

ACTIVITY 23.1

Who Will You Lend To?

Borrower Information Cards

Borrower Information: James Shen, age 32

- Wants to borrow \$100,000 for a 30-year mortgage. He is married with one child and is buying a 1920s house that needs quite a bit of repair, in an older city neighborhood. He plans to live in the house.
- James has a master's in business administration (MBA) and a job with an energy company that pays \$75,000 a year. He has saved \$20,000 toward his down payment and also has a retirement account. His wife does not work.
- James has paid off his auto loan, and his car is valued at \$15,000. He and his wife are up to date on repaying their student loans, although they still owe \$60,000.

Borrower Information: Amanda Sykes, age 22

- Wants to borrow \$25,000 for a five-year auto loan. She is buying an SUV that she will drive long distances for work. A car is required for her job, and her old car has more than 250,000 miles on it. She has several speeding tickets on her driving record.
- Amanda has an undergraduate degree in marketing and is just starting work as a sales representative for a pharmaceutical company. She will earn \$30,000 a year.
- Amanda has not yet begun repaying her student loans of \$30,000. She does not own a house or have other major assets. She is single.

Borrower Information: Diana Starr, age 29

- Wants to borrow \$75,000 for a 10-year business loan to start a fashion design company. She has worked in clothing design for various major companies and wants to launch her own label. She has an undergraduate degree in fashion merchandising.
- In her current job, which she plans to quit if she gets the loan, she is earning \$35,000 a year. She does not have a savings or retirement account; she spends most of her disposable income on clothing and travel. She does not own a home and is driving an old car valued at \$3,000, which she got from her parents.
- Diana has never taken out a bank loan before, although she has used credit cards. She is single.

ACTIVITY 23.1 (Continued)

Borrower Information: Michael O'Neill, age 18

- Wants to borrow \$100,000 for a 25-year student loan to attend a private liberal arts college. He has a student financial aid package that will pay the rest of his costs over four years.
- Earned a GPA of 3.2/4.0 at a well-regarded prep school and a 29 on the ACT. He plans to major in history.
- Has worked part-time at a fast food restaurant since he turned 16 and has paid for his auto insurance and gas, although he drives a car belonging to his parents. Michael does not have savings. He plans to continue to work for his spending money. He is single.

Borrower Information: Trevor Johnson, age 35

- Wants a \$75,000 15-year home equity loan to remodel his home's kitchen and install new windows. His house is a 1970s two-story in a suburban neighborhood. The current value is about \$250,000, and he owes \$220,000 on his mortgage.
- He works as a restaurant manager, earning \$45,000 a year. He is married and has two children, and his wife earns \$15,000 a year as a part-time legal secretary.
- He and his wife owe \$30,000 on two auto loans and \$25,000 on her student loans. She defaulted on a car loan in her early 20s when she lost a job. They now have \$20,000 in savings and a small retirement account.

ACTIVITY 23.2

Name Tags for Borrowers

James Shen

Amanda Sykes

Diana Starr

Michael O'Neill

Trevor Johnson