

## The Sub-Prime Mortgage Crisis

*Instructions:* As you listen to National Public Radio's piece entitled "Global Pool of Money Got Too Hungry," answer the questions below, beginning with the "Global Pool of Money" box. Afterwards, answer the extra challenge question at the bottom. You may wish to familiarize yourself with the questions in each box before listening to the audio clip.

### Global Pool of Money

What is this?

How did the "global pool of money" change in the years leading up to the mortgage crisis?

Where was a lot of this money invested?

Why did people invest in this sector of the economy?

### Mortgage Loans

A mortgage loan can be (1) a loan that a person can get from their bank in order to purchase a home/property or (2) a loan for something else that a person can get from the bank by promising their home or property to the bank if they cannot repay.

What was the "problem"? Why weren't there enough mortgages?

How did banks and companies on Wall Street fix this problem?

Why are NINA (No Income, No Asset) loans problematic?

### Foreclosures

Banks made mortgage loans to people without making sure they could repay them. Many people who have not been able to pay back their loans have faced foreclosure, in which the bank takes possession of their home/property.

What have been the consequences of the widespread foreclosures? What are different people losing?

### Global Impact of the Crisis

From what you heard in this clip, how do you think the U.S. mortgage crisis might affect other nations or international investors?