

Module Review

Reflection

List several ideas that you learned in this module that will be helpful in achieving your goals.

Exercise

- Credit is:
 - a. money you borrow and do not plan to repay
 - b. money you borrow and plan to repay
 - c. all of the above
- The disadvantages of using credit include:
 - a. It costs money.
 - b. It is tempting to spend more than you can afford to repay.
 - c. Mismanagement of credit can result in repossession and affect your ability to get credit in the future.
 - d. all of the above
- True or False? High interest charges make it difficult to pay off credit card balances if you only make the minimum monthly payment.
 - a. True
 - b. False
- When you use installment credit:
 - a. You are borrowing a set amount of money for a specific period of time.
 - b. The amount of interest you are going to pay for the loan is determined in advance and calculated into your monthly payments.
 - c. all of the above

5. A credit bureau is:
- a. an organization that keeps a record of how you have handled credit in the past
 - b. a set of drawers where you can keep your credit cards
 - c. an organization that will send a lender a copy of your personal family history
6. Your credit report indicates:
- a. how you handle credit
 - b. your record of paying bills on time
 - c. all of the above
7. True or False? A lender will not make you a mortgage loan until judgments are paid in full.
- a. True
 - b. False
8. List the four Cs of credit: _____, _____,
_____, and _____.
9. _____ is something of value that guarantees repayment of your loan.
10. Which of the following is not an example of information that is used to build a nontraditional credit history?
- a. repayment of a personal loan to a family member
 - b. payment of rent to a landlord who represents an organization
 - c. monthly internet payment
 - d. monthly cellular phone payment
11. True or False? You should review a copy of your credit report each year.
- a. True
 - b. False
12. In order to demonstrate the ability to repay a loan, the applicant should have:
- a. good credit
 - b. steady income
 - c. an acceptable level of current expenses
 - d. all of the above

13. Check the items that demonstrate wise use of credit.

- a. pay bills on time
- b. charge-offs
- c. use credit for emergencies only
- d. pay for groceries with credit
- e. use credit to purchase a home
- f. pay the minimum payment each month
- g. use credit to pay other bills