Assessment Questions

Lesson 12: Making Credit Decisions

1. What are the 3 Cs of credit? (Collateral, Character, Capacity)
2. What is a credit score? (A number between 300 - 850 that demonstrates your credit worthiness)
3. What are some advantages of using credit? (Using credit allows you to obtain goods or services today and pay for them later. Using credit helps people acquire assets that retain or increase in value - like a college education or home. Credit can also add to the enjoyment of life and help people in times of emergency.)
4. What is a key disadvantage of using credit? (When credit is easily available, some people spend more than they otherwise would. Loans have to be repaid. Lenders charge interest to use their money.)
5. What consequences might a person face if they misuse credit? (inability to qualify for loans in the future, late fees, higher interest rates, negative credit scores, repossession of assets)