

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

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

<b>COURSE INTRODUCTION</b>		
<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>		
<b>UNIT DESCRIPTION</b>	<b>SUGGESTED UNIT TIMELINE</b>	
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	
	<b>CLASS PERIOD (min.)</b>	
	5 min.	
<b>ESSENTIAL QUESTIONS</b>		
<ol style="list-style-type: none"> <li>1. What is the ability of banking to provide risk free deposit functions and almost unlimited lending by selling loans?</li> <li>2. What sources have replaced lending as the primary means of revenue for banks and credit unions?</li> <li>3. How does borrowing establish credit and by what means does it do so?</li> <li>4. What constitutes a legal obligation?</li> <li>5. What if a borrower fails to repay a loan and permits foreclosure or repossession?</li> </ol>		
<b>ESSENTIAL MEASURABLE LEARNING OBJECTIVES</b>	<b>NBEA STANDARD</b>	<b>DOK</b>
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 and apply this knowledge by interpreting a tri-report	PF.VII.1 PF.VII.2 PF.VII.3-4	4

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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
<b>OBJ. #</b>	<b>INSTRUCTIONAL STRATEGIES</b>	
1-3	1. The teacher will 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. The teacher will explain the role of lending in the community and the methods of banking in assuming risk.	
3, 5	3. The teacher will use loan contract examples from banks to explain the legal obligations of borrowing and the types of loans.	
<b>OBJ. #</b>	<b>INSTRUCTIONAL ACTIVITIES</b>	
3, 4, 6	1. Students will research and write about what is a deficiency balance for a loan. How does this affect your credit rating and why?	
1, 3-5	2. Students will 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. Students will 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.	