 weeks and throughout the school year in the bank activity	
	CLASS PERIOD (min.)	
	5 min.	
ESSENTIAL QUESTIONS		
<ol style="list-style-type: none"> 1. What is the ability of banking to provide risk free deposit functions and almost unlimited lending by selling loans? 2. What sources have replaced lending as the primary means of revenue for banks and credit unions? 3. How does borrowing establish credit and by what means does it do so? 4. What constitutes a legal obligation? What if a borrower fails to repay a loan and permits foreclosure or repossession? 		
ESSENTIAL MEASURABLE LEARNING OBJECTIVES	NBEA STANDARD	DOK
1. Introduce the lending function.	PF.VI.1 PF.VI.2 PF.VII.1 PF.VII.2	3
2. Classify the parties to Negotiable Instruments and their liabilities.	PF.VI.1 PF.VII.2 PF.VI.2 PF.VI.3-4 PF.VII.1 PF.VII.3-4	3
3. Introduce the concepts of legal restriction and lending policy parameters.	PF.VI.1 PF.VII.2 PF.VI.2 PF.VI.3-4 PF.VII.1 PF.VII.3-4	3
4. Learn to read and understand the credit report as the leading indicator of credit worthiness. Apply this knowledge by interpreting a tri-report.	PF.VII.1 PF.VII.2 PF.VII.3-4	4

DESE Model Curriculum: Business Finance (CIP Code: 52.0803)

GRADE LEVEL/UNIT TITLE: 11-12/The Lending Process

5. Learn key components of the loan categories of real estate, consumer, secured and unsecured.	PF.VII.1 PF.VII.2 PF.VII.3-4	4
6. Introduce the concept of Holder in Due Cause.	PF.VI.1 PF.VII.2 PF.VI.2 PF.VI.3-4 PF.VII.1 PF.VII.3-4	3
ASSESSMENT DESCRIPTIONS		
n/a		
OBJ. #	INSTRUCTIONAL STRATEGIES	
1-3	1. Teacher led instruction from banking text on lending. Differentiate between the various types of loans. Use loan calculators on website to show cost of borrowing. Explain and demonstrate each component part of lending and the establishment of credit history.	
3-5	2. Explain the role of lending in the community and the methods of banking in assuming risk.	
3,5	3. Use loan contract examples from banks to explain the legal obligations of borrowing and the types of loans.	
OBJ. #	INSTRUCTIONAL ACTIVITIES	
3, 4, 6	1. Research and write about what is a deficiency balance for a loan. How does this affect your credit rating and why?	
1, 3, 4, 5	2. Research and write about the loan failure rate for consumer loans, real estate loans, small business loans (franchise vs. independent businesses) and the failure rate over time for larger businesses and give examples of well known businesses that have failed and why.	
2-5	3. Find internet loan calculators and research the car you would like to buy. Determine your monthly cost of payment and how much interest will you pay over the duration of the loan.	
UNIT RESOURCES		
1. www.bankrate.com/ Introduce navigation of the website and to show cost of credit.		
2. www.bankrate.com/calculators/auto/auto-loan-calculator.aspx Specific calculator for auto loan calculation, others on same page of website.		
3. Textbook suggestion: Banking & Financial Systems, 2013 by The Goodheart-Willcox Company, Inc.: print 139781605257785		
4. Textbook suggestion: Personal Finance, 2012 by Kapoor, Dlabay, Hughes - McGraw-Hill: print 139780073530697		
5. Textbook suggestion: Banking Systems, 2 nd edition 2010, Cengage Learning: eText 139781439028483, print 139780538449281		