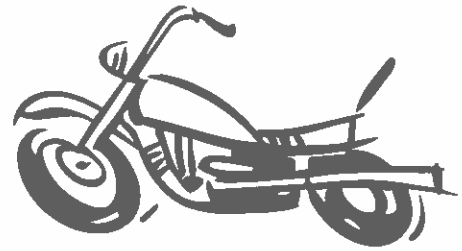


Understanding Credit

UNDERSTANDING LOAN QUALIFICATIONS

Read each loan candidate's situation below. Write "Yes" if you think the person should receive a loan. Write "No" if you think a loan would be too risky. Explain the reasoning for your decisions.



TOM AND WANDA HINTZ

Tom makes \$30,000 annual salary. Wanda is home with their six children. They have a house payment and two car loans. They want to borrow \$10,000 for a motorcycle.

JIM AND ELEANOR GLEZ

Jim and Eleanor have been making house payments for nineteen years. Their house will be paid off in six years. They both make average incomes and can retire in eight years. They have a three-year-old car with six payments left. The couple also has an eight-year-old car to trade in. They want a car loan.

LINDA BAKER

Linda makes \$32,000 annual salary. She does not have children and is renting an apartment. She rides the bus now, but wants to buy a car. She has seven credit cards. Although Linda is using only one of the credit cards, she could use all of them to borrow up to \$40,000.

CHARLIE WILSON

Charlie has a new job in a shoe store at the mall. This job seems better than his last one at a dog kennel where he was fired after one month. He was lucky to be off work for only three months between jobs. He wants to borrow money to buy new bedroom furniture.
