



Jessica

What to Know About Loans

There are many kinds of loans. People who have loans usually get them from banks. When a person gets a loan, the bank charges extra money called interest. That means the loan costs more than the amount borrowed. The loan must be paid on time, or the bank charges a fine or extra money for late payments.



credit cards



car loans

Kinds of Loans



house loans



school loans

A Sample Loan

Jessica wants to buy a new car. It will take her five years to pay off the loan.

Price of the car	\$12,500
Interest paid	\$2,707
Total cost of loan	\$15,207



Answer

What was the price of the car?

- a. \$12,500 b. \$2,707 c. \$15,207

Answer

1. The extra money a bank charges for a loan is called:
a. interest b. principal c. borrower
2. How much interest will Jessica pay on her car?
a. \$12,500 b. \$2,707 c. \$15,207
3. What happens if Jessica pays her loan off in less than 5 years?
a. she pays a fine
b. she pays a discount
c. she pays less interest