

# LESSON PLAN

*Demystifying Mortgages*

- IT'S A -  
**MONEY  
THING®**

## INCLUDED IN THIS PACKAGE

- **LESSON PLAN** (2 pages)
- **ACTIVITY** (5 pages)
- **QUIZ** (1 page)
- **ACTIVITY ANSWER KEY** (1 page)
- **QUIZ ANSWER KEY** (1 page)

## COLLECT FROM YOUR LIBRARY

- **VIDEO 20** (*Demystifying Mortgages*)
- **HANDOUT 20** (*Demystifying Mortgages*)
- **PRESENTATION 20** (*Demystifying Mortgages*)

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# LESSON PLAN

## Demystifying Mortgages

GRADES

10 to 12

TIME

45 minutes



### OVERVIEW

This lesson introduces students to the basics of mortgages and shows how understanding long-term borrowing can support smarter financial choices in the future. Students will learn common terms, compare different mortgage types and see how payments change as a loan is repaid.

### GOALS

- Introduce students to the role mortgages play in home ownership and what to consider when taking on long-term debt
- Help students build confidence in understanding mortgage vocabulary and concepts to prepare them for future financial decisions

### OBJECTIVES

- Explain the purpose of a mortgage and how it helps people finance a home over time
- Identify factors that influence a mortgage's overall cost, including APR, taxes and fees
- Describe the key differences between fixed-rate and adjustable-rate mortgages
- Explain how an amortization schedule affects each payment's split between interest and principal

### ASSESSMENT

Use the activity in this lesson plan to assess students' grasp of the topic. An optional quiz is also provided (the quiz is not factored into the lesson's 45-minute runtime).

**Did you know?** This lesson plan explores concepts from Standard 5 (Managing Credit) from the **Council for Economic Education's National Standards for Personal Financial Education**.

### MATERIALS

- ☐ **VIDEO 20**—*Demystifying Mortgages*
- ☐ **HANDOUT 20**—*Demystifying Mortgages*
- ☐ **PRESENTATION 20**—*Demystifying Mortgages*
- ☐ **ACTIVITY**—*Mortgage Memory and Answer Key*
- ☐ **QUIZ**—*Demystifying Mortgages and Answer Key*

### PREPARATION

- Gather digital materials (video and presentation)
- Prepare the **ACTIVITY**: Print one copy of the Activity and one copy of the Answer Key for each group; cut out the card sets on Activity pages 4–5.
- Print **HANDOUT 20** for each student to take home
- (Optional) Print **QUIZ** (Demystifying Mortgages) for each student

# Demystifying Mortgages

**10 minutes** Introduce topic and show **VIDEO 20** (*Demystifying Mortgages*)

## 20 minutes Facilitate ACTIVITY

**5 minutes** Wrap up and distribute  
**HANDOUT 20**

**(Optional)** Assessment: **QUIZ**  
(Demystifying Mortgages)

1. Begin with a short discussion:
  - What makes buying a home different from most other purchases?
  - Why do you think most people can't pay for a home all at once?

Guide students toward ideas about cost, responsibility and long-term borrowing.
2. Introduce the video: "Most homebuyers use a mortgage because it allows them to spread payments over many years. The trade-off is that long-term borrowing adds costs like interest and fees. Let's watch a video that shows how those costs work and how mortgage payments change over time."
3. Show **VIDEO 20**
4. Go over **PRESENTATION 20** to reinforce the main concepts from the video
5. Facilitate the **ACTIVITY**
  - Divide students into small groups (ideally five students); each group will have two teams and one scorekeeper
  - Give each group a copy of the Activity materials (Instructions, Score Sheet, Bonus Sets Reference Card and Mortgage Memory Cards)

- Distribute the Answer Key to the scorekeeper of each group
- Review the setup and gameplay instructions together as a class
- Have each group shuffle the cards and arrange them face down in a grid
- Teams take turns attempting to match mortgage terms with their definitions
- The scorekeeper uses the Answer Key to confirm matches and challenges, and records points on the Score Sheet
- Matched pairs are removed from play and kept by the team that claimed them
- Play continues until all matches are found or time runs out
- At the end of the game, the scorekeeper applies bonus points for any completed **Bonus Sets** listed on the Reference Card; the team with the highest total score wins

6. Wrap up by asking students to share one mortgage term or idea they understand better now than they did before
7. Distribute **HANDOUT 20**
8. (Optional) Distribute **QUIZ** for individual assessment, or answer the questions together as a class; decide whether or not students can reference their notes/handouts during the quiz

## NOTES

[illegible]



# ACTIVITY

## Demystifying Mortgages

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### MORTGAGE MEMORY

In this memory-style matching game, students work in teams to match common mortgage terms with their correct definitions. Teams earn points for correct matches, successful challenges and completing themed bonus sets.

#### SETUP

Divide students into groups of **5 players**.

Give each group:

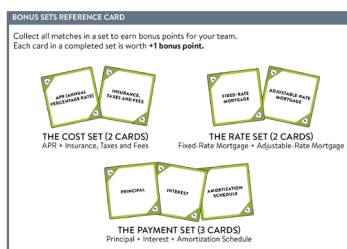
- Mortgage Memory Cards (pages 4–5)
- Score Sheet (page 2)
- Bonus Sets Reference Card (page 3)
- Answer Key (for the scorekeeper only)
- Pencil or pen

Within each group, assign one **scorekeeper** and give them the Score Sheet and the Answer Key. The scorekeeper records all points, including any bonus points at the end of the game.

Divide the remaining players into two teams.

Have the group shuffle the cards and arrange them face down in a grid.

Place the Bonus Sets Reference Card face up, visible to all players.



**Bonus Sets award extra points when all matches in a themed set are collected.**

#### HOW TO PLAY

Teams take turns. On each turn:

1. The active team flips two cards face up.
2. The team reviews the cards and decides whether they form a correct match.

**If the cards do not match:**

- The cards are flipped back face down and the turn ends.

**If the team believes the cards match:**

- The team announces that they are claiming the match.
- The opposing team may choose to challenge the claim.
- The scorekeeper checks the Answer Key to confirm the result.
- Play passes to the other team.

Matched pairs are removed from the grid and kept by the team that claimed them.

The game ends when all matches are found. The team with the highest total score wins.

#### SCORING

Points are awarded as follows:

- **Correct match claimed:** +1 point
- **Correct challenge:** +1 point
- **Incorrect challenge:** -1 point

**Bonus points** are awarded at the end of the game for completing Bonus Sets, as shown on the Bonus Sets Reference Card.



# ACTIVITY

## *Demystifying Mortgages*

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### MORTGAGE MEMORY

#### SCORE SHEET

Use this score sheet to track points for each team during the game.

Team Name	Match Points	Challenge Points	Bonus Points	Total Points
Team A:				
Team B:				

#### SCORING REMINDER

- **Correct match:** +1 point
- **Correct challenge:** +1 point
- **Incorrect challenge:** -1 point
- **Bonus points:** +1 point for each card in a completed set



# ACTIVITY

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### MORTGAGE MEMORY

#### BONUS SETS REFERENCE CARD

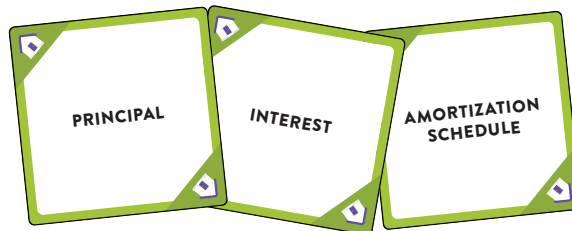
Collect all matches in a set to earn bonus points for your team.  
Each card in a completed set is worth **1 bonus point**.



**THE COST SET (2 CARDS)**  
APR + Insurance, Taxes and Fees



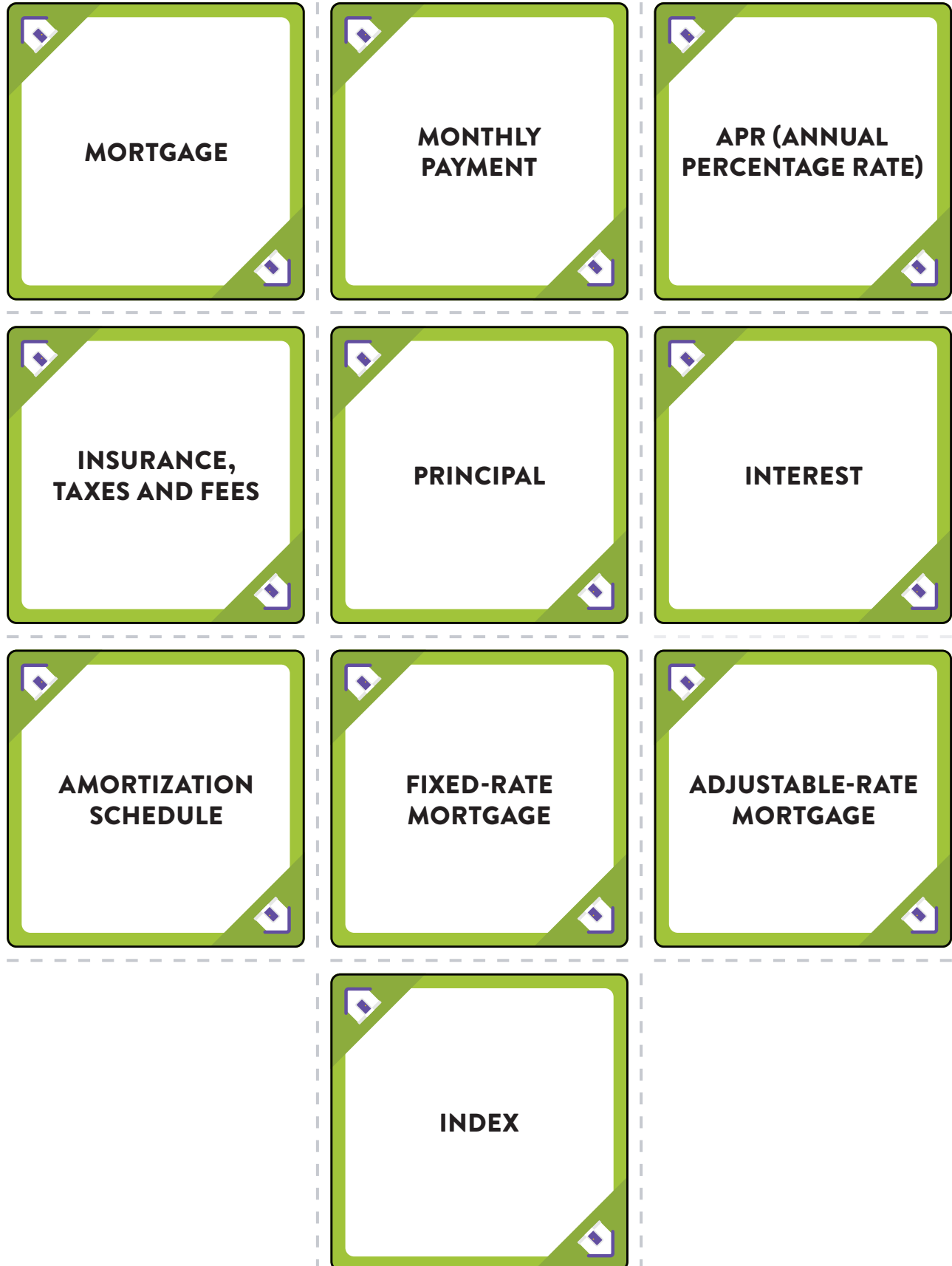
**THE RATE SET (2 CARDS)**  
Fixed-Rate Mortgage + Adjustable-Rate Mortgage



**THE PAYMENT SET (3 CARDS)**  
Principal + Interest + Amortization Schedule

## MORTGAGE MEMORY-CARDS

Directions: Print and cut out the cards (cardstock recommended) to use in the memory game.



## MORTGAGE MEMORY-CARDS

Directions: Print and cut out the cards (cardstock recommended) to use in the memory game.

**A LONG-TERM LOAN  
THAT LETS YOU  
BUY A HOME AND  
REPAY THE LOAN  
OVER TIME**

**A PAYMENT SPLIT  
BETWEEN PRINCIPAL  
AND INTEREST**

**THE YEARLY COST  
OF BORROWING,  
INCLUDING INTEREST  
AND CERTAIN FEES**

**EXTRA COSTS  
THAT INCREASE  
THE TOTAL AMOUNT  
YOU PAY FOR  
A MORTGAGE**

**THE PART OF  
EACH PAYMENT  
THAT REDUCES  
YOUR LOAN  
BALANCE**

**A COST YOU  
PAY THE LENDER  
FOR BORROWING  
MONEY**

**A PLAN  
SHOWING HOW  
EACH PAYMENT  
REDUCES YOUR  
LOAN OVER TIME**

**A LOAN WITH A  
RATE THAT STAYS  
THE SAME FOR THE  
ENTIRE TERM**

**A LOAN WITH  
A RATE THAT MAY  
RISE OR FALL,  
BASED ON THE  
ECONOMY**

**A BENCHMARK  
LENDERS USE TO  
SET AND ADJUST  
MORTGAGE RATES**





# QUIZ

## Demystifying Mortgages

NAME: \_\_\_\_\_

TOTAL  
/ 7 pts

### MULTIPLE CHOICE

Directions: CIRCLE the best possible answer to each question.

1. What does APR tell you about a loan?
  - a. Only the interest rate
  - b. The yearly cost of borrowing, including certain fees
  - c. The price of the home itself
  - d. The amount of principal in each payment
2. Which statement best describes an adjustable-rate mortgage?
  - a. The interest rate stays the same
  - b. The interest rate can change over time
  - c. The loan has no interest charges
  - d. The payments always stay the same
3. According to an amortization schedule, which part of the loan is paid down more slowly at the beginning?
  - a. The principal
  - b. The interest
  - c. The taxes
  - d. The index
4. Why might someone choose a fixed-rate mortgage?
  - a. The payments stay predictable
  - b. The loan ends sooner
  - c. The rate changes with the economy
  - d. There are no additional costs

/4 pts

### SHORT ANSWER

Directions: Answer the following question in a few sentences.

5. List three (3) facts that describe a mortgage.

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/3 pts

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# ACTIVITY ANSWER KEY

## *Demystifying Mortgages*

### MORTGAGE MEMORY

**Directions:** Use this answer key to check matches during the game. Terms are listed in alphabetical order for easy reference.

TERM	MATCHING DEFINITION
Adjustable-rate mortgage	A loan with a rate that may rise or fall, based on the economy
Amortization schedule	A plan showing how each payment reduces your loan over time
APR (Annual Percentage Rate)	The yearly cost of borrowing, including interest and certain fees
Fixed-rate mortgage	A loan with a rate that stays the same for the entire term
Index	A benchmark lenders use to set and adjust mortgage rates
Insurance, taxes and fees	Extra costs that increase the total amount you pay for a mortgage
Interest	A cost you pay the lender for borrowing money
Monthly payment	A payment split between principal and interest
Mortgage	A long-term loan that lets you buy a home and repay the loan over time
Principal	The part of each payment that reduces your loan balance



# QUIZ ANSWER KEY

## Demystifying Mortgages

### MULTIPLE CHOICE

Directions: CIRCLE the best possible answer to each question.

1. What does APR tell you about a loan?
  - a. Only the interest rate
  - ☒ b. The yearly cost of borrowing, including certain fees
  - c. The price of the home itself
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2. Which statement best describes an adjustable-rate mortgage?
  - a. The interest rate stays the same
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3. According to an amortization schedule, which part of the loan is paid down more slowly at the beginning?
  - ☒ a. The principal
  - b. The interest
  - c. The taxes
  - d. The index
4. Why might someone choose a fixed-rate mortgage?
  - ☒ a. The payments stay predictable
  - b. The loan ends sooner
  - c. The rate changes with the economy
  - d. There are no additional costs

/4 pts

### SHORT ANSWER

Directions: Answer the following question in a few sentences.

5. List three (3) facts that describe a mortgage.

*EXAMPLES: IT IS A TYPE OF LOAN; IT LETS YOU BORROW MONEY TO BUY A HOME;*

*IT ALLOWS YOU TO REPAY THE LOAN OVER MANY YEARS; IT REQUIRES REGULAR PAYMENTS*

*THAT COVER PRINCIPAL AND INTEREST.*

/3 pts