

# CREDIT INTRODUCTION



## UNIT ASSESSMENT

The student questionnaire on the following page, appropriate to a unit on credit, comes from an assessment developed by the State University of New York to complement this curriculum.

As a facilitator, you are free and encouraged to use this questionnaire in various formats. Refer to the Program Assessment section on page 14 of the *Facilitator's Guide Introduction* for suggestions on how to use and implement it.

The full questionnaire can be found in *Appendix 3*.

### **Credit Student Questionnaire Answer Key**

1. b
2. c
3. c
4. d
5. b
6. c
7. c
8. b

# CREDIT

## STUDENT QUESTIONNAIRE



*Instructions:* Please circle the answer to each question below to the best of your ability. You are not expected to know all the answers; we are interested simply in learning about your general knowledge of financial services. This is not a test, and you will not be graded.

Name: \_\_\_\_\_

Date: \_\_\_\_\_

- 1. Which of the following is the best definition of credit?**
  - a. Trust given to a bank to provide needed services to consumers
  - b. Trust given to another person for future payment of a loan, credit card balance, etc.
  - c. Trust given to another person that they will try their best to repay loans, credit card balances, etc.
  - d. Money offered to the consumer for the purchase of goods and services that he/she cannot afford on his/her monthly income.
  
- 2. Which of the following statements is NOT true about using credit?**
  - a. Credit can be useful when you have unexpected but necessary expenses.
  - b. Using credit is more expensive than cash or checking accounts, because you will have to repay the amount plus interest.
  - c. Credit card companies are not interested in whether you have a steady income when they give you credit.
  - d. The higher risk you pose to the creditors, the higher your interest rates will be on your credit cards.
  
- 3. Consider the examples below. Which one would be the WORST reason to use credit?**
  - a. There is a family emergency or crisis, such as a sudden illness.
  - b. The car breaks down and prevents you from going to work until it is fixed.
  - c. Something you really want goes on sale, like new clothes or electronics, but you cannot afford it on your monthly income.
  - d. To purchase an appliance you need for your home
  
- 4. Which one of the following sources of credit would probably have the highest interest rates?**
  - a. Banks
  - b. Credit unions
  - c. Savings and loan associations
  - d. Cash advances from credit cards

*Continued on next page*

# CREDIT

## STUDENT QUESTIONNAIRE



- 5. Which of the following is NOT true about an individual's credit rating?**
- It shows an individual's past performance in paying debts.
  - Once you have a negative rating, it cannot be changed.
  - It projects future performance in paying debts.
  - A positive rating may allow an individual to receive lower interest rates.
- 6. Which of the following statements is true regarding an individual's credit history?**
- If you missed a payment more than two years ago, it cannot be considered in a loan decision.
  - People have so many loans it is very unlikely that one bank will know your history with another bank.
  - Banks and other lenders share the credit history of their borrowers with each other and are likely to know of any loan payments that you have missed.
  - A bad loan payment record with one bank will not be considered if you apply to another bank for a loan.
- 7. Which of the following statements best describes your right to check your credit history for accuracy?**
- You cannot see your credit report.
  - Your credit report can be checked at any time for free.
  - If you are turned down for credit based on a credit report, you can check the report for free.
  - All credit reports are the property of the U.S. Government and access is only available to the FBI and lenders.
- 8. While all of the following should be considered in shopping for a credit card, which one would give you the true cost of borrowing for a particular card?**
- The Annual Fee
  - The APR (Annual Percentage Rate)
  - The monthly minimum payment required by the account due date
  - Finance charges

*Thank you for taking the time to complete this questionnaire!*