

The Johnsons Credit Story

WHAT: This is a teaching aid for use by Expanded Food and Nutrition Program Technicians and other individuals working in similar situations.

It is a series of chapters or events of how the Johnsons shop for credit to meet an emergency.

USE: There are 5 scripts that may be used as skits or with poster type visuals. The visuals are simple drawings 8-1/2 x 11. These are to be mounted on card board and fastened together with rings. This makes a very useable flip chart.

HOW TO

ORDER: Order from Hilda Dailey, Extension Specialist, Home Management. List script and visuals if you wish both.

Limit 8 per unit unless a written explanation accompanies the order. This should state why more than 8 copies are needed.

This Series Titles

Script #1 How the Johnsons Face a Money Emergency

Script #2 How the Johnsons Look for a Place to Borrow Money

Script #3 How the Johnsons Compare the Cost of Credit

Script #4 How the Johnsons Find Out If They Can Afford Credit

Script #5 How the Johnsons Solve Their Money Emergency

Visual #1 How the Johnsons Face a Money Emergency

Visual #2 How the Johnsons Look for a Place to Borrow Money

Visual #3 How the Johnsons Compare the Cost of Credit

Visual #4 How the Johnsons Find Out If They Can Afford Credit

Visual #5 How the Johnsons Solve Their Money Emergency

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The Johnson's Credit Story

HOW THE JOHNSONS FACE A MONEY EMERGENCY

Script for Flip Chart #1

1 THE JOHNSONS NEED A REFRIGERATOR. Their old one stopped running. The repairman checked the old refrigerator. He shook his head. Then he said to Mrs. Johnson: "Your refrigerator can't be fixed. I'm sorry."

2 Marge Johnson was worried--how would she tell Joe? He worked so hard for the money. There never seemed to be enough to go around anyway. Now the refrigerator had to break down. Marge was upset.

3 Joe looked tired when he got home from work. Marge noticed that his shoes needed to be fixed. He really needed new shoes. Marge decided to wait until after supper to tell him about the refrigerator.

4 When Marge brought out the ice cream, Joe asked: "Whose birthday?" She hurried to get coffee. Joe and the kids complained. They said that the ice cream was soft.

"Oh Joe," said Marge, "the refrigerator's broken. It can't be fixed."

She saw Joe's mouth tighten and watched the worried look come back. Joe did look tired.

5 "What do we do now? We have to have a refrigerator. Where will we get the money?" Marge knew how he felt. That's all she could think about all day.

"Maybe we can get along, for a while," she said. "Mrs. Thompson let me put the milk in hers."

Joe shook his head. He knew they had to get another refrigerator somehow. And soon. They had to keep the milk for the baby. Then he thought about the vegetables in the garden. The beans were just coming on, and the lettuce, and the radishes. They needed the refrigerator to keep them until they could eat them.

"And you can't go to the store every day," said Joe, "it's too far. Somehow we have to get a refrigerator."

But how? Joe wondered. We really don't have any money to buy one. Joe signed and put on his shoes again. "Come on Marge," he said, "we better go see how much they cost."

6 At the nearest store the salesman showed them a refrigerator-freezer combination.

"It makes ice all by itself," he said. "No more ice cube trays to fill or fight. And it makes ice water, too. Just press the button and out it comes." The salesman gave them each a glass of crushed ice and water.

The Johnsons smiled at each other. This was really something. "Wow," said Joe, "this would be great this summer."

"How much?" asked Marge.

"It's on special right now--only \$769," he said, "and the refrigeration system is guaranteed for 5 years." The salesman went on and on about the refrigerator.

Marge moved down the aisle to another refrigerator. She opened the door. It was so small after seeing the other one.

"I can let you folks have that one for \$399," said the salesman. Joe thought it was small, too. There were a lot of refrigerators. None of them looked good anymore. Joe thought, "And almost \$400!"

Joe said, "We'll look around." He nudged Marge toward the door.

7 Outside Joe told Marge they better go see his friend Bert. So they went to Bert's Used Furniture Store.

"Our refrigerator won't run anymore," Joe told Bert. "Do you have a good used one that will last a while?"

Bert took them to the back of the store. "I've only got these four," he said. Marge started looking inside. A shelf was missing in the first one, and the door was hard to close. "The light doesn't work in that one," called Bert. "The last one's the best of the lot."

The Johnsons were unhappy. The one that worked the best was chipped and stained. "I don't think its had very good care," said Marge.

8 "I can let you have that one for \$50 cash," said Bert. Joe remembered the other salesman and asked, "Is the refrigeration system guaranteed?" Bert laughed "This might run a long time for you, or it might not. I can't be real sure."

Bert said he could deliver the refrigerator, too, for another \$10. Joe said they would call Bert later.

As they walked away from Bert's store, Marge said, "That refrigerator might do, Joe." Joe shrugged. "Fifty dollars plus \$10 to deliver," he said, "and we really don't have any cash anyway."

They were discouraged. Joe wanted to go home. They were in front of the department store by now. Marge grabbed Joe's arm. "Look at that," she said, "that's just what I want!"

Joe looked at the refrigerator in the window. "There must be a catch," he said, "only \$200?"

"It's on sale," said Marge. "Oh, it's got a freezer unit. Let's go in and look."

9 This time Joe went right up to the salesman. "Show us that refrigerator in the window." The salesman led them to a pretty green refrigerator. Joe saw the price tag--\$234.95. "Not that one," he said. "We want the \$200 one."

"This is just like it," said the salesman. He laughed. It's on sale. This one is only \$5.00 more for the color."

"Oh," said Marge, "that's a real buy."

Joe said, "What's the guarantee?"

"Five years for the refrigeration unit, one year for the other parts," answered the salesman.

"What happens if it breaks down just after we get it?" asked Joe. The salesman told him that the store would service it for one year for labor costs only. "But we hardly ever have calls on a new refrigerator like this," he added, "this is our most popular model."

Marge liked the freezer unit and the nice shelves. It would be easy to keep clean. It defrosted itself. It was just the right size.

Joe was not through. "How about an ice maker? We saw one that makes crushed ice."

"We can give you one for just about \$75 more," said the salesman he moved down the line. "There's also a small installation charge for the plumbing."

Marge and Joe looked at each other. "For \$75 we can make our own ice cubes," said Joe.

"How much do you charge to deliver it?" asked Joe. The salesman told him that delivery was free on new refrigerators. "We can deliver it tomorrow afternoon." He got out a pad. "Let me fix you folks up."

Joe remembered they had to get the money to pay for the refrigerator. "We want to look around some more," said Joe.

The salesman got out his card. "This sale only lasts this week." he said. "We don't have many in stock. So hurry back." The salesman wrote his phone number on the card. "We can finance it for you, too," he said. "Here's my card. Call if you have any questions."

10 The Johnsons walked slowly going home. They talked about all the refrigerators they'd seen. Joe said that the used refrigerator at Bert's would be cheaper.

"But we have to pay cash," said Marge. They agreed. They didn't have \$60 cash.

"It might last several years," said Joe. "Or it might break down next week," said Marge.

"Bert would probably service the used one," said Joe, "he's a good guy." But Marge shook her head. "Bert wouldn't give us a guarantee. We'd have to pay for all the repairs."

"It's so chipped and stained, and he only has that one that seems to work," Marge sighed.

They walked on for a while.

"The new refrigerator would cost more," said Marge. "But it should last for years," Joe answered.

"The store will take care of it free for a year," said Marge, "and the refrigeration system is guaranteed for 5 years."

"They sure had a lot of models to choose from," said Marge, "I'd like that green one with the freezing unit. I could freeze some of our beans."

"We'll have to borrow the money somewhere to get it," said Joe. But then, he thought, we'd have to borrow to get the used one, too.

11 When Marge and Joe got home, they told the kids all about the different stores they'd been in. Marge told them about the used refrigerator and the good things about buying that one. Joe told them about the disadvantages of buying the used one.

The kids weren't too interested until Joe mentioned the green refrigerator in the store window for just \$205--on sale. "A real bargain!"

"It's just as good for us as that \$399 one at the appliance store," said Marge.

"Why do you want a green one?" asked the oldest girl. "I want a white one like the Brown's."

"We can get it in white," said Joe.

"It was \$5 cheaper in white, too," said Marge half out loud.

When they told the children about the freezing unit, the whole family got even more excited.

By this time, Marge and Joe were sure of the right choice. "We'll get the one at the department store, if that's the one you want," said Joe. "And if we can borrow enough to pay for it."

THE JOHNSONS DECIDED TO BUY:

- . . .the new refrigerator
- . . .a refrigerator-freezer combination
- . . .a white one
- . . .from a store that offered a guarantee and service
- . . .at the lowest price they could find

The Johnson family was pleased with their choice. Joe said he would see about a loan or some type of credit the next day--his day off.

HOW THE JOHNSONS LOOK FOR A PLACE TO BORROW MONEY

Script for Flip Chart #2

1 The Johnson family needs to buy a refrigerator now. Their refrigerator won't run. It can't be repaired. BUT to get the refrigerator now the Johnsons have to use credit.

Joe and Marge Johnson shopped for their refrigerator. They went to several stores and compared:

- ...prices,
- ...models,
- ...guarantees,
- and-
- ...service.

2 They found the right refrigerator for them. On sale, too! For just \$200.

Last night Joe had promised to spend his day off looking for a loan. He and Marge had done such a good job of finding the "best buy" in a refrigerator that he'd felt really good about it.

3 Today Joe wasn't really sure. Where would they start? Where would they go for the "best buy" in CREDIT?

"Ellen Green said that the easiest place to get credit is the store," said Marge. "Let's go there first."

The salesman acted happy to see them again. He picked up his order pad.

"Not yet," said Joe. "We want to know about financing the refrigerator here."

The salesman told the Johnsons about three different credit plans at the store.

- 4
1. INSTALLMENT PLAN
 - ...they would sign a contract.
 - ...they would pay \$20 down.
 - ...then the Johnsons would pay so much each month until the refrigerator was paid for.

Joe and Marge were happy. This way they would use the refrigerator while they paid for it. BUT it would "belong" to the store until the final payment was made.

AND if they missed a payment, the store could take the refrigerator away from them.

This worried Marge. What if Joe was laid off? What if he got sick?

The salesman told them the installment plan would cost less than a revolving account for such a large item as a refrigerator.

Joe looked at Marge--he knew she was thinking about the down payment. They didn't even have \$20 to put down.

5

2. REVOLVING ACCOUNT

- ...the Johnsons would pay a set amount each month.
- ...they would pay interest on the amount still owed each month, the salesman said the interest would be 1 1/2 percent per month or 18 percent for a year.
- ...if they missed a payment, the store could demand that the remaining balance be paid in full immediately.
- ...there is a limit on the total amount that can be charged:
 - some people have a low limit
 - some people have a higher limit.

The salesman said he might be able to get the Johnsons a \$200 limit. Then the refrigerator could be put on the revolving account. "No money down?" asked Joe.

"Not on this account," the salesman said. "And you can always add other charges up to your limit. Just as long as you pay the amount due each month. Of course, there's the regular charge account, too."

6

3. REGULAR CHARGE ACCOUNT

- ...they could charge for 30 days.
- ...they would have to pay the total bill at the end of the charge period.
- ...they would not have to pay a service charge on interest. For example--if you charge \$200 on a 30-day regular charge, you will have to pay the entire \$200 at the end of 30 days after the billing date.

Marge and Joe liked this arrangement. "No interest to pay," said Joe. But--they knew they wouldn't have \$200 to pay at the end of the charge period. They would have to use another credit plan.

The Johnsons felt that the revolving charge account was a possibility. But--could they do better elsewhere?

7 The BANK was across the street. Joe and Marge went there next. They had heard that banks often loan money at a lower interest rate.

The banker was friendly. "We loan money for cars and houses to many families," he told them, "using those items as collateral." (He explained that collateral is having something--a car, a house, or something else--that the bank could take in place of the money if the payments are not made.)

"Sometimes we do loan smaller amounts and let the family pay it back in monthly payments," the banker smiled again.

Marge sat forward, "Could we do it that way?"

"Well," he said and did some more figuring " his is pretty small. The bookkeeping costs a lot. Maybe you folks could borrow a lump sum-that would keep the interest down." The banker noticed the look they exchanged and went on, "Then you could put your 'payment' in a savings account each month. That way you'd have the money when your note is due."

"I don't know, said Joe, "We aren't very good at saving."

"Good time to learn," answered the banker, "we can open a savings account for you here. That way you can also earn a little interest on your money."

8 The Johnsons sat down on the bench in front of the Court House to rest.

"The bank really seems like a good place to borrow the money," said Marge.

"And the interest was less than at the store," said Joe.

They agreed that they had to be practical. They needed to make payments every month. So the Johnsons decided to shop around some more for credit.

9 Joe remembered that they might also be able to borrow money from the CREDIT UNION where he worked. So they went there.

...Joe must join the credit union to get a loan.

It would cost him \$5 to join.

...they found out that the interest rate at the credit union was less than the revolving charge account or the installment plan.

(The interest was 1 percent per month on the unpaid balance or 12 percent a year.)

"And at our credit union," the man told Joe, "we can arrange to deduct your monthly payment right from your pay." This appealed to the Johnsons.

"That would work out better for us," said Marge.

The Johnsons were becoming more and more interested in their credit shopping. In trying to find a place to borrow money they found out a very important fact. They had never before realized that you could SHOP for credit to SAVE money.

10 Since they had borrowed money from a FINANCE COMPANY before, Marge and Joe went there next.

They asked the woman at the desk a few questions. They knew that the loan would be easy to get but--

...the interest rate was close to 3 percent per month--highest they found--that could be almost 36 percent per year.

Once outside the Johnsons wondered if there was any place they'd missed.

11 "George told me that we could get money from a pawn broker," said Joe. So they went to see a PAWN BROKER.

- . . .he would loan them money on some item he would keep for collateral.
- . . .to get the item back, they must repay the money by a specified date

-or-

- . . .he would charge them more to get the item back.

"The interest rate varies. It depends on the item brought in," said the pawn broker. "I can't quote you a price until you bring in what you want to hock."

The Johnsons didn't have anything they could use for collateral. They could not borrow \$200 here.

12 A friend of the Johnsons told them about a man who loans money "real cheap" but--

he was an ILLEGAL LENDER.

- . . .he did not have a license to be a lender.
- . . .he was charging a very high interest rate.

The Johnsons knew enough about credit to know they could get the best loan from a legal lender. They should not borrow money from an illegal lender.

13 Now the Johnsons knew there were many places where they might be able to borrow their money, they decided it was time to find out which place would give them the "best buy" in credit.

HOW THE JOHNSONS COMPARE THE COST OF CREDIT

Script for Flip Chart #3

1 The Johnson family shopped for credit. Joe took notes on where they could get credit. Now, the family was ready to compare the cost of credit.

"How much will we have to borrow?" asked Marge.

2 "Well," answered Jow, "the refrigerator we want costs \$200. We don't have money for a down payment. We'll have to borrow or charge \$200."

3 Joe looked at the cost of credit from the store. If they used a regular 30-day charge account, they would have to pay back the entire \$200 at the end of 30 days. There would be no interest charge.

The Johnsons agreed that this would be the best loan. There would be no interest charge.

"But, we won't have \$200 to pay back in 30 days," said Joe.

4 "That's right," added Marge. "What about the revolving charge account or the installment account?"

"If we use a revolving charge account,
--we will not have to make a down payment,
-and-
--we can charge \$200 for 12 months
. . .the monthly payment will average \$18.29
-and-
. . .the total interest charge will be \$19.50.

5 "If we use the installment plan,
--we will have to make a down payment of 10 percent or \$20."

"But, we don't have \$20 for the down payment," said Marge: "We can't use the installment plan to buy the refrigerator. What about the finance company?"

6 "We won't have to make a down payment at the finance company," answered Jow. "And, the loan will be easy to get--but the interest is high.

"If we borrow \$200 for 12 months,
--the monthly payment will be \$20.00,
-and-
--the total interest charge will be \$39.85."

"I'd rather not borrow the money there," said Marge. "Can't we get money at the bank or credit union?"

7 "If we borrow \$200 at the bank,
--we won't need a down payment
-but-
--we can't make monthly payments.

"The interest charge will be \$14. We will have to pay the \$200 plus \$14 interest charge back at the end of 12 months.

"If we save \$17.83 each month, we will have \$214 at the end of 12 months.

8 "If we borrow \$200 at the credit union,
--we won't need a down payment,
--our monthly payment will be \$17.77,
-and-
--the total interest charge will be \$13.24."

Marge was confused. "With so many figures, how do we know where to go for the loan?"

"Let's compare the monthly payment and the total interest charge," said Joe.

He made a list:

9

MONTHLY PAYMENT

At the credit union..... \$17.77
At the store:
The revolving charge account..... \$18.29
At the finance company..... \$20.00

"We can't make monthly payments at the bank. We will need to save equal amounts each month. We will need to save \$17.83 each month."

10 "The total interest charge for 12 months will be:

At the credit union.....\$13.24
At the bank.....\$14.00
At the store:
the revolving charge account.....\$19.50
At the finance company.....\$39.85"

The Johnson family was surprised.

"Look," Marge said.

--"The monthly payments are nearly the same,
-but-

--There's a big difference in the total interest charge for 12 months."

11 The Johnson family agreed that they should have gone credit shopping before.

"Where will we apply for our loan?" asked Marge.

12 "Let's try the credit union," said Joe. "The monthly payments are the lowest. The total interest charge is the lowest."

"but you're not a member," said Marge.

"I'll join," said Joe. "It'll cost \$5. But, we can have the \$5 back after we pay back the loan."

"That sounds fair," said Marge. "Let's try to get our loan at the credit union. I wish we'd gone credit shopping before. I'm sure we're paying too much interest on the car and range."

"I'm sure glad there's a credit union where you work. We'd have to try the bank or the store if there wasn't," said Marge.

13 Joe agreed, but he was thinking. "Can we afford to make payments of \$17.77?"

HOW THE JOHNSONS FIND OUT IF THEY CAN AFFORD CREDIT

Script For Flip Chart #4

1 Marge and Joe Johnson along with their five children had:
 . . .shopped for their refrigerator,
 . . .selected their refrigerator,

2 They were pleased with their efforts so far. But, Joe was bothered. He wondered if they could really afford to make the monthly payment of \$17.77 for 12 months.

"How much money do we have to spend each month?" Marge asked.

"Our only income is from my job," Joe said. I'm paid \$191.30 twice a month. But, I have to pay Social Security, health insurance, and life insurance. After these are deducted, I have \$171.50 left each pay day."

3 Joe added:

	\$171.50
	<u>171.50</u>
	\$343.00

"We have \$343.00 to spend each month," Joe said.

"We have to use this to pay for the things we need during the month," added Marge.

"Okay," said Joe, "let's list the things we have to pay for each month. Let's see, there's"

Rent	\$ 93.00
Gas, electricity, and water	18.85
Telephone	6.92
Car payment	44.43
Gas bill (for car)	19.15
Range payment	15.63
Food stamps	<u>104.00</u>
	\$299.98

This adds up to \$299.98," said Joe.

"Gee," said the oldest girl, "you sure have a lot of bills to pay each month!"

5 Then Joe subtracted their expenses from their income:

	\$343.00
-	<u>299.98</u>
	\$ 43.02

"we have \$43.02 left," said Joe.

The Johnsons were excited. They had enough to make the refrigerator payment of \$17.77 each month.

Then Joe started thinking. "How come we never seem to have enough money if we have \$43 left each month?"

"We've forgotten to include money for other things we need during the month," answered Marge. "How much do we have left after we make the payment?"

6 Joe subtracted: \$43.02
 - 17.77
 \$25.25

"We have \$25.25 left," he answered.

"We haven't included money for other things," Marge said. "We need money for:

7 . . .school expenses,
 . . .household supplies,
 . . .medical care,
 . . .clothes,
 -and-
 . . .unexpected expenses."

Marge was concerned. Besides the refrigerator, they needed clothes for the children and shoes for Dad.

She suggested they make a list of things they needed. Joe started writing:

8 THINGS WE NEED NOW
 . . .a refrigerator
 . . .dresses, slacks, shirts, and shoes for children
 . . .shoes for Dad

9 Marge and Joe were worried. "How can we get everything?" they asked.

"I could make the clothes," said Marge, "If I had time."

"I can babysit and make money to buy material and shoes," added the oldest daughter. "I learned how at school."

"I can take care of baby brother," said the youngest daughter, "so Mom can have time to sew."

The two boys agreed. They would use the money from their paper routes to buy their clothes.

"And," added all the children, "we can all chip in and give Dad his shoes for his birthday next month."

The Johnson family was happy. They had found another way to get the other things they needed soon. They were going to use their time and skills.

They talked about the refrigerator again. Then, they took another look at their expenses.

"We have to make the range payment for 7 more months," said Marge.

"And the car payment for 18 more months," added Joe. "Our other expenses will probably be about the same."

So, for the next 7 months if they paid \$17.77 on the refrigerator, they would have only \$25.25 left to cover all their other expenses.

10 Marge looked at Joe and she knew what he was thinking. They couldn't afford to make payments of \$17.77 each month.

"We can't buy a new refrigerator," Marge said. "I'm just glad we decided to see if we could afford it before we bought it. We could have gotten ourselves into a real mess!"

"Wait a minute," exclaimed Joe. "I've got an idea. Maybe we can get our refrigerator after all."

"How?"

"Well," said Joe, "maybe we can take longer to pay for it. Then our payments will be smaller. We can manage a \$9 or \$10 monthly payment, can't we?"

The Johnson family looked at each other--maybe they really could get the refrigerator.

"Sure!" they answered.

"But," asked Marge, "how do you know we can make smaller payments for a longer time?"

11 "I'm not sure," answered Joe, "but I'll go back to the credit union and ask. They were nice. I'm sure they'll help us. I'll just explain our problem. I'll go first thing in the morning."

The Johnson family was happy. Marge and Joe were thinking how successful they had been. They solved their problem

12 ...by working together as a family,

-and-

...by talking about the problem.

They made plans to get the things they need soon:

...a new refrigerator
...clothes for the children
...shoes for Dad

13 "I'm sure glad we decided to talk about the refrigerator," said Marge. "We learned a lot. From now on, let's make this habit-even for smaller purchases. We don't have much money. We have to use it so the whole family gets the most satisfaction from it."

"I think that's a great idea," agreed Joe. "Maybe if we tell our friends, they'll try it too."

"Okay, but let's wait until after you go back to the credit union," said Marge.

Joe nodded his head yes. He'd go to the credit union tomorrow. His family deserved a new refrigerator.

HOW THE JOHNSONS SOLVE THEIR MONEY EMERGENCY

Script for Flip Chart #5

1 The Johnson family needs a refrigerator. Their old one quit running. It couldn't be repaired. So, together they--

. . .shopped for the refrigerator,

. . .shopped for credit,

-and-

. . .planned for the refrigerator.

The Johnson family needs to borrow \$200 for their refrigerator. They don't have money for a down payment. They have to borrow the entire \$200.

2 They decided to apply for their loan at the credit union because--

. . .the monthly payment of \$17.77 was lower than from any other source,

-and-

. . .the total interest charge of \$13.24 was lower than from any other source.

3 After looking at their income and their expenses, each month, the Johnsons knew they couldn't make the payments of \$17.77 each month.

The family was disappointed. But, Joe had an idea--he'd go back to the credit union. They needed to make smaller payments. He would ask if they could take more than 12 months to pay for the refrigerator.

Joe went back to the credit union.

"We need to borrow \$200 for a refrigerator," Joe told the man. "We wanted to borrow it for 12 months, but we can't afford to pay \$17.77 each month. Can we make smaller payments?"

4 The man at the credit union told Joe "yes." Then he told him the monthly payments and the total interest charge for longer time periods.

For 17 months, the monthly payment will be	\$12.20
and the total interest	\$19.60
For 24 months, the monthly payment will be	\$ 9.42
and the total interest	\$26.08
For 30 months, the monthly payment will be	\$ 7.75
and the total interest	\$32.50

5 Joe was happy. He hurried home to talk to his family.

Marge and the children could hardly wait for Joe to get home.

As soon as he got home, they asked him what he found out.

"The man said we can probably make smaller payments for a longer time. He gave me the amounts for 18 months, 24 months, and 30 months," answered Joe.

Joe made a list to compare the monthly payments and the total interest charge.

6

MONTHLY PAYMENTS	
12 months.\$17.77
18 months.\$12.20
24 months.\$9.42
30 months.\$7.75

TOTAL INTEREST CHARGE	
12 months.	\$13.24
18 months.	\$19.60
24 months.	\$26.08
30 months.	\$32.50

"Oh," said Marge, "the longer we have the loan the lower the payments, but the higher the total interest charge."

"That's right," said Joe. "Time is going to cost money."

"What will we do?" questioned Marge.

"I think we should apply for the loan for 24 months," said Joe. "We can manage the payment of \$9.42. Making smaller payments for a longer time will cost us more--but we're getting the lowest rate at the credit union. I'm sure glad we have a credit union to use."

Marge agreed with Joe. "When can we apply for the loan? she asked. "We need the refrigerator soon."

"We can go anytime you're ready," answered Joe.

7 Marge and Joe left for the credit union. They applied for their loan.

The man told them to call the next day to find out if their loan was okayed.

Joe called the next day. Their loan was okayed. They could pick up the check and sign the contract that evening after Joe got off work.

Marge met Joe after work. They went to the credit union.

8 On the way to the credit union Joe and Marge talked about the contract. A friend at work had told Joe about some things to check in the contract before signing. Joe told Marge.

"We should:

- . . .read the contract carefully before signing,
- . . .ask questions before we sign, not after,
- . . .find out what happens to the refrigerator if we miss a payment or are late,
- . . .not sign a contract with blank spaces,
- . . .not accept spoken promises,
- . . .make sure we know the total cost,
- . . .make sure all copies of the contract are the same,
- . . .not be in a hurry,
- and-
- . . .keep a copy of the contract."

"I'd never thought of checking the contract before," said Marge. "I didn't know they'd let us read it before we signed. We certainly have learned a lot."

9 "We sure have," agreed Joe. "Just think. We've learned:

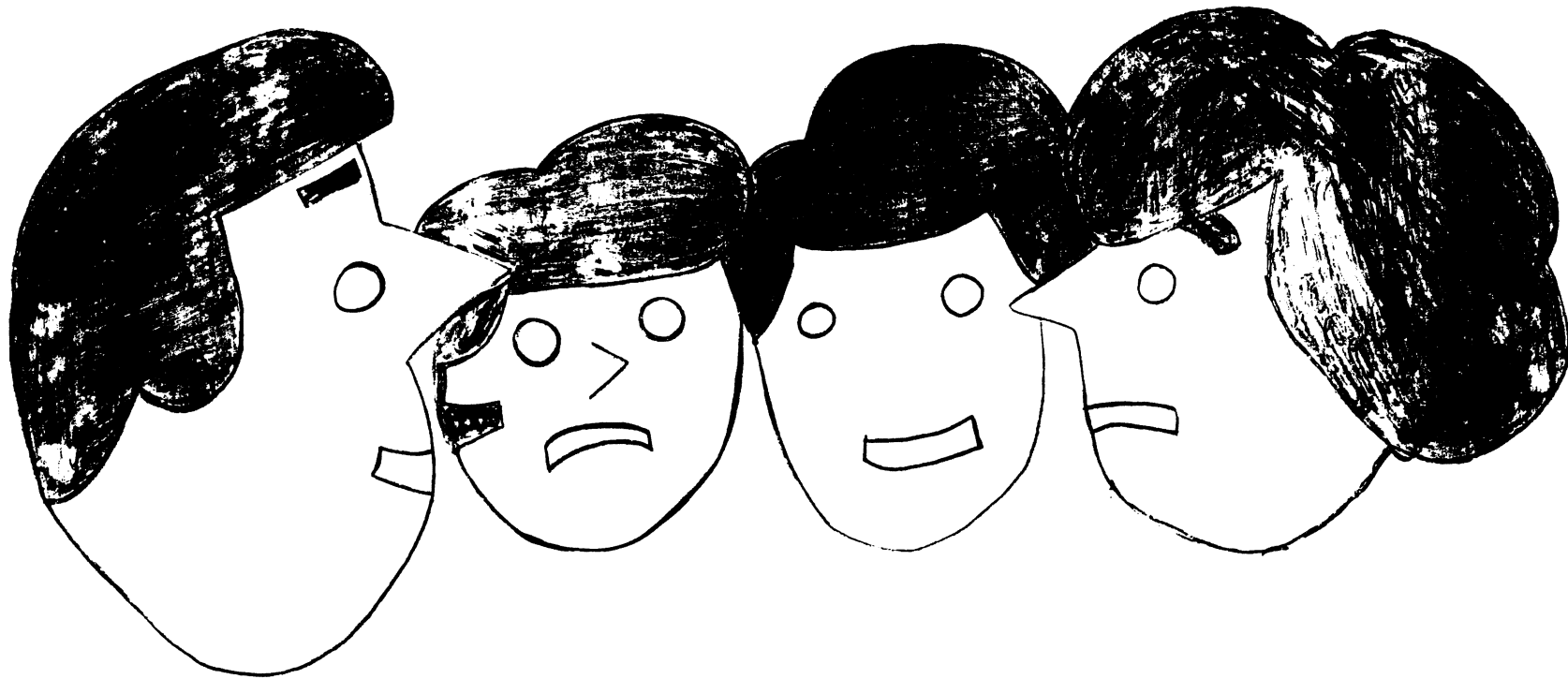
- . . .to shop around before we buy,
- . . .to shop for credit,
- . . .to compare the cost of credit because
 - high interest rates cost us money
 - and-
 - the longer we take to pay it back, the more we have to pay for interest charges,
- . . .to plan for the payments before we buy,
- . . .to talk and think about our problems,
- . . .to use our time and skills to get things we need,
- and-
- . . .to check any contract before we sign."

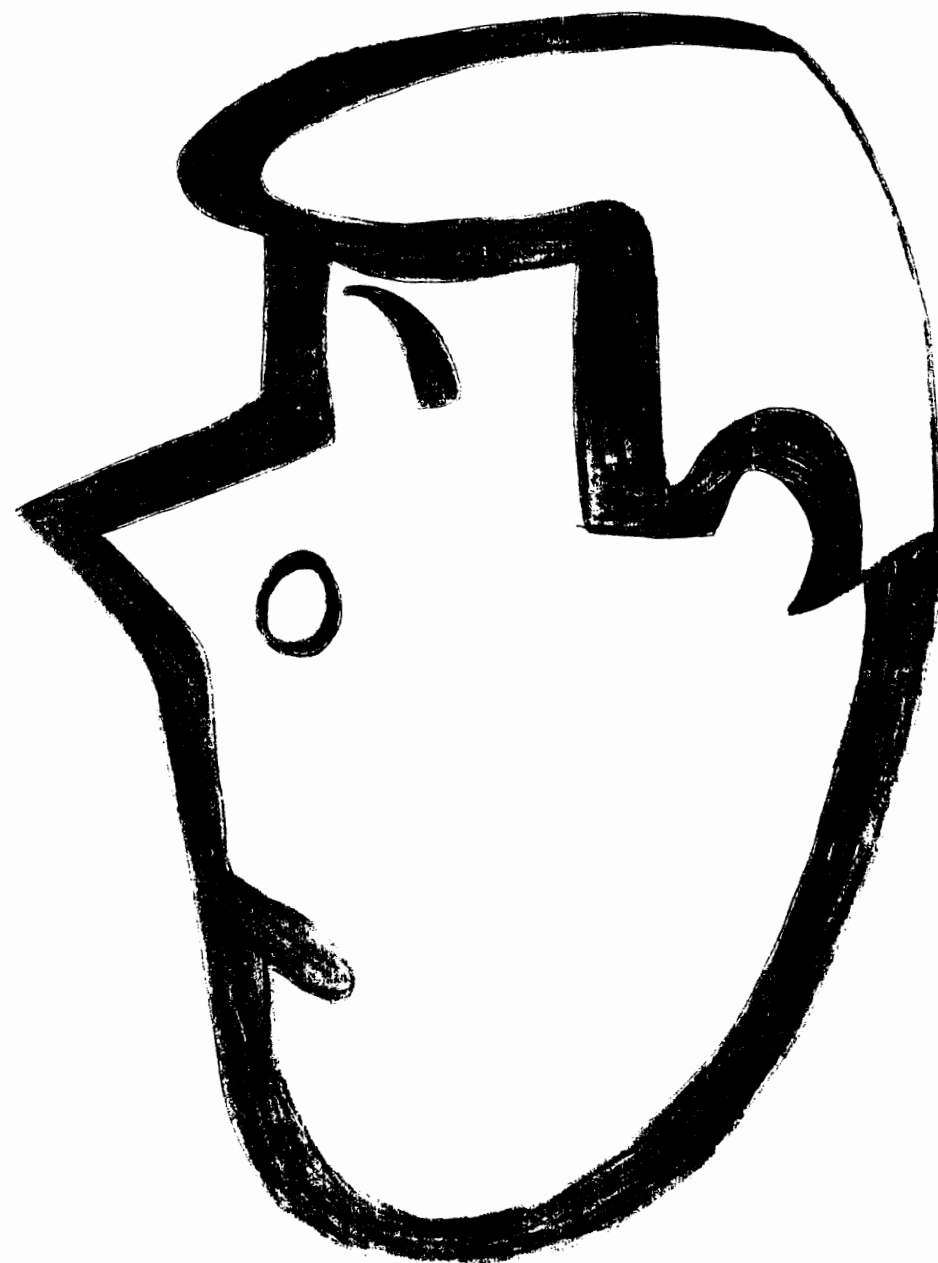
At the credit union, Marge and Joe checked the contract carefully.

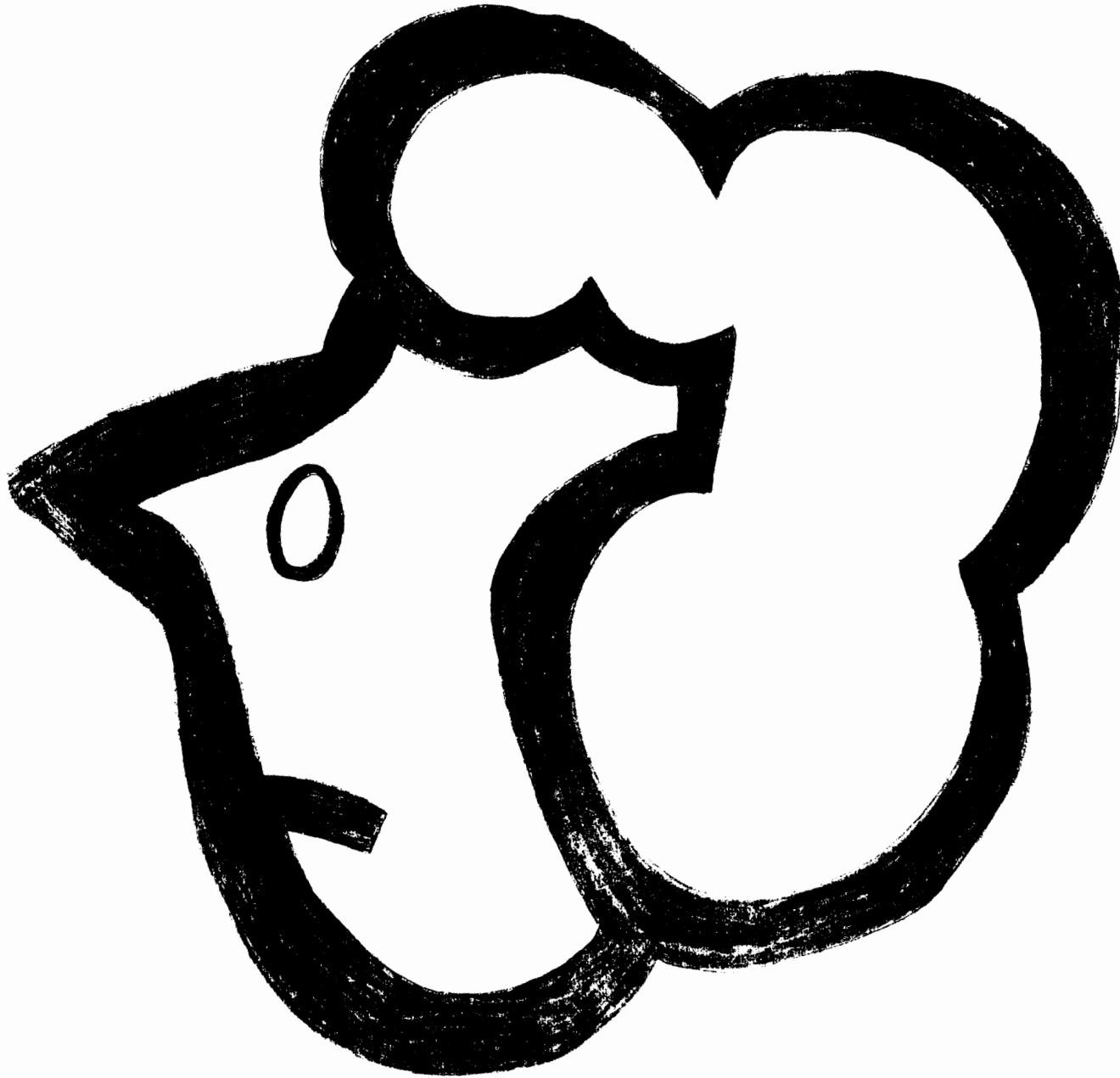
It was a good contract. They signed it.

The man explained to them that the credit union would deduct the payment of \$9.42 from Joe's check once a month. He handed Joe a check for \$200.

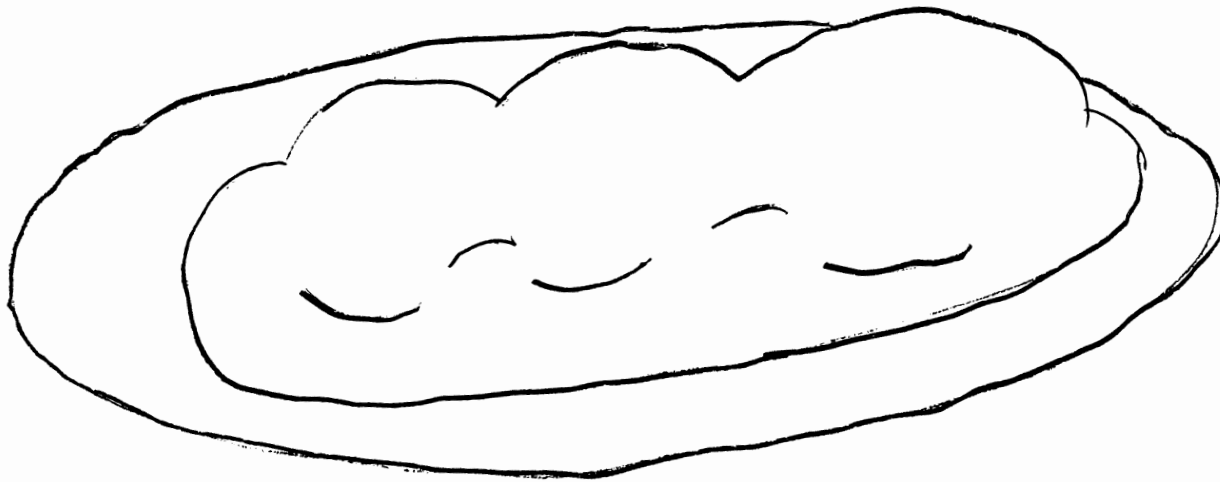
The Johnsons were happy. On the way home, they stopped and bought their refrigerator. It was delivered the next day.

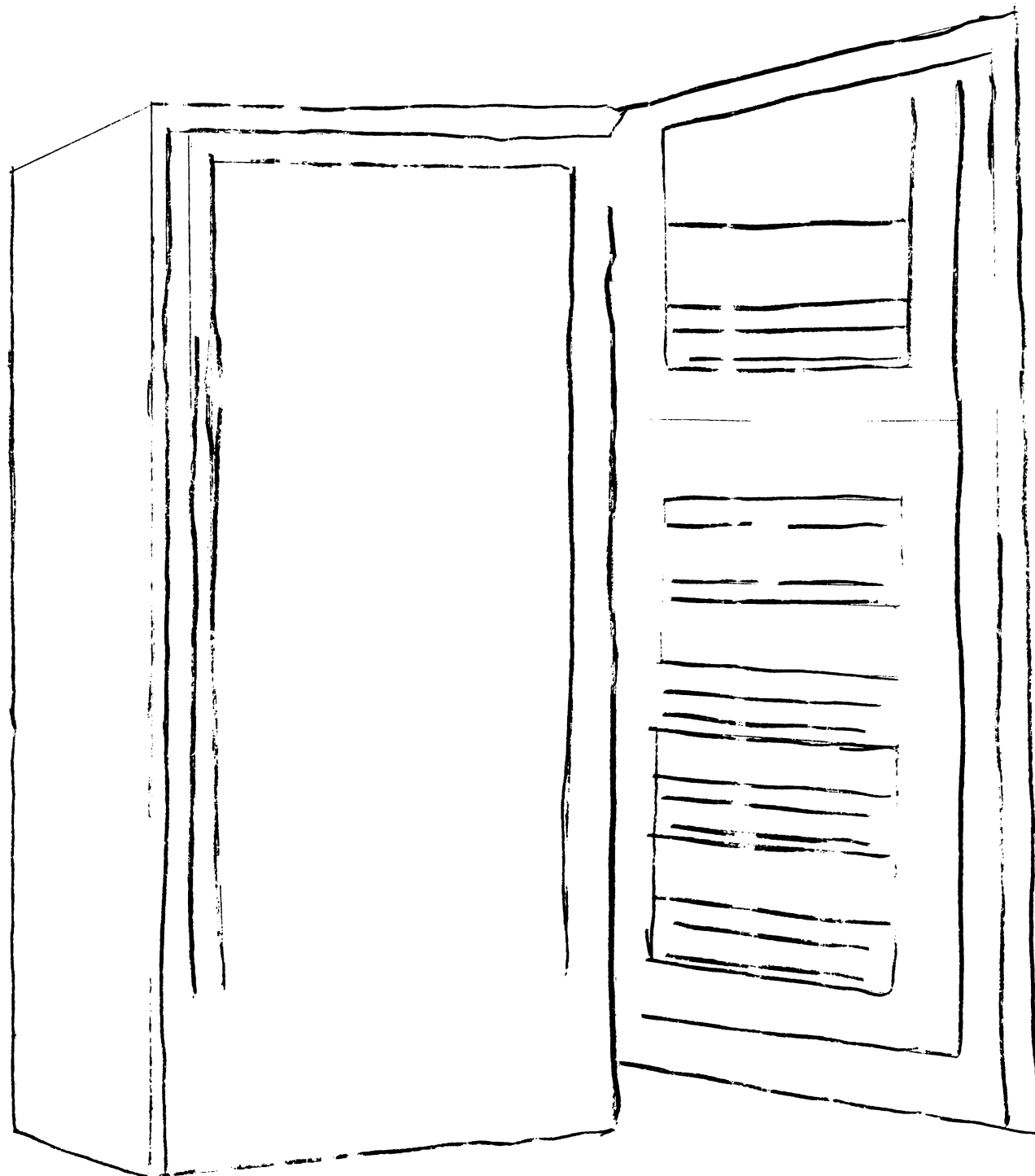


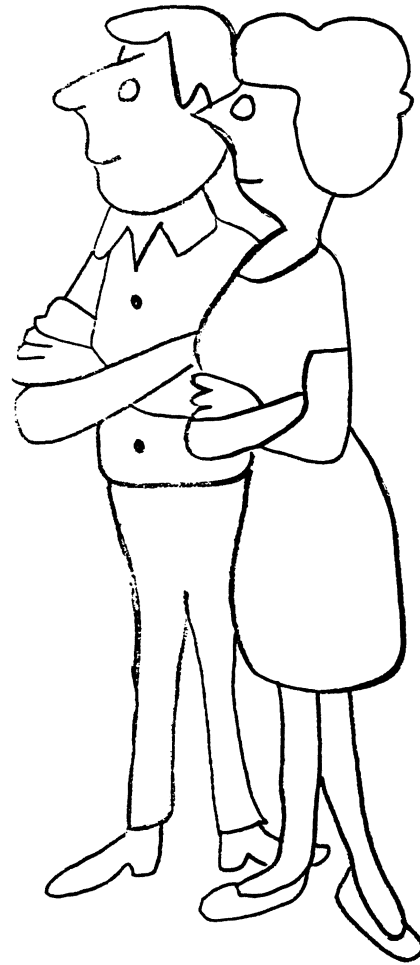
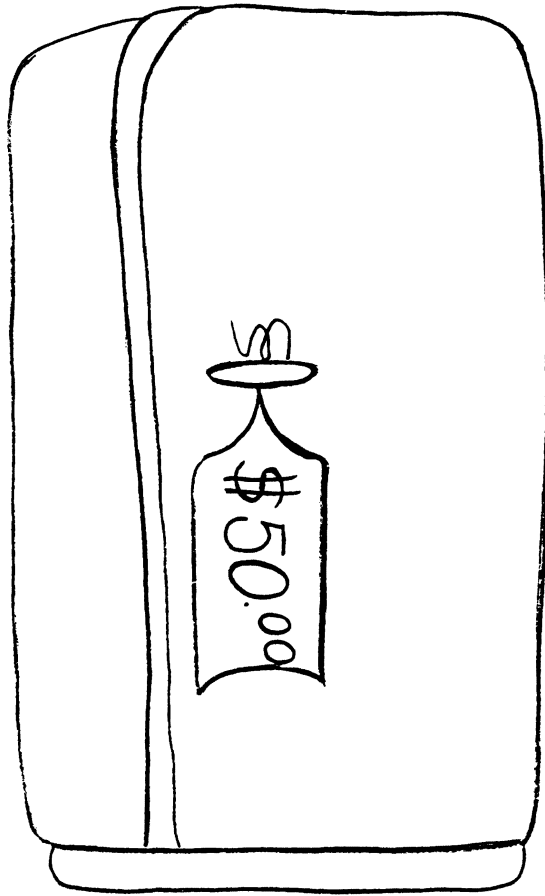


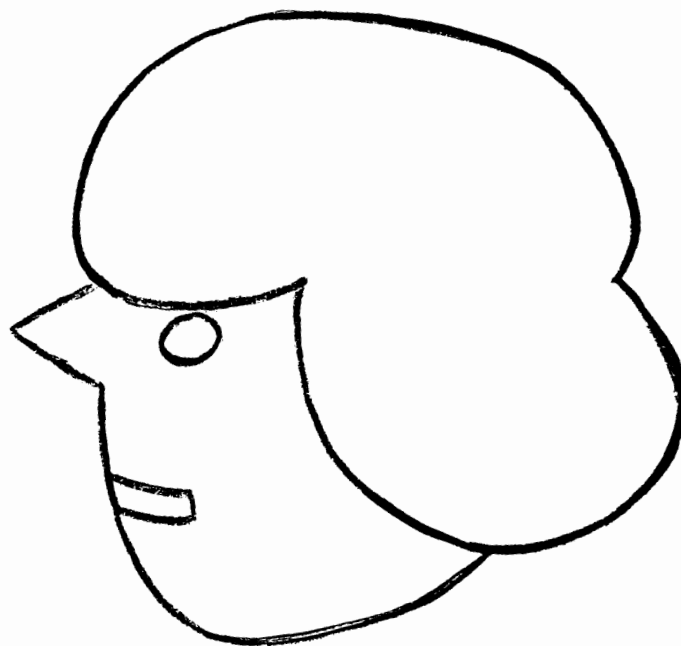
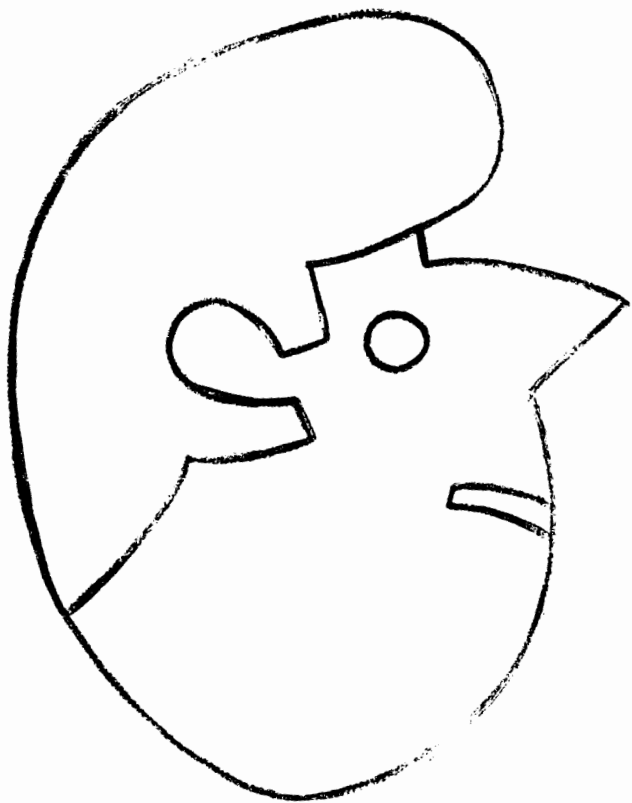


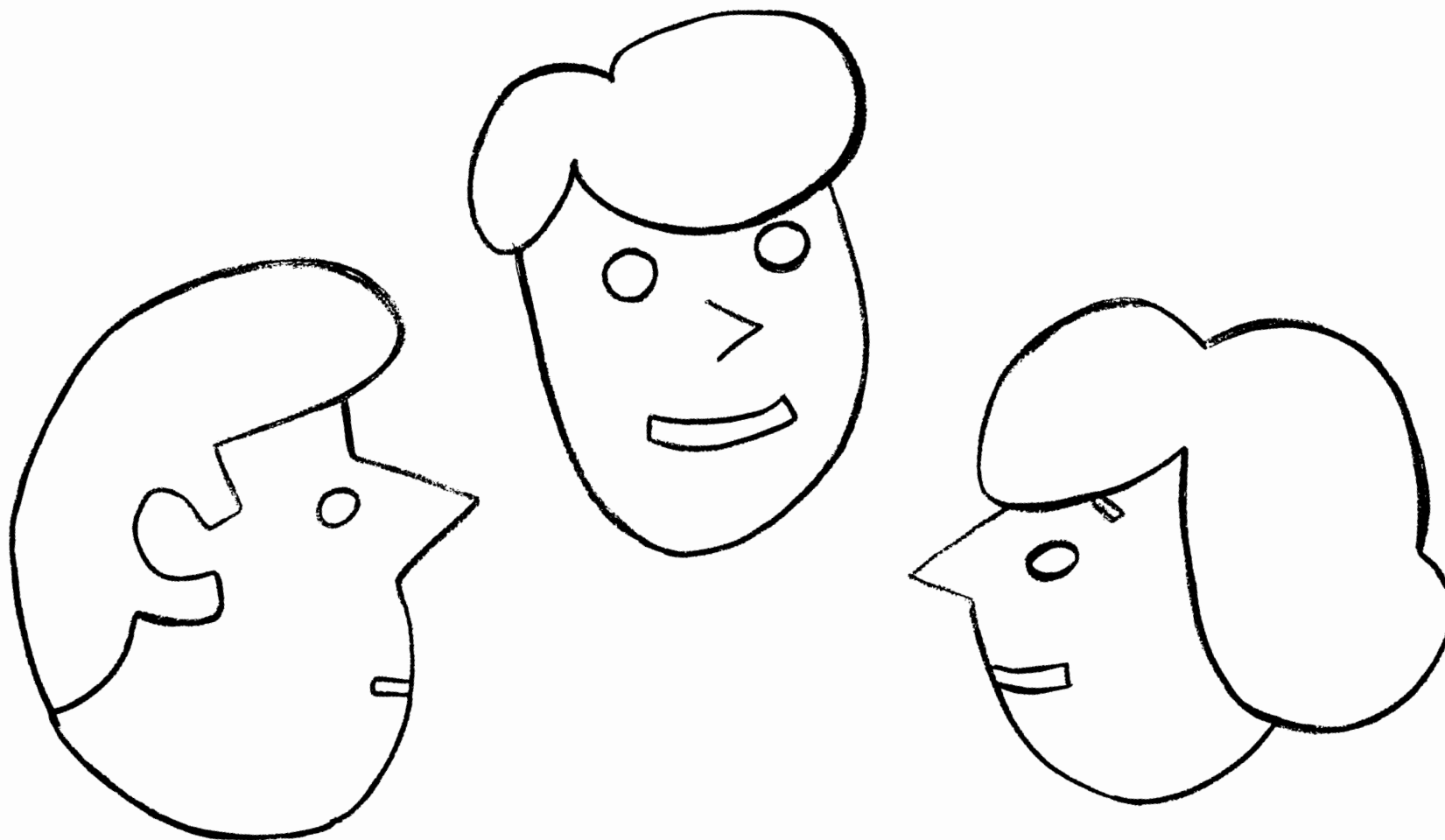


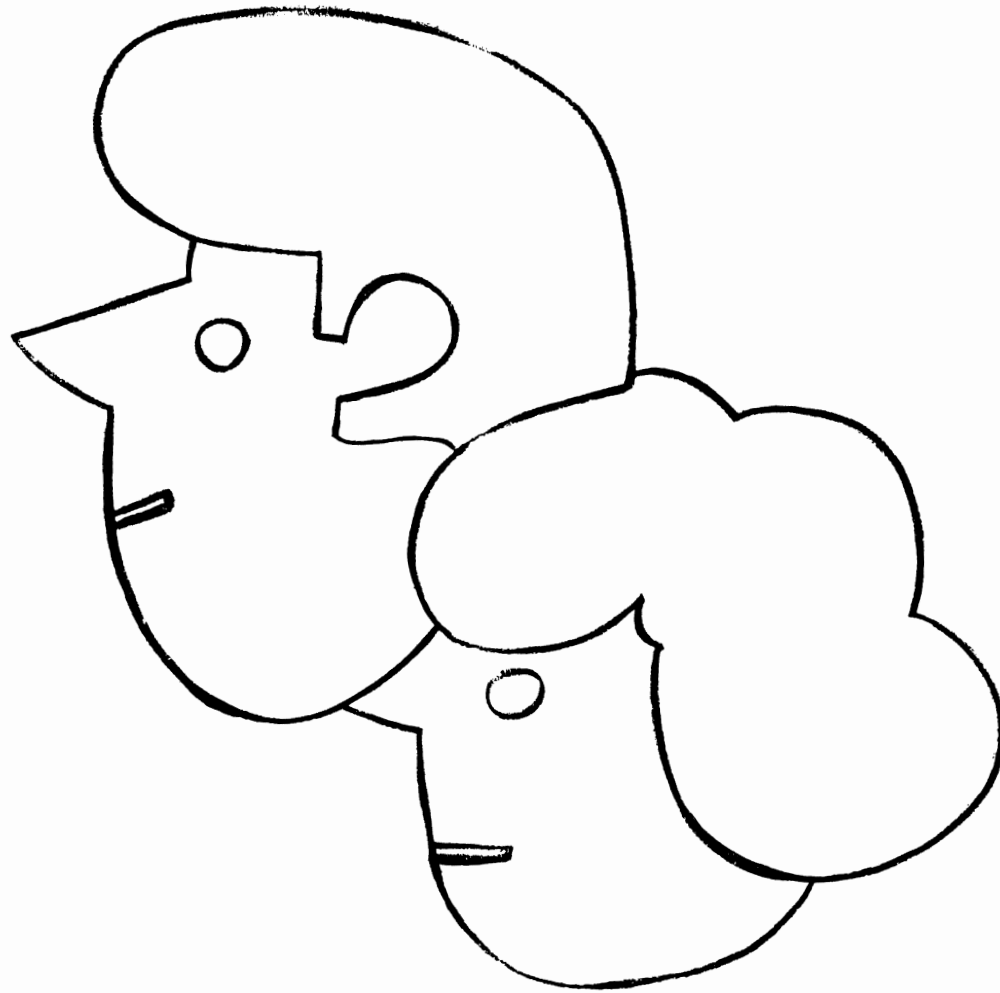


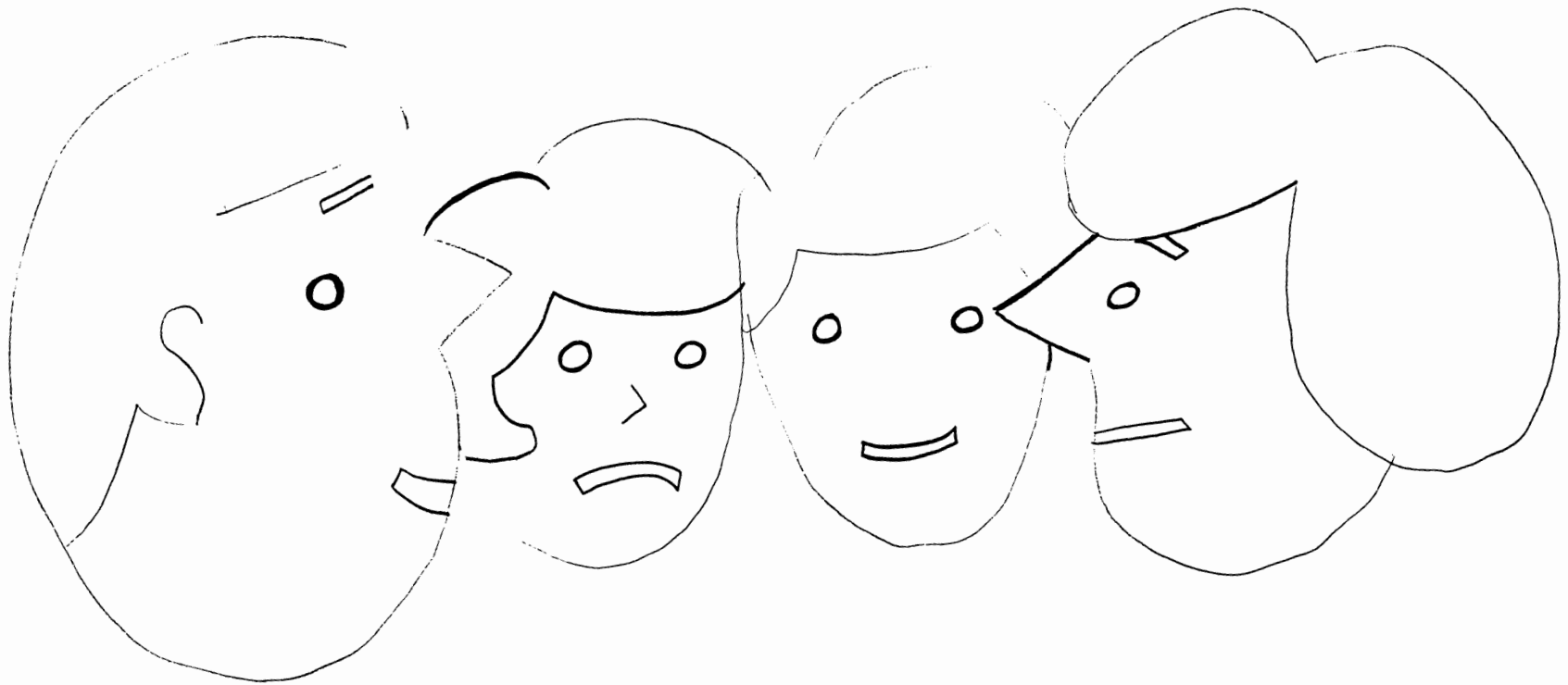


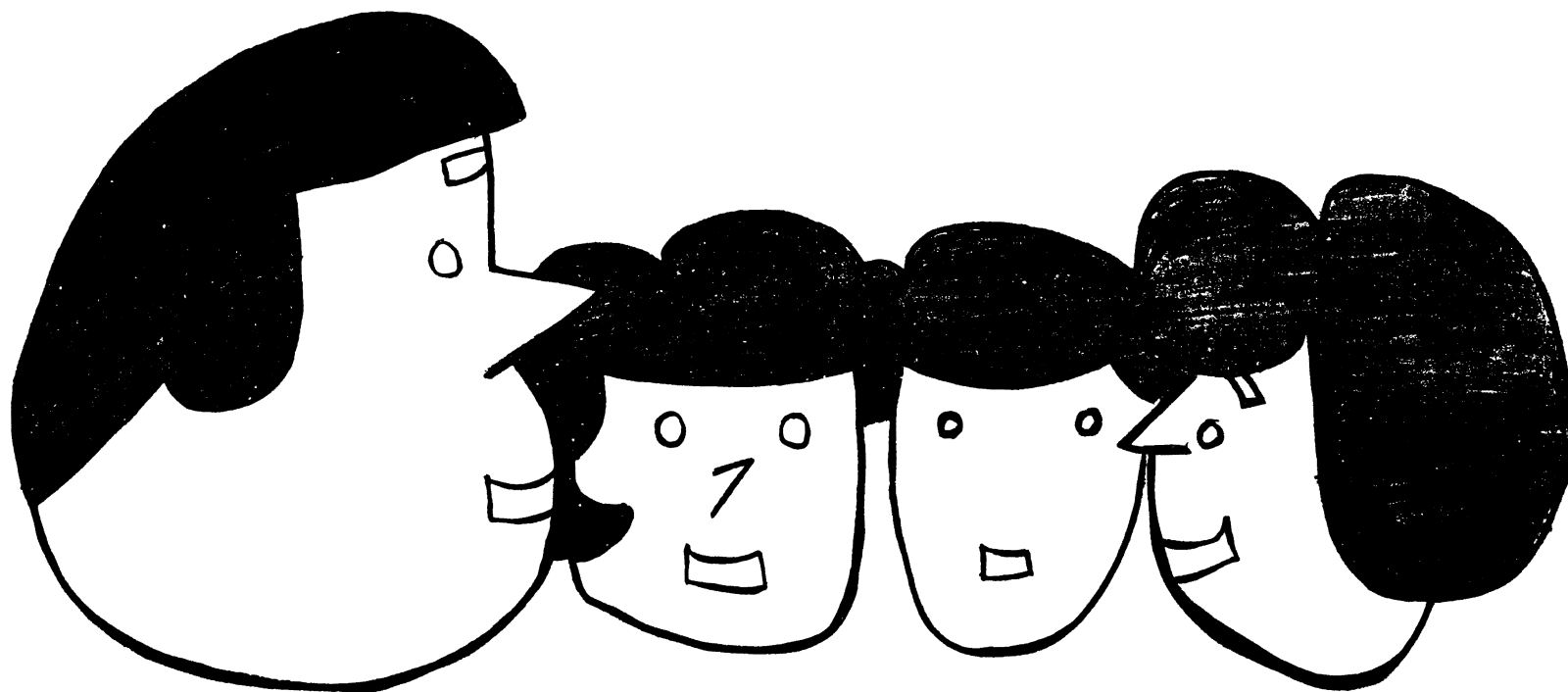






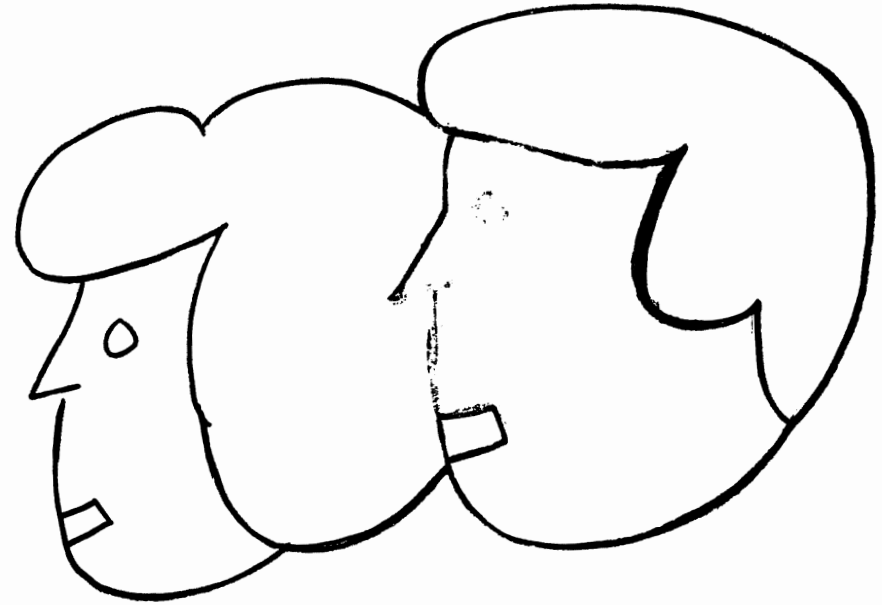
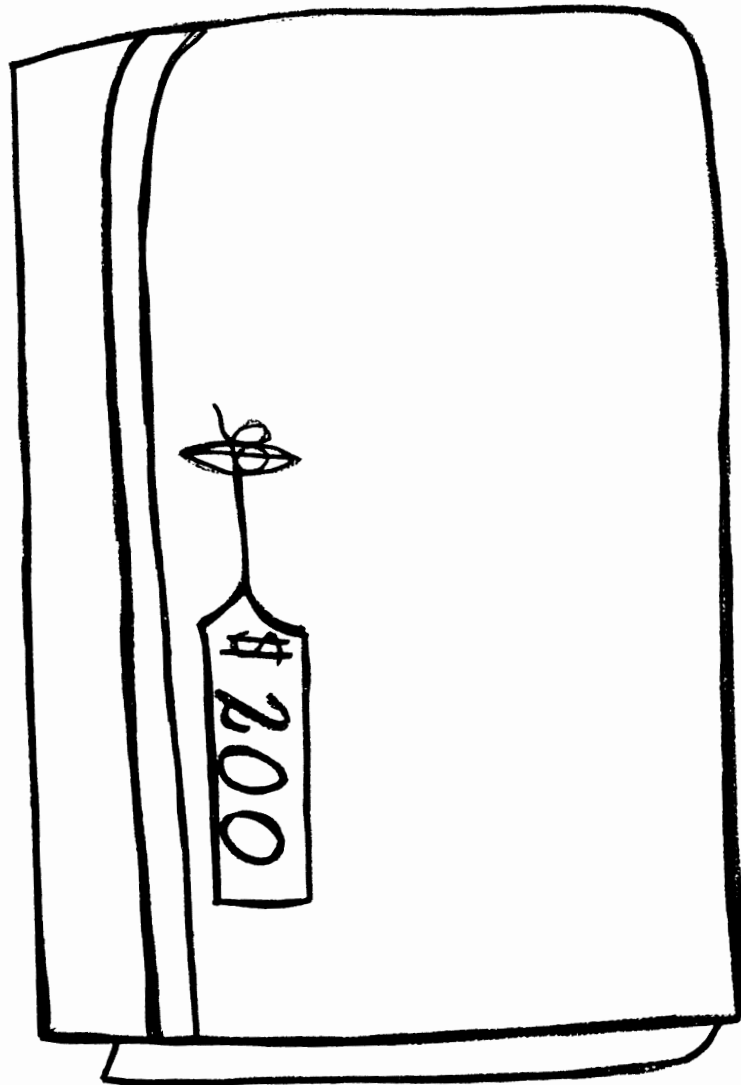




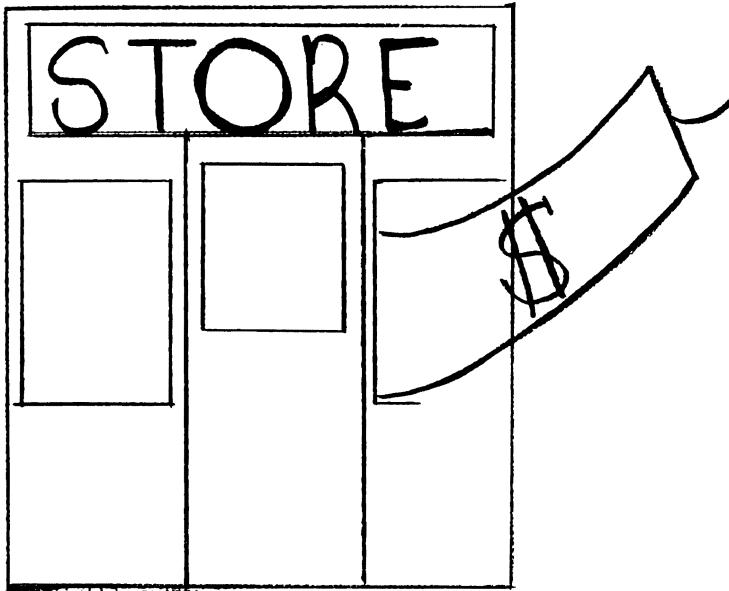


"SALE"

Script 2 No. 2







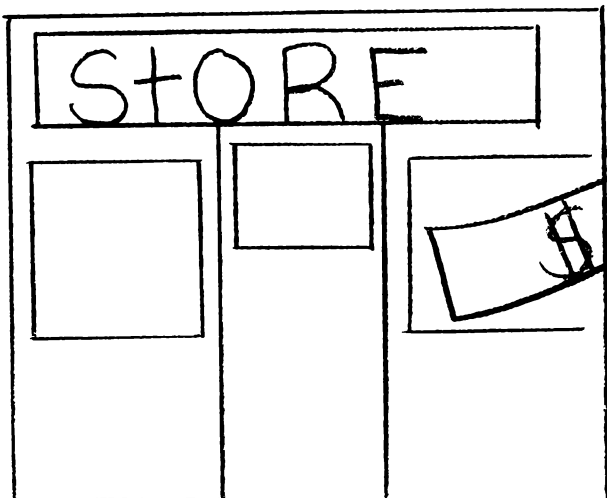
Installment
Plan

Contract
\$20 Down



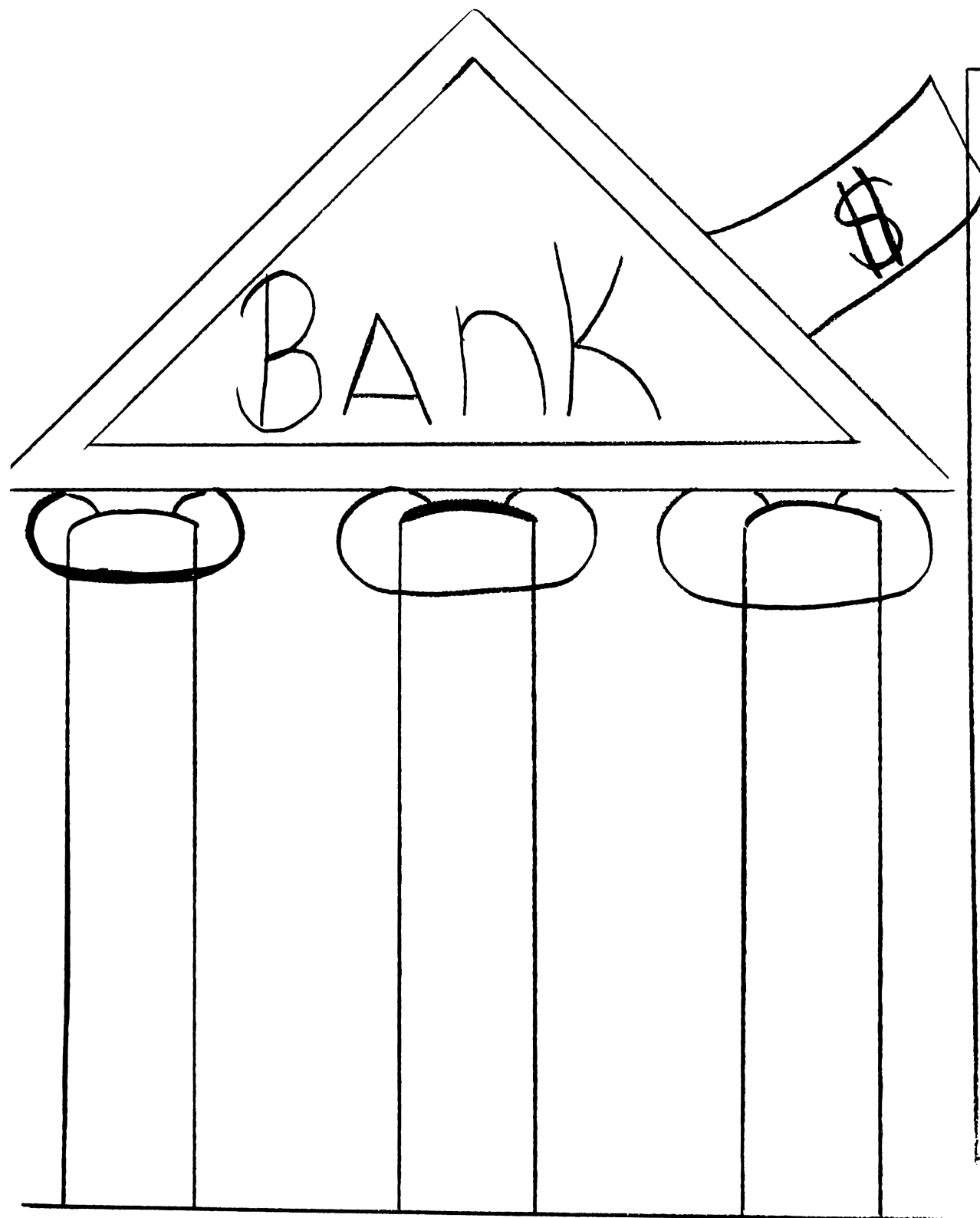
REVOLVING Account

pay EACH month
18% per year



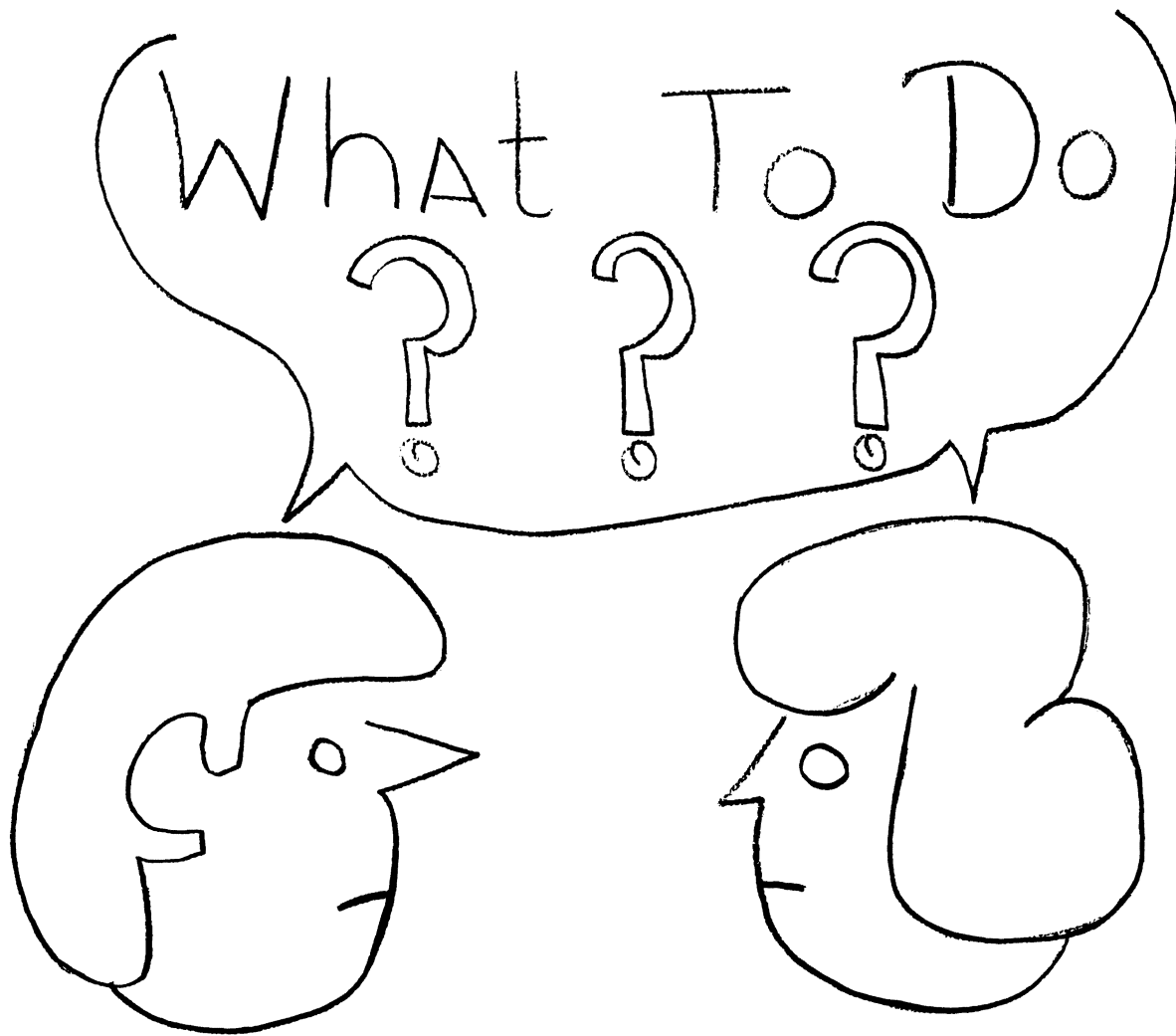
REGULAR
CHARGE
Account

Total BILL Due
in
30 Days



CASH
LOAN

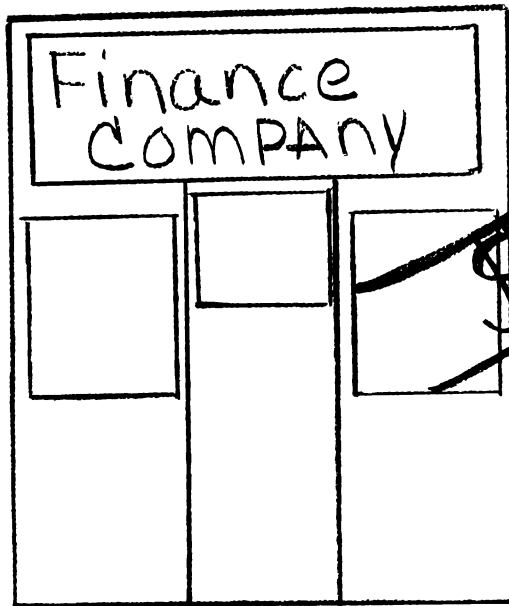
Lower
Interest
Rates





Low Interest
Rate

Monthly
Deduction
From Joe's
Paycheck



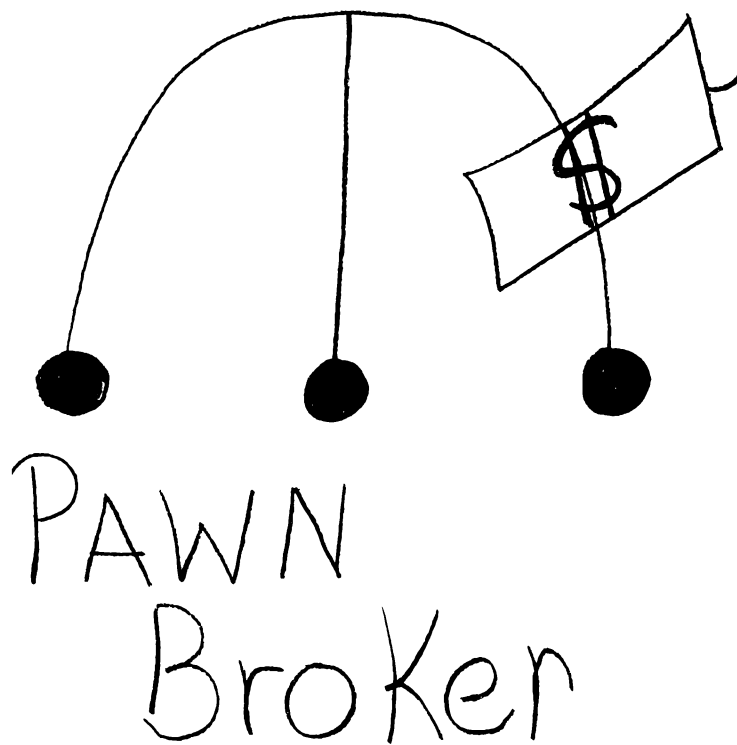
EASY

LOAN

but

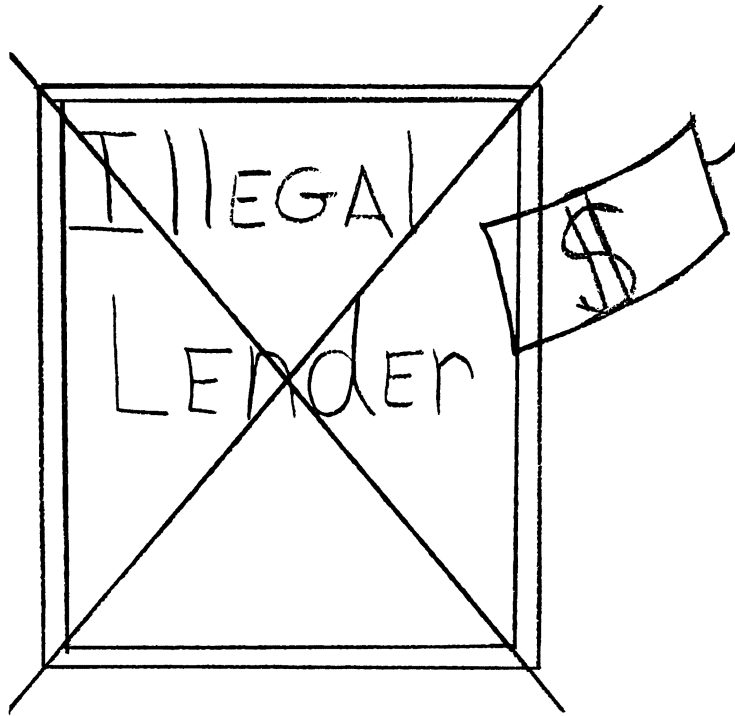
HIGH

Interest



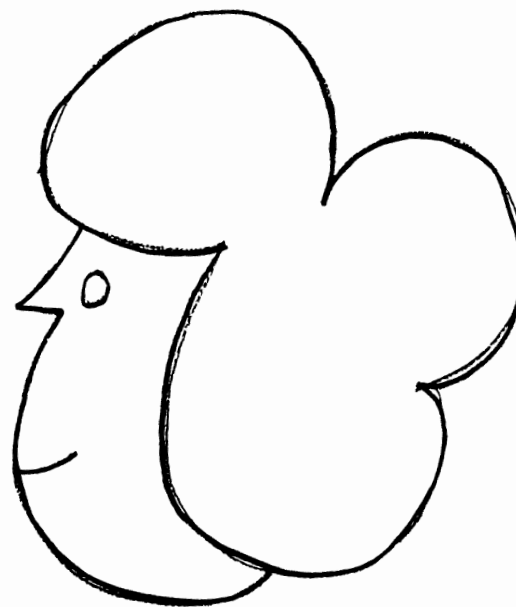
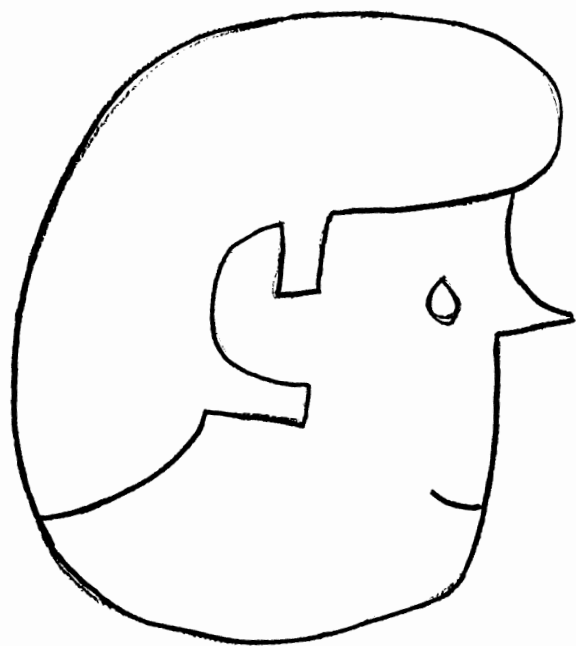
MUST HAVE
COLLATERAL

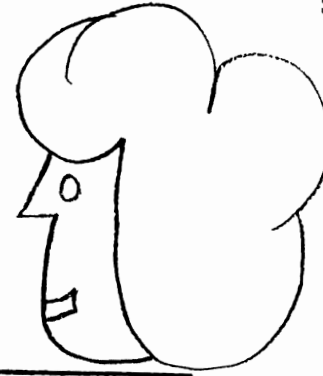
VERY high
interest rate



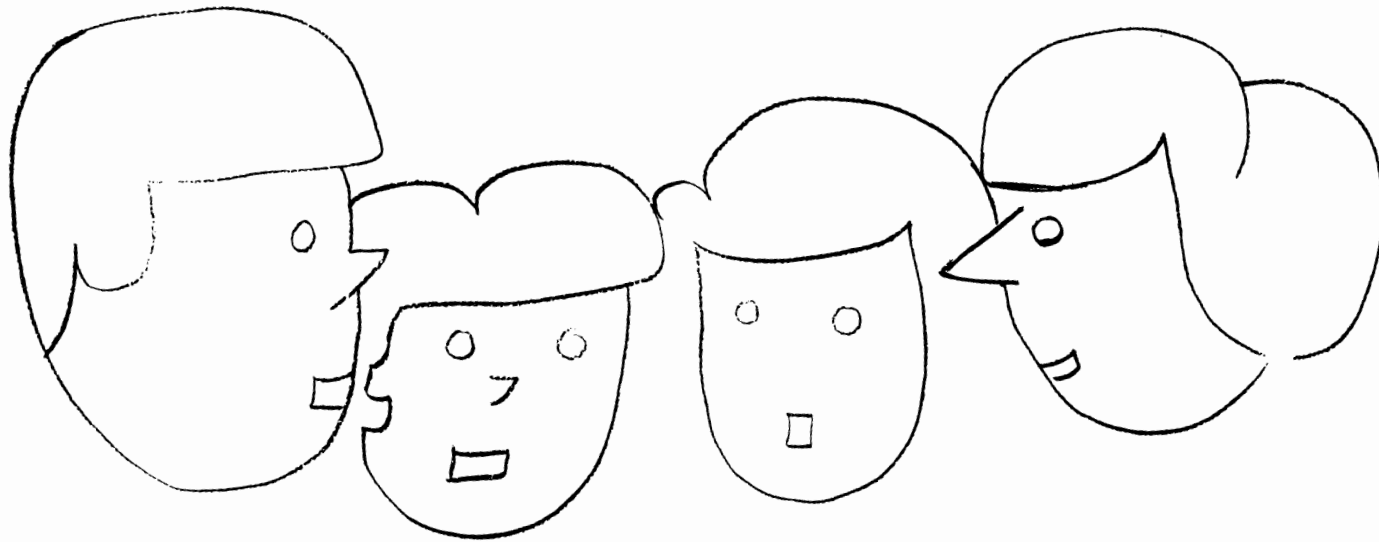
HIGHEST
Interest
RATES

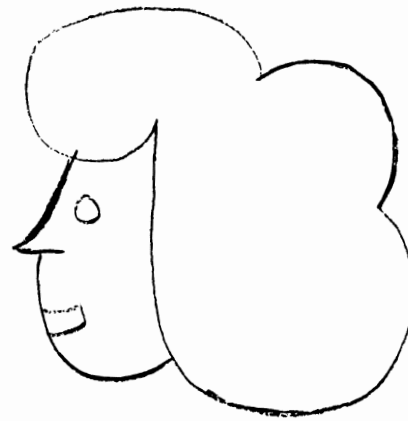
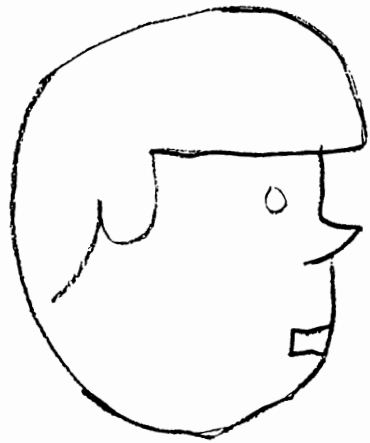
no License to
be a
LENDER



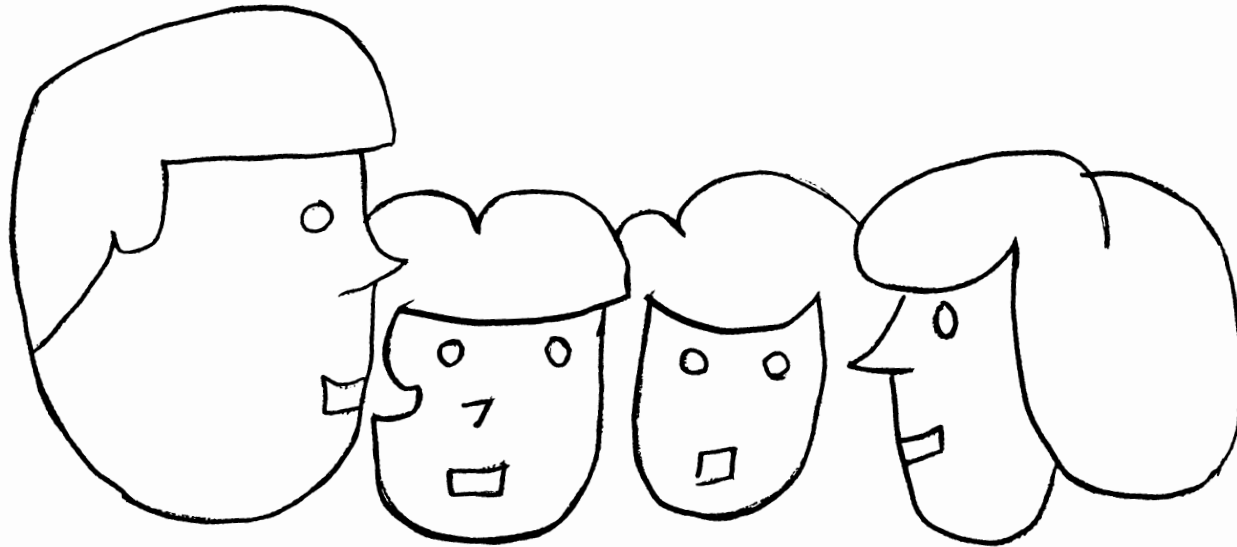


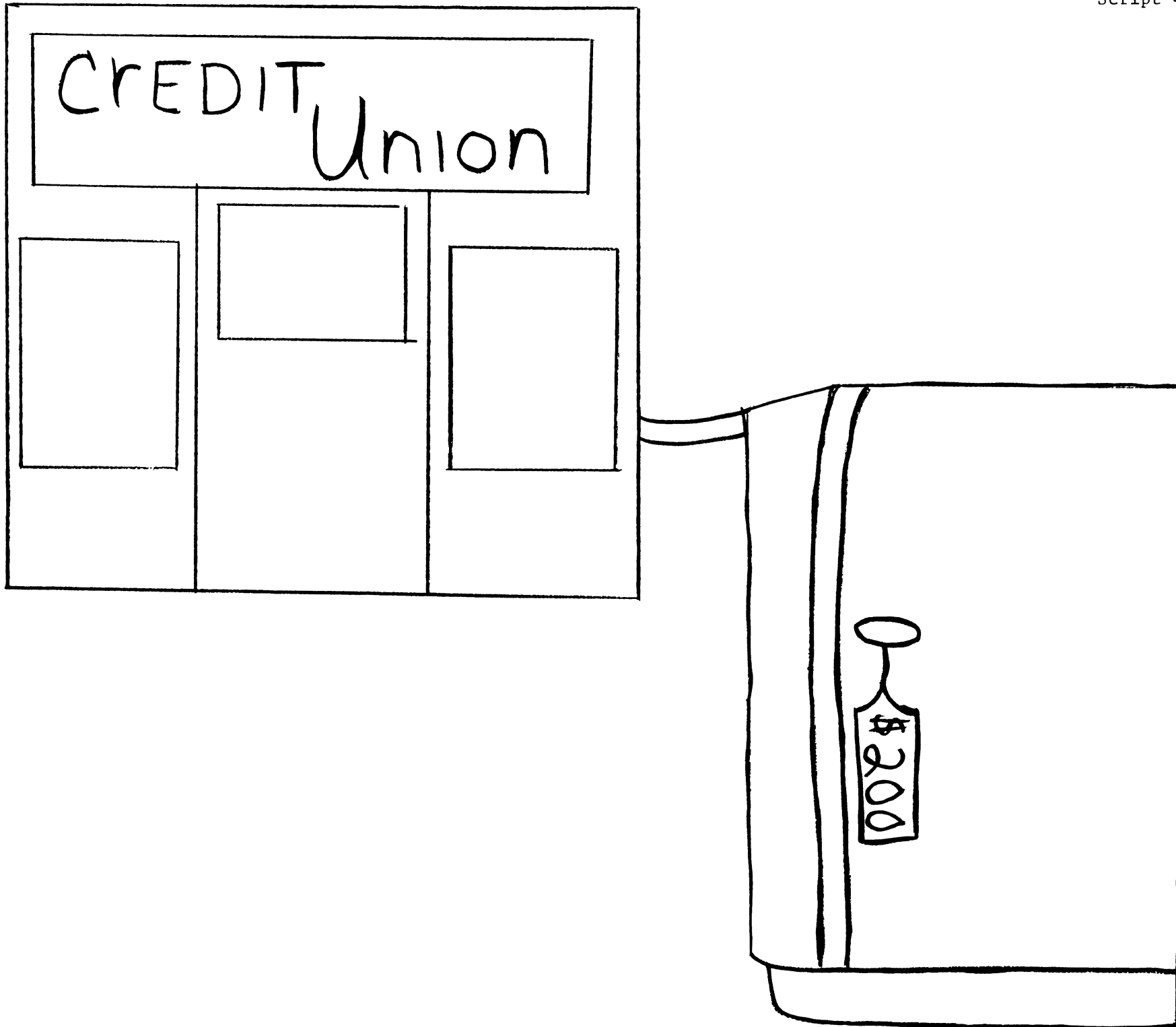
THINGS WE
NEED NOW.

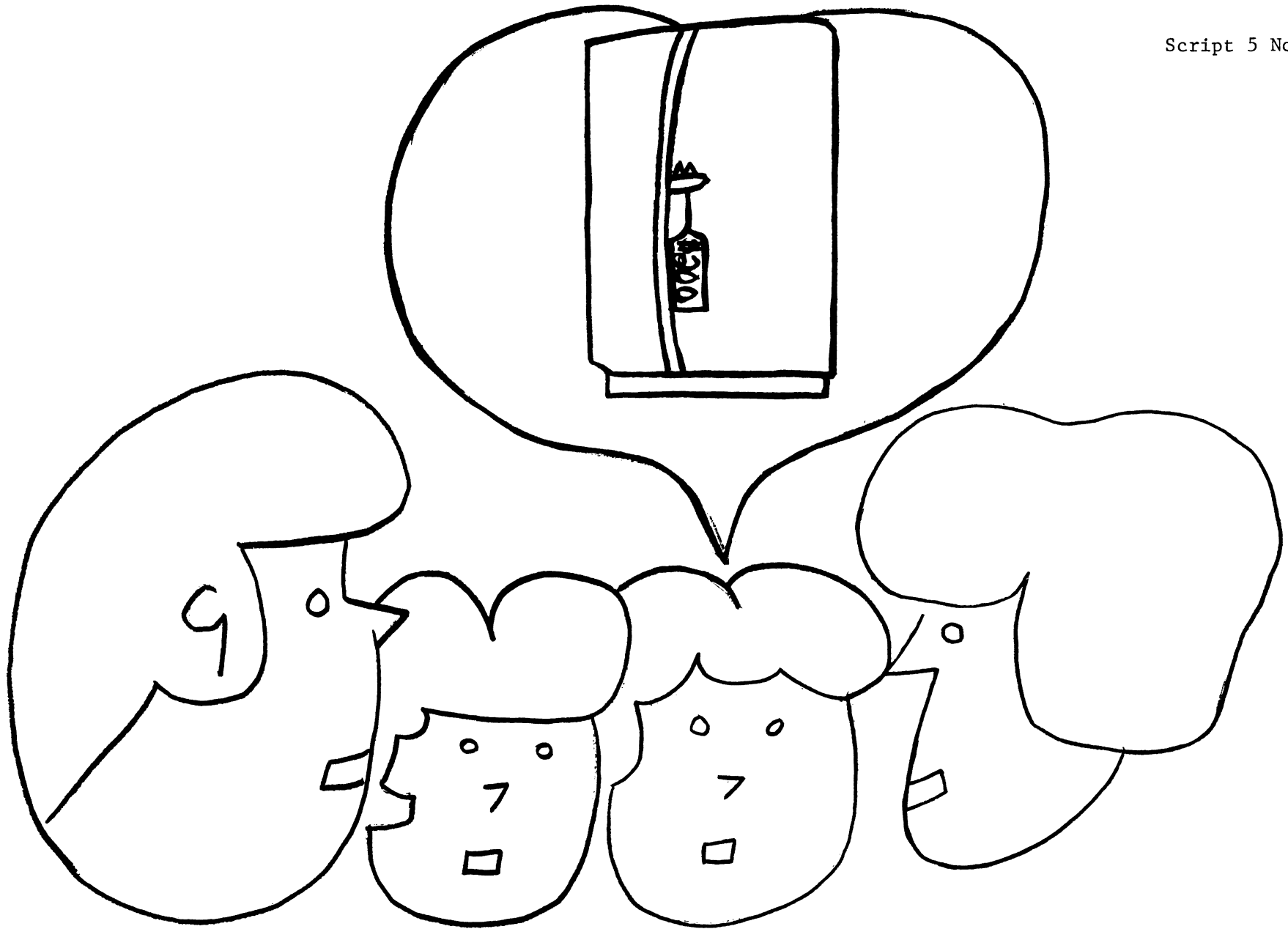




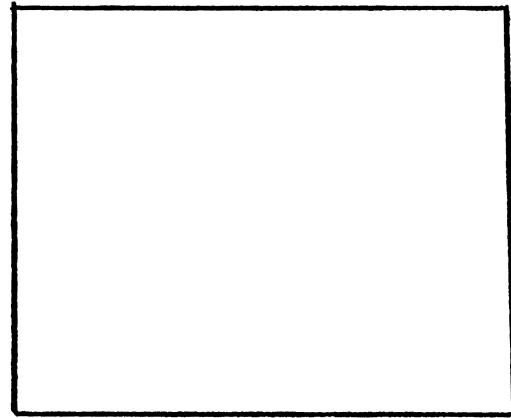
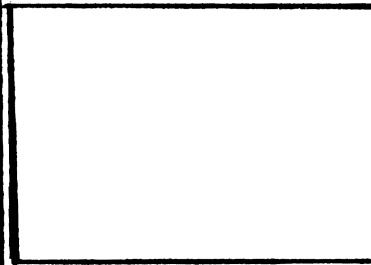
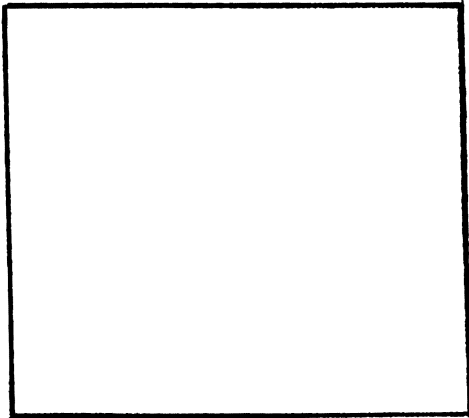
CREDIT union		







CREDIT UNION





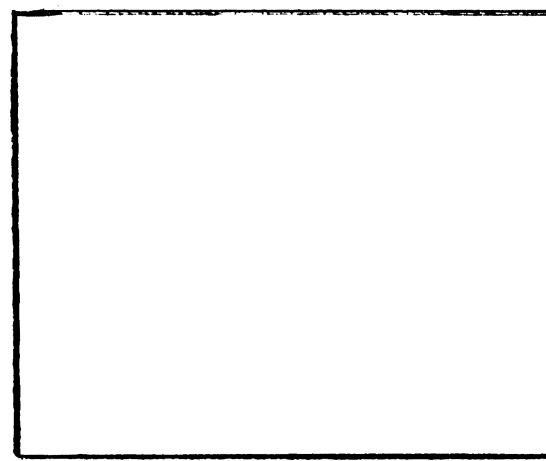
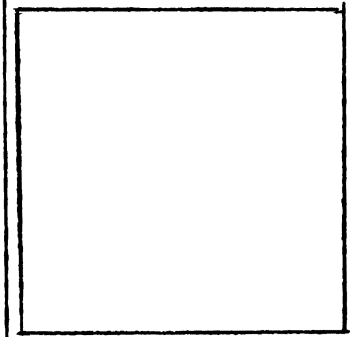
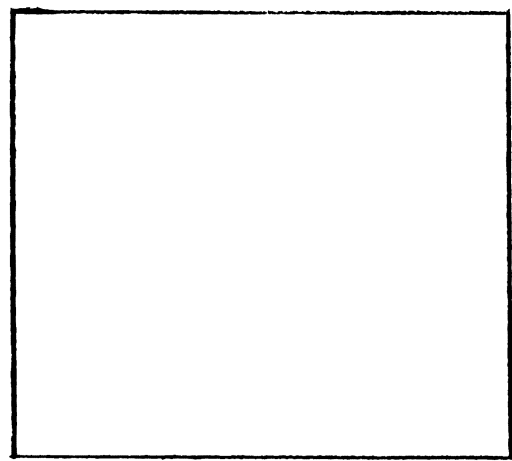
\$17.77

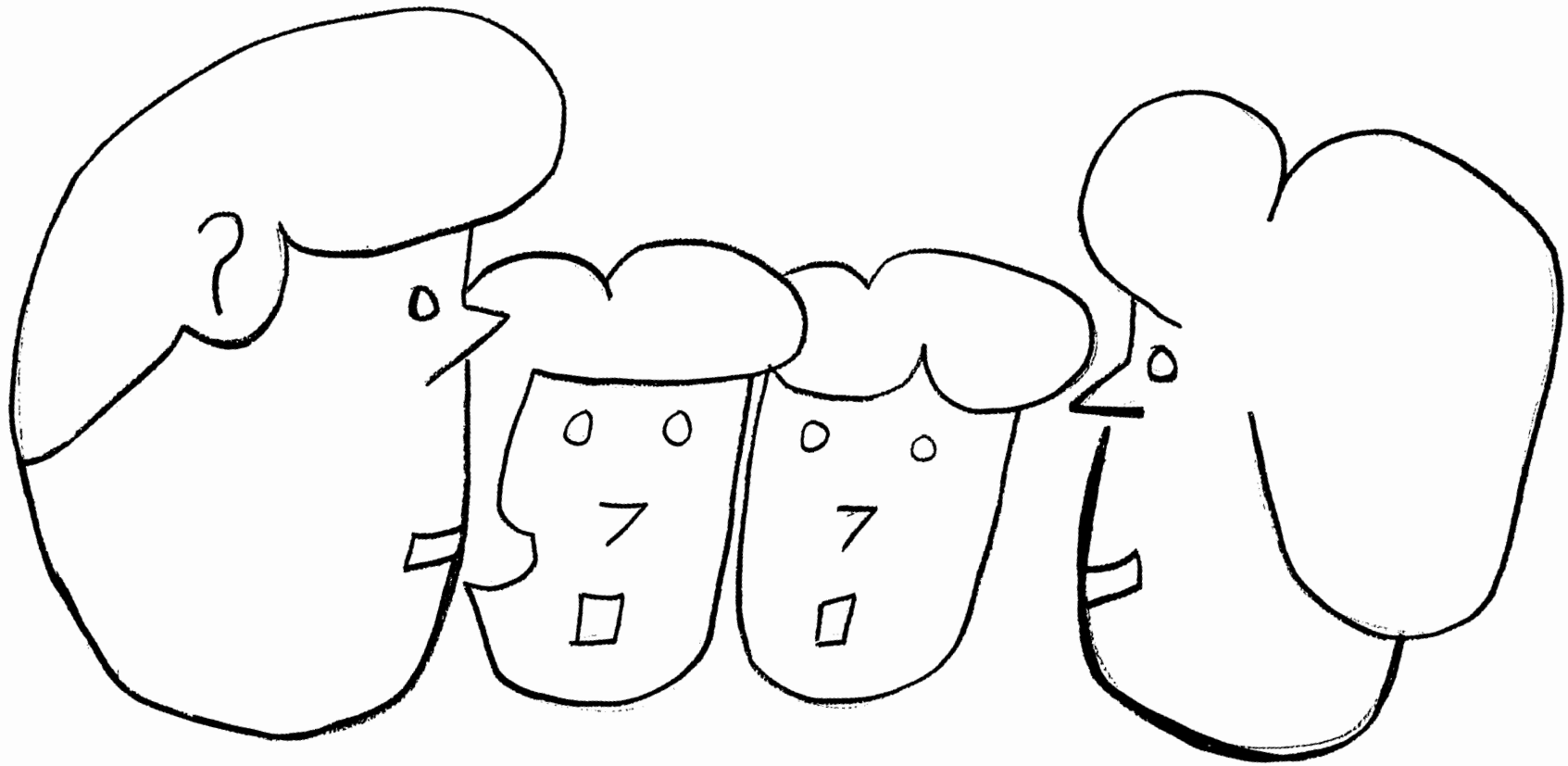
MONTHLY

PAYMENTS ON
REFRIGERATOR

??

CREDIT UNION





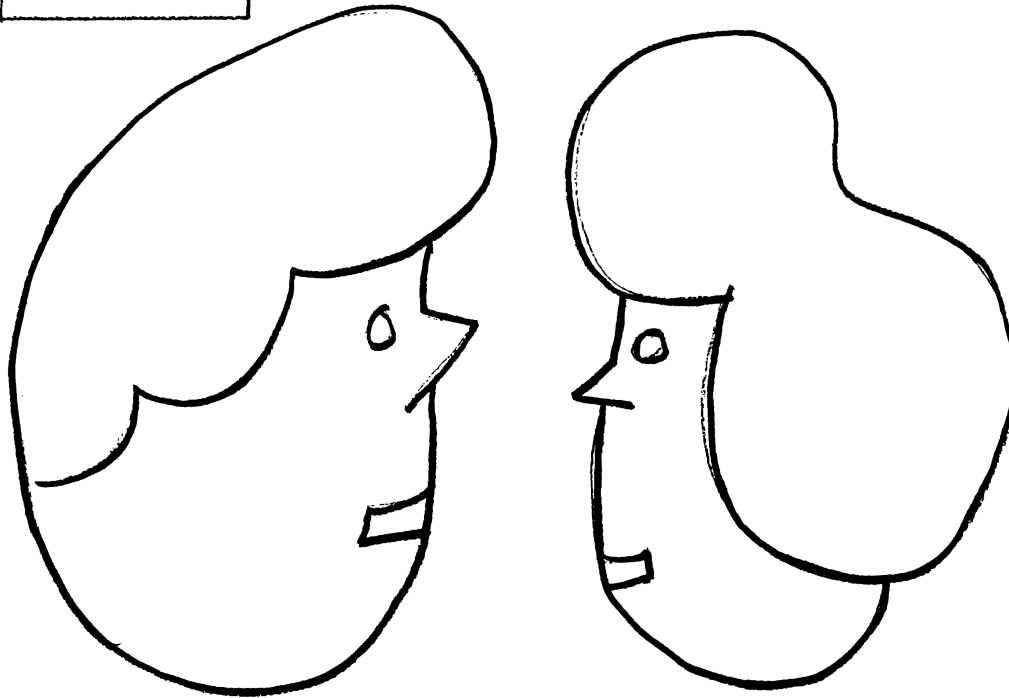
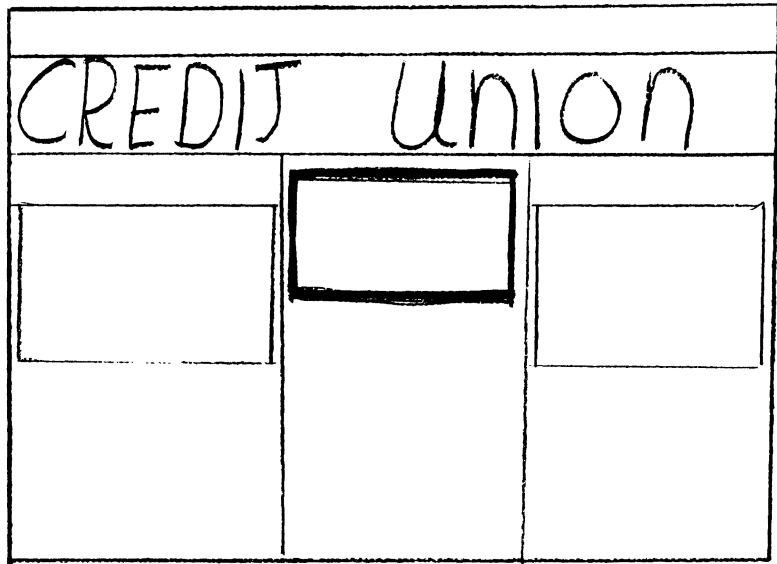
MONTHLY PAYMENTS

Script 5 No. 6

12 MONTHS	\$17.77
18 "	12.20
24 "	9.42
30 "	7.75

TOTAL INTEREST CHARGE

12 MONTHS	13.24
18 "	19.60
24 "	26.08
30 "	32.50



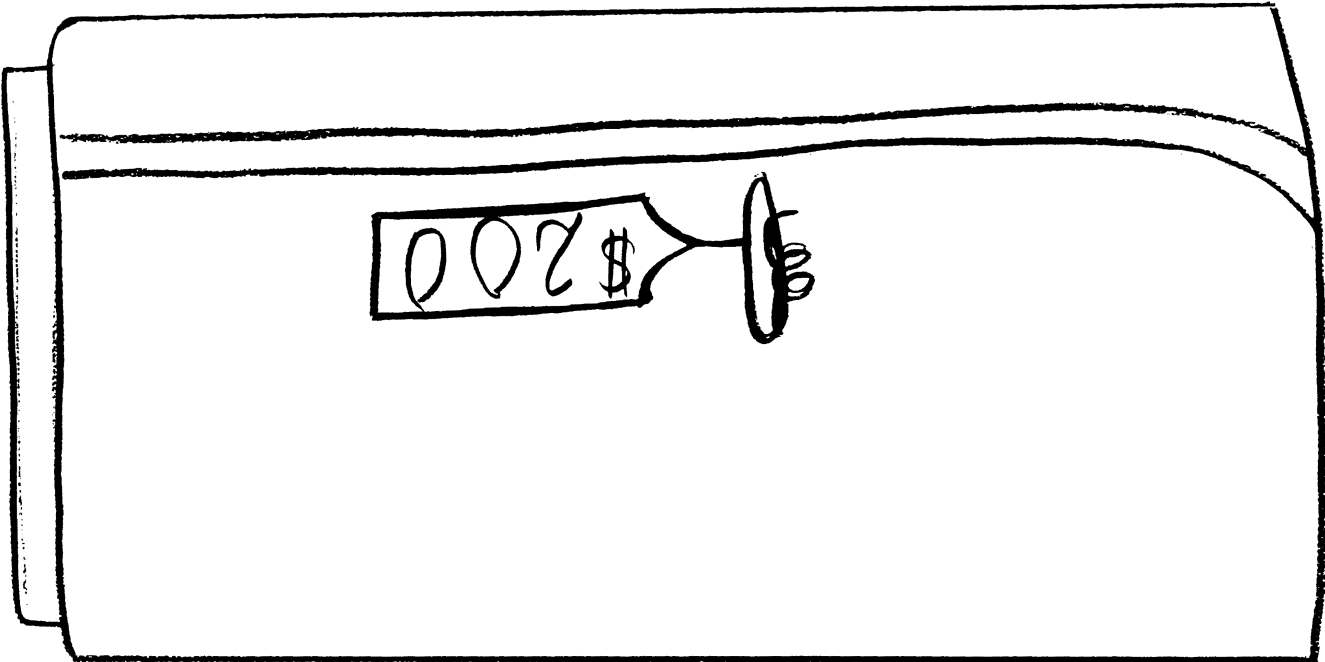
WAIT!!!

Script 5 No. 3



AND

FIND THE "BEST Buy" in CREDIT



~~SOLD~~