Pre-Test

test your knowledge about credit

1. **Select all that apply. Maintaining good credit is important because it:**
   a. Can help you graduate from college
   b. Allows you to carry more cash than usual
   **c. Allows you to buy expensive items, like a car, house, or furniture, and pay over time**
   d. Might cause your interest rates to be raised

2. **What is a loan?**
   a. A charge by a financial institution for maintaining or servicing your loan account
   b. Money you borrow but must also repay
   c. Something valuable that you own and can sell for cash
   **d. The cost of borrowing money**

3. **What type of an interest rate changes periodically?**
   a. Fixed rate
   b. **Variable rate**
   c. Waning interest
   d. Dual rate

4. **What should you review and compare when shopping for a loan?**
   a. Annual percentage rate (APR)
   b. Fees
   c. Truth in Lending Disclosures
   **d. All of the above**

5. **What four factors do lenders generally use in their loan making decision?**
   a. Collateral, capacity, capital, and whether you purchase their credit protection insurance
   b. Capital, character, overdraft protection, and collateral
   **c. Capacity, capital, collateral, and character**
   d. Character, collateral, capacity, and credit limit
Post-Test

1. Which of the following is an example of a secured loan?
   a. Home loans and home equity loans
   b. Most credit cards
   c. Personal loans
   d. Student loans

2. Which type of interest rate can change during the loan term?
   a. Fixed interest rate
   b. Variable interest rate

3. Which of the following must be included in the Truth in Lending Disclosure? Select all that apply.
   a. Amount financed
   b. APR
   c. Finance charge
   d. Total payments

4. What is used as collateral for a home loan?
   a. The home
   b. The furniture or furnishings
   c. Personal assets (e.g., a car)
   d. All of the above

5. Lenders will review the Four Cs to determine whether you are a good credit risk. Which of the following refers to property or assets offered to secure the loan?
   a. Capacity
   b. Collateral
   c. Capital
   d. Character