# **Managing Credit Comprehension Check**

For questions 1-4, match each vocabulary term to the correct definition:

|  |  |
| --- | --- |
| 1. Credit Score | a. a lengthy report that includes information about accounts you have opened and closed, what you might owe, any defaults (not paying on time), and your credit score. |
| 2. Credit History | b. a record of a person’s debts and demonstrated responsibility in repaying them. |
| 3. Credit Bureau | c. a company that collects information relating to the credit ratings of individuals and makes it available to credit card companies and financial institutions. |
| 4. Credit Report | d. a number that depicts a person’s creditworthiness. The higher the score, the better a borrower looks to potential lenders. |

1. Credit Score
2. Credit History
3. Credit Bureau
4. Credit Report
5. True or False: Our modern idea of credit can be traced back to the Renaissance.
6. True or False: A secured loan does not include collateral.
7. Which of the following should you consider when applying for a credit card?
   1. Credit score
   2. Annual fee
   3. Minimum payment
   4. Interest rate for a savings account
   5. Credit limit
   6. Credit history
   7. Interest rate for borrowing on credit
   8. Cash back opportunities
8. Where do the funds from an initial credit card purchase come from?
9. What does it mean to refinance a loan?
10. What does CC suggest is the most important rule when borrowing money?

# **Managing Credit Comprehension Check Answer Key**

For questions 1-4, match each vocabulary term to the correct definition:

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1. Credit Score - d
2. Credit History - b
3. Credit Bureau - c
4. Credit Report - a
5. True or False: Our modern idea of credit can be traced back to the Renaissance.
6. True or False: A secured loan does not include collateral.
7. Which of the following should you consider when applying for a credit card?
   1. Credit score
   2. Annual fee
   3. Minimum payment
   4. Interest rate for a savings account
   5. Credit limit
   6. Credit history
   7. Interest rate for borrowing on credit
   8. Cash back opportunities
8. Where do the funds from an initial credit card purchase come from?
   1. The credit card company pays for the purchase up front. They also often charge the company a small fee. The credit card company gets paid back when you pay your bill.
9. What does it mean to refinance a loan?
   1. You can refinance a loan if you have good credit. This means replacing one loan with another that often has a lower, or better, interest rate.
10. What does CC suggest is the most important rule when borrowing money?
    1. CC suggests the most important rule when borrowing money is to have a good plan to pay it back in full and on time.