

Credit Basics Note Taking Guide

| Total Points Earned | Namo | | | | |
|--|---|--|--|--|--|
| Total Points Possible | Name | | | | |
| Percentage | Date | | | | |
| | Class | | | | |
| | Managing Credit Responsibly | | | | |
| Credit is | Individuals must pay back Credit availability depends on | | | | |
| | What are three credit sources? | | | | |
| Why are you spending future income when using credit? | | | | | |
| | | | | | |
| What are two examples of the providing long-term benefits. | purpose of credit What can happen if credit is not managed responsibly? | | | | |



| What are three <u>benefits</u> to using money saved or invested i credit? | what is a <u>disadvantage</u> of doing this? |
|--|--|
| Summarize why reading a contract carefully is impo | ortant and what a person should consider. |
| | |
| Describe the recommended a | amount to borrow. |
| Types of Cre | dit |
| Closed-end Credit | Open-end Credit |
| Definition: | Definition: |
| Features: | Features: |
| | |

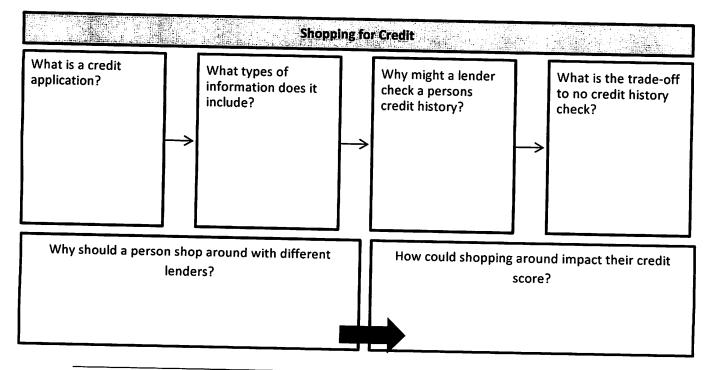


What are features of alternative credit?

Describe each type of alternative credit.

Payday loan:

| Title loan: | Pawn loan: | Refund anticpation loan: | Pawn loan: |





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| Dir (1 p | rections: Match the correct te point per question) | erm with the correct definition by placing the letter on | the ap | opropriate blank. | | |
| 1. | A line of credit establ | ished in advance so the borrower does not have to ew credit is desired. | | | | |
| 2. | A loan which the born | rower must repay the amount in a specified number | | | | |
| of equal payments. | | | | Title loan | | |
| 3. | Short-term loan that | that provides immediate cash by securing a borrower's | | Payday loan Closed-end credit | | |
| borrower's depository institu | | uthorization for automatic withdrawal from the ution account. | | Refund | | |
| 4. | | ed with the condition that the item will be owned by | | anticipation loan | | |
| the renter if the term of rent (c | | contract) is completed. | | Open-end credit | | |
| 5. | A loan based on the value of personal property. | | | Pawn loan Rent-to-own loan | | |
| 6. | The borrower gives the set amount of cash. | ne lender his/her automobile title in exchange for a | | | | |
| 7. | Short-term cash advance secured by a taxpayer's expected tax refund. | | | | | |
| Dire que: | ections: Determine if each st stion) | atement is true or false and indicate T for true and F fo | or false | e. (1 point per | | |
| 3. | Annual interest rates | for alternative loans can be as high as 300%. | | | | |
| €. | All lenders check a person's credit report and score during the loan approval process. | | | | | |
| 10. | The terms of a loan are always consistent for the length of the loan. | | | | | |
| L1. | An example of closed-end credit is a secure credit card. | | | | | |
| 12. | If an individual does not meet the credit terms for a pawn loan, the lender will keep the property. | | | | | |
| 13. | Evaluating the purpose of credit is an important consideration to using credit responsibly. | | | | | |
| 14. | Depending on the credit terms, if a person has a late payment, consequences including higher | | | | | |
| | interest rates, may occur. | | | | | |