Teacher Answer Key

Case Study

1. Credit unions had simpler balance sheets and conservative lending practices, so they were less exposed to toxic mortgage products.

2. The Fed provided emergency liquidity, TARP recapitalized banks, and community groups offered micro-loans and foreclosure support, jointly restoring confidence.

Multiple Choice

1. B

2. A

3. C

Matching

1-B, 2-D, 3-A, 4-E, 5-C

Fill-in-the-Blank

1) allocate (or: channel), 2) member, 3) securities

Short Answer (Sample Responses)

Q1: Banks issue loans that finance business investment and consumer spending, fueling growth.

Q2: Credit unions are member-owned, not-for-profit, often offering lower fees and better rates.

Q3: Federal liquidity and capital injections prevented systemic collapse, while local programs kept credit flowing at the community level.