

name: _____

date: _____



lesson seven quiz: about credit

true-false

1. _____ A disadvantage of using credit is impulse buying.
2. _____ Capital refers to a person's assets.
3. _____ A steady employment record helps a person's credit history.
4. _____ Installment credit usually allows a person to make additional purchases on an account.
5. _____ Using the 20-10 rule, a person making \$40,000 a year after taxes should have no more than \$8,000 of outstanding debt.

multiple choice

6. _____ A common advantage of using credit is:
 - A. less impulse buying.
 - B. lower cost for items purchased.
 - C. ability to obtain needed items now.
 - D. lower chance of overspending.
7. _____ A person's regular income is referred to as:
 - A. character.
 - B. capital.
 - C. collateral.
 - D. capacity.
8. _____ To build a credit history, a person could:
 - A. establish a steady employment record.
 - B. file his or her federal income taxes on time.
 - C. use an ATM several times a month.
 - D. request to view her or his credit file.
9. _____ Utility companies and medical service organizations commonly offer _____ credit.
 - A. revolving
 - B. single-payment
 - C. installment
 - D. retail
10. _____ Using the 20-10 rule, a person earning \$1,500 a month should not have monthly credit payments that exceed:
 - A. \$300
 - B. \$150
 - C. \$20
 - D. \$30

case application

Ana Gonzalez is considering a loan to finance her college education. She currently owes money on several charge accounts and credit cards. What actions would you recommend?