**CBE Competency 2**

**FS.C02 LM01 Module 1**

**Formative Assessment**

**Instructions: Please read the sentences carefully and fill in the blanks with the word that best describes the issue**

1. The \_\_\_\_\_\_\_\_process in tandem with other deposit and payment products is the cornerstone of banking.

***Answer: Lending***

2. For years the traditional source of credit for businesses have been \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_.

***Answer: Commercial banks***

1. \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_These companies are owned by a manufacturer and finance dealer inventory or grant loans to consumers to facilitate the purchase of its products.

***Answer: Captive finance companies***

4. The main categories of bank loans are:\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ loans.

***Answer: Consumer, Real Estate, Business loans, Government and government sponsored loans***

5. Consumer loans are usually classified as : \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ loans

***Answer: Open-end or revolving loans and closed end or installment loans***

***6.*** \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_ loans: These loans have a specific amount and maturity date.

***Answer: Close end loans***

***7.*** Two (2) of the most common types of business loans are: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

***Answer: Revolving line of credit and term loans***

8. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Finance daily business trading activities and operational expenses.

***Answer: Working capital loans***

9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_:This facility is supported by a loan agreement that includes the stipulation of a conversion of the line of credit into a permanent working capital loan.

***Answer: Revolving line of credit***

10. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The loan purpose of this credit facility is to finance the purchase of equipment, furniture, leasehold improvements or other fixed assets.

***Answer: Term loan***