

Secured vs. Unsecured
LOANS

Loans can either be secured or unsecured, depending on whether or not they're protected by **collateral**.

Collateral is something valuable that the lender can seize as a form of repayment if the borrower **defaults** on his or her loan.



Property, vehicles and investments are all common forms of collateral.

SECURED LOAN

- Requires collateral
- Tends to have lower interest
- Usually longer term

UNSECURED LOAN

- No collateral required
- Tends to have higher interest
- Usually shorter term