Credit Basics - Notes

1. What is credit?
2. Individuals must pay back \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ when using credit.
3. Credit availability depends on:
4. Where can you get credit?
5. Why are you spending future income when using credit?
6. What are two examples of the purpose of credit providing long-term benefits?
7. What can happen if credit is not managed responsibly?
8. What are three benefits to using money saved or invested instead of credit?
   1. What is a disadvantage of using cash instead of credit?
9. What are three reasons that reading a contract carefully is important and what a person should consider?
10. Describe the recommended amount to borrow.
11. What is a credit score?
    1. How is credit score determined?
12. What is close-ended credit?
13. What are two features of close-ended credit?
14. What is an example of a close-end credit?
15. What is open-ended credit?
16. What are two features of open-ended credit?
17. What is an example of an open-end credit?
18. What are three features of alternative credit?
19. Describe the following:
    1. payday loans
    2. rent-to-own
    3. title loan
    4. pawn loan
    5. refund anticipation loan
20. What is a credit application?
    1. What types of information does it include?
    2. Why might a lender check a person’s credit history?
    3. What is the trade-off to no credit history check?
21. Why should a person shop around with different lenders?
    1. how does shopping around for different lenders affect one’s credit score?