Funding Academy • F02

Lesson 1 Resource

Term loans and lines of credit

Options matrix

Premium lesson companion
Teaching brief • applied vocabulary • guided workbook • knowledge check • answer guide

Name ______________________________________

Date ______________________________________

Term loans and lines of credit

Term loans generally fund a defined need over time; lines provide reusable access subject to limits and terms. Their cost and repayment patterns differ.

The deeper idea

A fixed-term structure generally suits a defined durable purpose; a revolving structure may suit recurring short timing needs. Mismatched duration can create renewal and liquidity risk.

Learning objectives

- Explain term loan in the context of term loans and lines of credit.
- Distinguish line of credit from an assumption or promotional summary.
- Show how draw period changes cost, timing, control, responsibility, or risk.
- Complete the options matrix using traceable source information.

Vocabulary in action

term loan	Locate it in source material and state what it measures or governs.
line of credit	Use it to make the comparison concrete instead of relying on a label.
draw period	Name who carries responsibility, what triggers it, and which control makes it visible.

FIVE-STEP DECISION METHOD

Move from information to a responsible next step.

1. Define the exact question

State the purpose, deadline, and consequence of delay. Connect the question directly to term loans and lines of credit.

2. Gather governing evidence

Collect current agreements, statements, official disclosures, operating records, or program instructions. Record the source and date.

3. Apply the vocabulary

Locate term loan, line of credit, and draw period in the real document or process. Translate each into a dollar, date, action, control, or responsibility.

4. Test a difficult case

Change one important assumption - timing, volume, cost, income, access, or support - and explain whether the plan still works.

5. Record the decision

Choose proceed, revise, compare, seek qualified review, or stop. Name the next action, its owner, and the review date.

Applied scenario

A learner must make this decision this month. The learner gathers governing records, locates term loan, line of credit, and draw period, and completes the assignment. The decision pauses if the difficult-case test exposes an obligation or operating risk that cannot be managed.

Options matrix

Match three hypothetical needs to a term structure or revolving structure and explain the tradeoff.

Purpose: What exact decision does term loans and lines of credit support?

Evidence: Which source documents prove the facts? Include dates.

Terms: Where do term loan, line of credit, and draw period appear, and what does each change?

Stress-test and decision record

Stress test: Which assumption is most fragile, and what happens if it fails?

Decision record: What is the next action, who owns it, and when will it be reviewed?

My recorded status

□ Proceed □ Revise □ Compare □ Seek qualified review □ Stop

KNOWLEDGE CHECK

Confirm your understanding.

1. State the central teaching in your own words.

2. How do term loan and line of credit work together?

3. What evidence is strong enough to use?

4. What would make the plan pause?

5. What belongs in the finished assignment?

ANSWER GUIDE

Compare reasoning, not just wording.

1. State the central teaching in your own words.

A fixed-term structure generally suits a defined durable purpose; a revolving structure may suit recurring short timing needs. Mismatched duration can create renewal and liquidity risk.

2. How do term loan and line of credit work together?

Define each, locate both in source material, and explain their combined effect on the decision.

3. What evidence is strong enough to use?

Current, relevant, traceable information from an agreement, statement, official source, operating record, or qualified professional.

4. What would make the plan pause?

A missing governing fact, unsupported claim, unmanageable stress case, or inability to explain the responsibility attached to draw period.

5. What belongs in the finished assignment?

Purpose, sources, term definitions, comparison or calculation, difficult-case result, unanswered questions, responsible owner, and review date.

Education-only boundary

This resource provides general education. It does not submit applications, negotiate with providers, handle customer funds, promise outcomes, or replace individualized guidance from an appropriately qualified professional.