

Banking Basics

• Banking/Borrowing basics

○ APR

▪ Annual Percentage Rate

- Secured vs. unsecured *collateral*
- Always going to depend on your credit score
- Mortgages - 3%-7%
 - ◆ Secured
 - ◆ Adjustable } *rate*
 - ◆ Fixed *3.9%*
2.0%
- Auto loans - 0%-12%
 - ◆ Secured
 - ◆ New car lower used higher
 - ◆ Better rates from dealerships on new cars
 - ◆ Better rates from banks on used cars
- Credit Cards - 14%-30%
 - ◆ Unsecured

□ Usury laws

◆ WA state w/o contract - maximum 12%

◇ Exceptions

- ▶ Commercial, Agricultural, investment and business loans
- ▶ Credit Card and other retail installment debts
- ▶ Consumer leasing
- ▶ Second mortgages and Home equity loans
- ▶ Some others

○ Debtor - Someone that owes money (in debt)

○ Creditor - Someone that loans money (offers credit)

• Payment Cards

○ What's the difference between

▪ Credit card

loan w/interest

▪ Check card (ATM) (Debit)

your own money

▪ Charge card *American Express*

loan w/out interest

▪ Gift card *pre-loaded with money.*

○ What are the advantages

▪ Check card (Debit) *Doesn't allow for over-spending
no monthly bill / no fees*

▪ Charge card *No Conversion Fees (U.S. ↔ Canada)*

▪ Gift card *No fees, No NetMin'*

, Credit Card - Build credit, ability carry a balance

○ What are the disadvantages

▪ Check card (Debit) - *limited spending*

- What are the disadvantages

- Check card (Debit) - limited spending

- Charge card - limited spending - fees

- Gift card - specific Gift Cards only work @ their specific stores

- credit cards Debt, hurt credit

- Banking

- Things to be aware of when looking at bank accounts.

- Required direct deposit?

- Minimum balance?

- Savings account

- Checking account

- IRA

- Maximum transactions

- In person

- Online transfers

- Breaking any of these can void any benefits you may be offered on your account

- Nominal (minor) APR return (very rare now on checking account)

- No fee for use of the account (usually checking)

- No per check fee


- No fee for use of online transfers

- Routing and account numbers

- Found on your deposit slips and checks

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- Payment options

- Installment plan

car payment (consumer keeps goods while you pay)

- Layaway plan

Store keeps goods until consumer pays in full