

Types of Loans

Types of Loans	Purpose
Student loans	Money borrowed from the government or private lender to cover college expenses. Expenses must be related to education.
Auto loans	Money borrowed to purchase a car.
Credit Cards	Credit Card lender (Visa, AMEX, etc.) allow you to borrow money using their card to make a purchase and repayment is later. These usually run on a monthly cycle.
Mortgages/Home loans	Money borrowed to purchase a home, townhome, or apartment. Typically, these are bank loans with 15-to-30-year terms.
Line of credits (LOC)	<p>Preset limits that a borrower can use at any time. They are usually created at financial institutions.</p> <p>Types: personal, business, home equity (HELOC)</p>
Family loans	Money borrowed from family. These loans are often more flexible.
Payday loans	Short-term cash advance by borrowing against your future paycheck, often very costly
Debt consolidation loans	Money borrowed to cover current debts to reduce interest rates and make one payment
Small business loans	Money borrowed to create a new business or make improvements