

Lender & Borrower Workshop

The purpose of this activity is for students to experience how credit scores and credit history can affect one's ability to get a loan.

Required Materials

- Printed out "Borrower" cards
- Scissors

Part 1: Assign Borrowers and Lenders

Randomly pass out "Borrower" cards to half of the class. The rest of the students are "Lenders".

Part 2: Begin Activity

Allow a minute or two for borrowers to read their cards, then put students in pairs of one "Lender" and one "Borrower". Borrowers will describe their credit score and history using the information from their card. Lenders will use this information to decide whether or not to give the borrower a loan, and if so, whether they will give them a high or low interest rate. Each round of the activity should last 5 minutes. If doing the activity more than once, make sure that lenders and borrowers switch roles, and students are put into new pairs.

Borrower: You are a young adult just out of college with a credit score in the high 600 range. You have managed your credit card bills well so far, but haven't made any big purchases yet. You are looking for a loan to buy your first car. You do not have a full time job yet, but are in the process of finding one.	Borrower: You are in your mid 50's and have a family of four. You are looking for a loan to purchase a summer lakehouse. Your credit score is in the low 700's. You have made big purchases before, such as buying a car and your first home, so you have experience with managing debt.
Borrower: You are a prospective student looking to take out a loan to afford med school. You are in your mid- 20's and have already taken out a loan to buy a car, which you are in the process of paying back. Your credit score is in the mid to high 600 range. You currently have a job and are planning to work part time during med school so you will have an income.	Borrower: You are in your mid-30's and are looking for your first home. You have a child on the way, so you're looking for a larger house with a nice backyard in a good school district. Your credit score is in the low 600's because you had trouble paying off your first loan, a car loan, but now you feel more experienced in handling debt. You have a steady job and no other current outstanding loans.

Key Learning Takeaway

While each student pair will yield a different experience, it should become clear that people who are taking out their first ever loans, already have lots of debt, or have poor credit scores will have trouble getting a loan or will get unfavorable interest rates. On the other hand, borrowers with a lengthier credit history, solid credit score and not much other outstanding debt will not have as much difficulty getting a loan, as there is more convincing evidence that they will pay the loan back.

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