

Unit 3: Using Credit

Name: _____ Class: _____ Date: _____

Lesson 1: Consumer Credit

1. Credit allows you to: _____

2. What is a credit score? _____

3. Why is credit important?

4. Who determines your credit score? _____
5. What are the three major credit bureaus? _____
6. What information do the bureaus consider to create your score? _____

7. Lenders use these reports to determine _____

8. Use the following Report Summary to answer questions below

Report Summary			
Real Estate	Count 1 Balance 176,532 Current 1 Delinquent 0 Other	Other Delinquent Account(s)	Count Balance Current Delinquent Other
Revolving Current Account(s)	Count 4 Balance 4,356 Current 3 Delinquent 1 Other	Collections Current Account(s)	Count Balance Current Delinquent Other
Installments	Count 1 Balance 21,238 Current 1 Delinquent 0 Other	All Accounts	Count 6 Balance 202,026 Current 5 Delinquent 1 Other


How many credit accounts does this person have? _____

What is the total amount of debt this person owes? _____

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9. Use the following Credit Cards, Loans, & Other Debt information to answer questions below.

 **Current**

Account Name My University Mastercard
 Account # 123-45-6789
 Account Type Revolving
 Balance \$2,500
 Past Due
 Date Opened 9/26/199X
 Account Status Open
 Mo. Payment
 Payment Status Good

High Balance \$2,575
 Limit \$5,000
 Terms 12 months
 Comments

24/Mo Payment History

20XX												20XX											
MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR
OK	OK	OK	30	OK	OK	OK	OK	OK	OK	OK	30	OK	OK	OK	OK	OK	30	OK	OK	OK	OK	OK	OK

How many times has this person allowed this account to go 30 days past due? _____

What is the current status of this account? _____

When was this account opened? _____

What category does this account fall into? _____

10. Give an example of a revolving account: _____

11. Give an example of an installment account: _____

12. What is a collections account? _____

13. Put in your own words how lenders use your credit report:

Lesson 2: Borrowing Money

1. Define principal: _____

2. You purchase a car for \$20,000. You made a down payment of \$5,000 and took out a loan for the rest. What is the principal balance of the loan? _____

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3. An interest rate is: _____

4. Define interest: _____

5. What is the Prime Rate? _____

6. What do loan terms include? _____

7. How can having a relationship with the lender benefit you? _____

8. What factors help lenders assess your credit risk? _____

9. How did having a poor credit score affect your interest rate, monthly payments, and the total price paid for the car? _____

10. Define loan: _____

11. When borrowing money, why do you think it is important to know the terms? _____

12. What is a closed-ended loan? _____

13. Give three examples of closed-ended loans: _____

14. What is a secured loan? _____

15. What is amortization? _____

16. What type of loan is a credit card? _____

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17. What is a credit card? _____

18. What are the two types of credit cards? _____

19. Which type of credit card is good if you have credit issues? _____

20. What section(s) of the credit card statement shows the minimum payment due? _____

21. What section of the credit card statement shows the latest transactions? _____

22. What are some rules to help you use credit cards successfully?

