

To Charge or Not to Charge Test

Matching

- A. Credit
- B. Credit report
- C. Credit limit
- D. Credit score
- E. Grace period
- F. Installment credit
- G. Interest
- H. Minimum payment
- I. Mortgage
- J. Principal
- K. Revolving credit

- _____ 1. The amount of money owed on the loan (without the cost of interest)
- _____ 2. A number representing your ability to repay a loan
- _____ 3. Open-ended credit which allows you to charge an item, pay part or all of it off, then charge again
- _____ 4. Money paid for the use of someone else's money
- _____ 5. The least amount the consumer must pay on revolving credit
- _____ 6. Money made available to a borrower by a lender
- _____ 7. A period of 25-30 days in which no interest is charged on a credit card if the balance is paid off
- _____ 8. A detailed report summarizing the history of purchases made on credit and your payment history; detailed information including application for credit
- _____ 9. An installment loan on a house
- _____ 10. The maximum amount of money the loaner agrees to lend
- _____ 11. Monthly payments for a set length of time

Name: _____ Period: _____ Date: _____

True/ False

- _____ 1. It is safe to give credit card information on the phone even if you did not initiate the call.
- _____ 2. Purchasing a house is an example of an investment.
- _____ 3. When you purchase an item on credit, you are obligating your future income.
- _____ 4. It is a good use of credit to purchase a clothing item on sale.
- _____ 5. One advantage of using credit is to build a credit history.
- _____ 6. Applying for many credit cards that you do not use at department stores so you can get a discount does not affect your credit rating.
- _____ 7. Keeping credit card balances low will improve your credit score.
- _____ 8. You will pay less interest if you borrow on a car for five years instead of four years.
- _____ 9. Typically you pay a lower rate of interest on revolving credit than you do on installment credit.
- _____ 10. "Fair Credit Reporting Act" is a law that limits who can see your credit rating.
- _____ 11. One must be at least 18 years of age to be issued a credit card.
- _____ 12. Financial counseling is a way to learn how to budget, use credit wisely and make good financial choices.

Multiple Choice

- _____ 1. You may look at your credit report _____ time (s) a year at no cost.
 - a. One
 - b. Two
 - c. Three
 - d. Four

Name: _____ Period: _____ Date: _____

- _____ 2. Which of the following does NOT factor into your credit score?
- a. Payment history
 - b. Amount owed
 - c. New charges
 - d. Your age
- _____ 3. All of the following are ways to protect against identity theft EXCEPT:
- a. keeping a list of credit cards
 - b. keeping your social security card in your wallet
 - c. using a locked mailbox
 - d. mail bills at the post office
- _____ 4. Installment credit is useful for all of the following EXCEPT:
- a. buying a house
 - b. buying a car
 - c. buying a sweater
 - d. buying a refrigerator
- _____ 5. Which of the following does NOT make you credit worthy?
- a. Having a savings account
 - b. Having too much of your income already obligated in credit
 - c. Making payments on time
 - d. Having a well-paying job
- _____ 6. Which of the following is the best use of credit?
- a. Buying a pizza when you have no cash
 - b. Buying a coat at a clearance sale
 - c. Using a credit card to reserve a hotel room
 - d. Using a credit card to get a cash advance
- _____ 7. What information should you really make sure you read on a credit card application?
- a. Interest rate, late fees and grace period
 - b. Interest rate, lenders name and introductory interest rate
 - c. Rewards offers for using credit
 - d. Minimum payment required
- _____ 8. A disadvantage of credit is_____.
- a. the temptation to purchase items you cannot afford
 - b. the ability to make a motel reservation on the Internet
 - c. the ability to rent a car
 - d. a method of paying emergency expenses