



THE DEPARTMENT OF
AGRICULTURAL EDUCATION

Holly Grose
Managerial

Area: Plant Sciences

ACADEMIC STANDARDS:

Unit (ADE Competency): 3.0 – Demonstrating Financial Management Practices.	1WP	1WP	1WP
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INDICATORS:

Lesson Title (ADE Competency Indicator): 3.7 – Identifying Sources of Credit. 3.8 – Completing a Loan Application. Lesson 6	P2	P4	P5
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Objectives: The students should be able to: 1. Defining credit. 2. Describing sources of personal credit. 3. Listing advantages and disadvantages of credit and loans. 4. Listing the parts of a loan application. 5. Listing the financial information needed to complete a loan application.	PO: 1,2	PO: 1,2	PO: 1,2,3
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Need:

Financial decision-making and financial records learned in the classroom apply to Supervised Experiences. The financial records employed in the SE, and the financial decisions made as a part of the SE are also connected to the award program for the FFA and are an essential component of some of the awards and recognition for outstanding achievement.

Bell Work:

How much money will you need to put in the bank right now in order to buy the car you want in 4 years? (Or for college tuition)

Introduction:

- ✓ **Interest Approach**

- Ask students if they have enough money to put in the bank to save for their car or tuition. Well, how will you get the money? Lead students to talk about loans, either from the bank or from family, jobs, and credit cards. Write them on the board. Ask if anyone knows what all the terms have in common-borrowing/ credit. Circle credit on the board and tell students that this is today's topic.

✓ **Realia**

- Bellwork transparency
- Objectives transparency

✓ **Transition/Draw out objectives**

- Put up the objectives transparency and call on students to read them aloud.
- Hand out note sheets for the day's lesson.

Content (What are you going to teach?)

✓ **Questions and Analysis**

1. Define credit.
 - a. Means of obtaining goods or services now by promising to repay at a later date.
2. What is short-term credit usually used for?
 - a. Financing operating input or consumable supplies.
3. What is long-term credit usually used for?
 - a. When making business or personal investments.
4. What types of personal credit can you get?
 - a. Credit cards and personal loans.
5. What are the advantages of having a credit card?
 - a. Immediate payment.
 - b. Buy items over the telephone or mail.
 - c. Instant cash.
 - d. Help get and maintain a good credit rating.
 - e. Documentation of transactions.
 - f. Opportunity for increase of credit allowance.
 - g. International travel is easier.
 - h. Fringe benefit when joining certain organizations.
 - i. Necessary when renting a car.
 - j. Used to guarantee video rental.
6. What are the disadvantages of having a credit card?
 - a. Someone else can use your credit card.
 - b. Many people overspend and interest rates are extremely high.
 - c. A monthly or yearly fee may be charged.
 - d. Some businesses do not accept cards.
7. What are the advantages to obtaining a personal loan?
 - a. Provides large sums of money.
 - b. Assist in building a good credit rating.
 - c. Provide funding source to expand projects.
 - d. Negotiable terms and ability to obtain money when needed in some cases.
8. What are some disadvantages to obtaining a personal loan?
 - a. Need to plan for repayment according to a timeline.

- b. Interest rates may be high.
 - c. Can get a poor credit rating if you do not meet payments on time.
9. What are some things you may need to obtain a personal loan?
- a. A balance sheet.
 - b. Loan application.
 - c. Credit references.
 - d. Review of past credit history.
10. What is the difference between a secured and unsecured loan?
- a. A secured loan requires collateral.
 - b. An unsecured loan does not require collateral.

✓ **References**

- Agribusiness-Decisions & Dollars (Jack Elliot)

Methodology (How are you going to teach it?)

✓ **Supervised Study**

- Put up pictures of vehicles and ask a student how long it would take them to save enough money to buy the car they chose. (Personal story of how I bought my first truck) “Do you really want to wait that long? No? Well what can you do to buy the car when you want to? That’s right, take out a personal loan.”
- Give students a loan application from a bank and have them fill it out using as much real information as possible. Have them apply for the car that they chose during the being of the discussion.
- Go over the form section by section explaining the parts and then let them fill it out.
- When they are done have them come up to the front of class and use the amortization schedule to determine how much the payments would be after 48 months at various interest rates based upon if the loan was secured or unsecured, and if the student had bad credit to begin with.

✓ **Discussion**

- As a class go over the overheads regarding the questions and analysis section of the lesson. Before revealing the answers to the questions, have the students come up with the answers on their own out loud.

✓ **Application/Cooperative Learning/Games/etc.**

- Towards the end of class go over the questions section of the lesson and have the students answer them using the ‘koosh ball’ method.

✓ **Assignments (In Class or Homework)**

- The note sheet and loan application will need to be filled out completely and turned in at the end of the class.

✓ **Realia**

- Overheads of the questions.
- Note Sheet for the lesson.
- Loan applications.
- Pictures of cars or trucks.

Summary (Teacher's role):

- Have students go back over the objectives for the day and explain how the objectives were covered and fulfilled. The instructor needs to make sure that the students understood the lesson completely.

Conclusion (Student's role):

- The students are responsible for creating a conclusion statement for the day's lesson. The instructor will have a few of the students share their statements to ensure that there was an understanding of the lesson.

Evaluation:

- The note sheets and loan applications will be handed in at the end of class for participation and completion points.

Bellwork...

**How much money will
you need to put in the
bank right now in order
to buy the car you want
in 4 years?
(Or for college tuition)**



Objectives...

1. Defining credit.
2. Describing sources of personal credit.
3. Listing advantages and disadvantages of credit and loans.
4. Listing the parts of a loan application.
5. Listing the financial information needed to complete a loan application.



Note Sheet

- 1. Define credit.**
- 2. What is short term credit usually used for?**
- 3. What is long term credit usually used for?**
- 4. What types of personal credit can you get?**
- 5. What are the advantages of having a credit card?**
- 6. What are the disadvantages of having a credit card?**

Credit and Loans

1. Define credit.
 - a. Means of obtaining goods or services now by promising to repay at a later date.

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