MCUF
MICHIGAN CREDIT UNION FOUNDATION

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		The Puffer Fish
Loan A	Borrowed $10,000 Pay $100 every month	$6,000
Loan B	Borrowed $10,000 Pay $500 every month	$0
Loan C	Borrowed $10,000 Pay $200 every month	$8,000

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

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

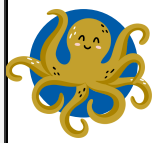
Student Loan Shore

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

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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	What Happens to the Payment?
Volcano A Interest rate goes **UP**	Payment **stays the same**
Volcano B Interest rate stays the **SAME**	Payment **goes up**
Volcano C Interest rate goes **DOWN**	Payment **goes down**

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