**Activity**

**Activity A: Establishing Good Credit**

Answer the following questions about establishing good credit.

1. What is meant by credit rating?

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1. What is the function of a credit bureau?

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1. Why is it difficult for young people to get a loan?

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1. How can teenagers establish a good credit rating?
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   3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
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**Activity B: Analyzing Credit**

Johnette Simms applied for a loan at Our Town Bank. She received a notice two weeks later saying that she had not been approved for the loan. Johnette could not understand why since she was making a good salary. She had apparently taken much longer than expected to pay off her college loan.

1. Why do you think Johnette was not approved for the loan?

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1. Should Johnette have questioned why her loan was rejected? Explain.

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1. Does Johnette have a right to know the reason Our Towne Bank refused to grant her a loan?

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Frank Ivy wrote a check that was not covered by sufficient funds in his checking account. The billing department of the store contacted him about the $250. Frank said that he would pay, but he never did. The store sent Frank many notices about his check. Six months after the check bounced, the store manager wrote to tell Frank that the matter would be taken to small claims court. Frank still did not pay. The store won a judgment against Frank for $250 plus a penalty of $500 plus court costs of $150 when he failed to appear in court.

1. Explain whether you think Frank could get a credit card if he applied for it after the court judgment against him.

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1. Explain which of the “three Cs” Frank violated.

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1. How much does Frank now owe because of his bounced check?

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