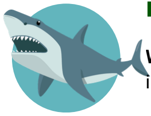
BELCO
Community Credit Union

Dive Into Lending: A Deep Sea Loan Adventure

Lending Basics

Loan: Money you borrow and must pay back.
Lender: The person or group who gives the loan.
Borrower: The person who borrows the money and promises to repay it.
Interest: The extra money the borrower pays for using the loan.



Loan Shark Lagoon — Predatory Loans

What to Know: Some loans look helpful but charge very high interest or add hidden fees. These can trap borrowers in debt.

Activity — Spot the Dangerous Deals: Circle the loan offers that might be unsafe. *Tip: Unsafe loans often have very high paybacks, fast deadlines, or say things like "don't worry about the fine print."*

1. Borrow $50, pay back $150 by Friday
2. "Fast cash now — don't worry about the fine print!"
3. Borrow $100, repay $110 in two months
4. "Easy money! Fees added later"
5. Borrow $40 with $10 interest every week until you pay it off

Answers: 1, 2, 4, 5 (#3 is the safe one).

Balloon Payment Tsunami — Surprise Payments

What to Know: Some loans have smaller payments each month, but end with one very large payment. That big final payment is called a balloon payment — because it suddenly puffs up, like a puffer fish.

Activity — Match the Puffer Fish
All three loans are for the same thing paid over 20 months:
Original Loan: Borrow $10,000 to buy a used car.
Each loan has a puffer fish showing its final payment.
Draw a line from each loan to the puffer fish that matches its final payment.

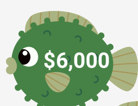
The Loans

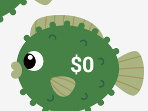
Loan A Borrowed $10,000
Pay $100 every month

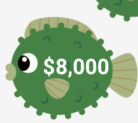
Loan B Borrowed $10,000
Pay $500 every month

Loan C Borrowed $10,000
Pay $200 every month

The Puffer Fish







Answer key: Loan A → $8,000, Loan B → $0, Loan C → $6,000

Mortgage Reef — Home Loans

What to Know: Rent means you pay to use a home. A mortgage means you pay to own a home over time.

Activity — Circle the ones that sound like a mortgage:

1. "I pay every month, but the home will be mine someday."
2. "I pay every month, but I must move when my lease ends."
3. "I'm building ownership little by little."
4. "I don't build ownership — I'm just borrowing the space."

Answers: Mortgage = 1 and 3. Rent = 2 and 4.

Car Loan Current

What to Know: A credit score helps lenders decide how risky a loan is. Higher scores usually lead to lower interest and lower monthly payments.

Activity — Match the Driver to the Payment
All three drivers want the same car.
Draw a line from each driver to the monthly payment they would most likely get.

Drivers (Credit Score + Interest Rate)		Monthly Payments
Driver A	Credit Score: 760 • Interest Rate: 4%	$330/month
Driver B	Credit Score: 680 • Interest Rate: 8%	$375/month
Driver C	Credit Score: 520 • Interest Rate: 16%	$445/month

Rule Reminder:
Higher credit score → lower interest rate → lower monthly payment

Answer key: Driver A → $330, Driver B → $375, Driver C → $445

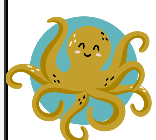
Student Loan Shore

Activity — Which Majors Can Pay It Back?
Each student borrows $20,000 for school.
Circle the majors that are more likely to lead to jobs that can help repay the loan.

Choose Wisely

1. Nursing
2. Electrician training
3. Engineering
4. Professional Nap Studies
5. Teaching
6. Underwater Basket Weaving (Advanced Level)
7. Computer Science

Answer key: 1, 2, 3, 5, 7 4, 6



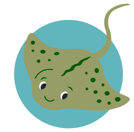
Credit Card Cove — Credit Cards

What to Know: A credit card lets you borrow money to buy something now. If you don't pay it back right away, interest adds onto interest over time — this is called compounding.

Activity — That Is One Expensive Hoodie
Three friends buy the same hoodie using the same credit card.
Hoodie Price: $60
Draw a line from each friend to the total amount they end up paying.

The Friends		Total Paid
Friend A	Pays the full balance right away	$96
Friend B	Pays only the minimum for 3 months	$60
Friend C	Takes 8 months to pay it off	$72

Answer key: Friend A → $60, Friend B→ $72, Friend C→ $96



HELOC Harbor — What Is Equity?

What to Know: When someone buys a house, they usually use a mortgage (a home loan). They own the house, but they also owe money to the bank.

Equity is the part of the house's value that is left over after you subtract what you still owe on the mortgage. Think of it like this:
Equity = What it's worth now − What you still owe.

Activity — What Is the Equity?
A house is worth $300,000 today. The homeowner still owes the bank $180,000 on the mortgage.
Circle the equity.

Choices				
	$120,000	$180,000	$300,000	$480,000

Answer key $120,000

APR Abyss — Annual Percentage Rate

What to Know: APR shows how much extra you pay each year. Lower APR = lower cost.

Activity — Dive for the Best Deal: Circle the best loan.

Lender	Amount	APR	Total Paid Back
SafeHarbor Lender	$100	5%	$105
DeepWater Lender	$100	20%	$120
ShinyShell Lender	$100	10%	$110

Answer: SafeHarbor Lender (5% APR)

Variable Rate Volcano — Changing Interest Rates

What to Know: Some loans have a variable rate, which means the interest rate can change over time. When rates rise, payments can erupt upward — like a volcano.

Activity — Watch the Volcano
All three borrowers have the same loan:
Original Loan: Borrow **$8,000** for school supplies and technology.
Draw a line from each volcano to what happens to the monthly payment.

The Volcanoes

Interest rate goes **UP**

Interest rate stays the **SAME**

Interest rate goes **DOWN**

What Happens to the Payment?

Payment **stays the same**

Payment **goes up**

Payment **goes down**

Answer key: Volcano A → Payment goes up, Volcano B → Payment stays the same, Volcano C → Payment goes down