

Chapter 31 Investing

Section 31.2 Stocks

Section Summary with Key Terms and Academic Vocabulary

Stocks Stocks are shares of ownership in a business. Only corporations sell stock. When a company sells stock, it usually offers two different types: common stock and preferred stock. Brokers buy and sell stock through stock exchanges. Unlike stocks on organized exchanges, over-the-counter stocks are not traded in a specific place. They are traded directly between buyers and sellers. Mutual funds are created by investment firms by raising money from many shareholders and investing it in a variety of stocks. One major advantage of stocks is their potential for high returns on investment. A disadvantage is their higher rates of risk.

Key Terms _____

real estate Land and anything attached to it, such as buildings or natural resources

residential property Property in which an individual or family lives

real estate agent A person licensed to arrange the buying and selling of homes and other types of real estate

equity Value of a piece of property less the amount still owed on the money borrowed to purchase it

income property Property used to generate income

rental property Any type of dwelling unit or other property rented for a length of time

undeveloped property Unused land intended only for investment purposes

Academic Vocabulary _____

attach To fasten one thing to another

fluctuate To shift back and forth uncertainly

assemble To bring together for a particular purpose

nevertheless In spite of that; however