

Credit Test

Circle the correct response below for each question

1. This is the number of days you have to pay your credit card bill to avoid getting hit with finance charges
 - a) Grace Period
 - b) Annual Percentage Rate
 - c) Minimum finance charge
 - d) Payback Period

2. Credit cards can do which of the following?
 - a) Unlock a higher standard of living
 - b) Allow immediate satisfaction for things we can't afford
 - c) Let you buy something you couldn't otherwise afford if you had to pay for it all at once

3. Which of the following is the best way to utilize a credit card?
 - a) Clothing
 - b) Groceries
 - c) Emergency
 - d) Cell phone bill

4. When items are bought on credit and paid for over a long period of time, the cost to the buyer
 - a) is the same as if the items were bought with cash.
 - b) Is less than if the items were bought with cash.
 - c) Is more than if the items were bought with cash.

5. The maximum amount you can charge on a credit card is called the
 - a) credit limit.
 - b) capacity.
 - c) collateral for the card.
 - d) credit ratio.

6. Which of the following statements relates to the universal default clause?
 - a) If you miss one car loan payment, your car can be repossessed.
 - b) Someone who files bankruptcy must still pay any student loans.
 - c) A minor may need an adult to co-sign a loan.
 - d) If you are late with any loan payment, a credit card company may increase your interest rate.

7. Which is not a type of credit?
 - a) Car loan
 - b) Car registration
 - c) Gas company credit card
 - d) House mortgage

8. Credit experts recommend that you check the status of your credit reports at least
 - a) every time you apply for a loan or credit card.
 - b) when you apply for your first loan or credit card.
 - c) once a year.
 - d) once every five years.

9. If you find an error in your credit report, the reporting agency must
 - a) Take your word and correct the mistake within 90 days
 - b) Forward a copy to the state
 - c) Research the questionable item and correct or delete anything that's incorrect
 - d) Notify your creditors about the error

9. Which of the following can impact your credit rating?
 - a) Borrowing money from a friend to pay for lunch
 - b) Living with your parents until you earn enough money to afford to rent an apartment
 - c) Paying cash for a used car
 - d) Making a late car loan payment

10. Which of the following is a good strategy to build a good credit history?
 - a) Always pay your bills on time
 - b) Maintain a low balance on your card and pay it off each month
 - c) Maintain a long term relationship with a credit card company
 - d) All of the above

Circle T if the statement is TRUE or F if the statement is False

1. T F A cash advance typically has NO grace period
2. T F If you can eat it, drink it or wear it, don't charge it.
3. T F Credit cards are a good way to supplement your income
4. T F Having too many credit cards can negatively affect your credit score.
5. T F Paying only the minimum payment is a good strategy for paying off your credit card
6. T F The same item will cost more if you buy it on credit instead of with cash
7. T F The fine print can help uncover details of what an option may truly cost in interest, fees and other penalties
8. T F It's a good idea to sign up for as many credit cards as possible, especially when you can get free stuff with it
9. T F You should always take the maximum credit limit a credit company is willing to give you.
10. T F You have the right to see everything on your credit report and who reported it

Student: *By signing below, I agree that I have read the credit self study and completed this credit test independently. I understand the responsibilities of having a credit card and agree to use it responsibly.*

Student Signature

Date

Parent(s): *By signing below, I agree my child has read the credit self study and completed this credit test independently. I give permission to issue a low limit Glacier Hills credit card to my child.*

Parent Signature

Date