Name ______________ Date ______________ Class ______________

QUIZ ◆ Chapter 4, Section 1

AMERICANS AND CREDIT

SCORE

Matching: *Place a letter from Column B in the blank in Column A. (10 points each)*

A

_____ **1.** credit

_____ **2.** principal

_____ **3.** interest

_____ **4.** durable goods

_____ **5.** mortgage

B

a. manufactured items that have a life span longer than three years

b. amount of money a borrower must pay for the use of someone else's money

c. installment debt owed on houses, buildings, or land

d. amount of money originally borrowed in a loan

e. receipt of money to buy goods and services in the present with the promise to pay for them in the future

Multiple Choice: *In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)*

_____ **6.** Anytime you receive credit, you are
- **a.** going into debt.
- **b.** earning interest on borrowed money.
- **c.** lowering the cost of an item.
- **d.** increasing the value of an item.

_____ **7.** Which of the following are durable goods?
- **a.** groceries.
- **b.** refrigerators.
- **c.** cosmetics.
- **d.** concert tickets.

_____ **8.** The largest installment debt in the United States is money people owe
- **a.** on cars.
- **b.** on home mortgages.
- **c.** on clothes.
- **d.** on appliances.

_____ **9.** Increasing the amount of time it takes to repay a loan,
- **a.** increases the size of monthly payments.
- **b.** decreases the amount of the loan.
- **c.** decreases the number of payments.
- **d.** increases the total interest charges.

_____ **10.** The benefit of using credit is
- **a.** paying lower prices for expensive durable goods.
- **b.** being able to buy and enjoy a good or service now rather than later.
- **c.** not going into debt to buy things you want.
- **d.** paying interest on borrowed funds.

Name ________________ Date ________________ Class ________________

QUIZ ◆ Chapter 4, Section 2

SOURCES OF LOANS AND CREDIT

SCORE

***Matching:** Place a letter from Column B in the blank in Column A. (10 points each)*

A		B	
_____ **1.**	savings and loan	**a.**	credit device that allows a person to make purchases without paying cash
_____ **2.**	charge account	**b.**	cost of credit expressed monthly in dollars and cents
_____ **3.**	credit card	**c.**	depository institution that accepts deposits and lends money
_____ **4.**	finance charge	**d.**	cost of credit expressed as a yearly percentage
_____ **5.**	annual percentage rate	**e.**	credit from a particular company allowing consumers to buy goods and pay for them later

***Multiple Choice:** In the blank at the left, write the letter of the choice that best completes the sentence or answers the question. (10 points each)*

_____ **6.** Which of the following types of financial institutions controls the most money and offers the widest range of services?

a. savings and loan **b.** finance company
c. commercial bank **d.** savings bank

_____ **7.** Which type of financial institution is owned and operated by its members?

a. credit union **b.** consumer finance company
c. savings and loan **d.** commercial bank

_____ **8.** The maximum amount of goods and services a person can buy on the promise to pay in the future is the

a. finance charge. **b.** annual percentage rate.
c. credit limit. **d.** credit card.

_____ **9.** To determine which creditor is charging the most for credit, a consumer should compare

a. finance charges. **b.** annual percentage rates.
c. monthly payments. **d.** length of the credit agreements.

_____ **10.** A method of payment that enables customers to transfer funds electronically from their bank to a place where they purchase goods is a

a. regular charge account. **b.** revolving charge account.
c. credit card. **d.** debit card.

Name ____________________ Date ______________ Class ____________________

QUIZ ◆ Chapter 4, Section 3

APPLYING FOR CREDIT

SCORE

Matching: *Place a letter from Column B in the blank in Column A. (10 points each)*

A

_____ **1.** credit check

_____ **2.** credit rating

_____ **3.** collateral

_____ **4.** secured loan

_____ **5.** unsecured loan

B

a. something of value that a borrower lets the lender claim if a loan is not repaid

b. estimation of the risk involved in lending money to a person or business

c. investigation of a person's income, current debts, personal life, and past history of repaying debts

d. loan guaranteed only by a promise to repay it

e. loan that is backed up by collateral

Multiple Choice: *In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)*

_____ **6.** Your credit rating affects your ability to

a. obtain a loan. **b.** get a job.
c. save money. **d.** get an education.

_____ **7.** Which of the following factors might affect a person's capacity to pay back a loan?

a. other large debts **b.** involvement in community organizations
c. educational background **d.** problems with the law

_____ **8.** Which of the following could be used as collateral?

a. credit card **b.** current debts
c. job **d.** car

_____ **9.** A financial institution might provide an unsecured loan to

a. young person who recently started a new job. **b.** person with many debts.
c. person who is unemployed. **d.** person who has been working at a job for several years.

_____ **10.** A person who has lost control of debt should

a. make minimum payments on credit cards. **b.** concentrate on paying the high-interest credit cards first.
c. borrow additional money to pay off existing debt. **d.** get someone to co-sign the loans.

Name ____________________ Date ______________ Class ____________________

QUIZ ◆ Chapter 4, Section 4

GOVERNMENT REGULATION OF CREDIT

SCORE

Matching: *Place a letter from Column B in the blank in Column A. (10 points each)*

A	B
____ **1.** usury law	**a.** inability to pay debts based on income received
____ **2.** bankruptcy	**b.** ensures that consumers are informed about the costs and conditions of borrowing
____ **3.** Truth in Lending Act	**c.** protects the privacy of information in a credit check
____ **4.** Equal Credit Opportunity Act	**d.** restricts the amount of interest that can be charged for credit
____ **5.** Fair Credit Reporting Act	**e.** prohibits discrimination in giving credit

Multiple Choice: *In the blank at the left, write the letter of the choice that best completes the statement or answers the question. (10 points each)*

____ **6.** The credit industry is regulated by

a. only the federal government. **b.** both federal and state governments.
c. only state governments. **d.** financial institutions.

____ **7.** Which of the following laws made it illegal to deny credit on the basis of race, religion, national origin, gender, marital status, or age?

a. Truth in Lending Act **b.** Fair Credit Reporting Act
c. Equal Credit Opportunity Act **d.** Fair Credit Billing Act

____ **8.** One disadvantage of an interest ceiling is

a. interest rates will not rise above 10 percent. **b.** a surplus in credit may result.
c. a shortage in credit may result. **d.** consumers with poor credit become riskier.

____ **9.** Debtors who declare bankruptcy must

a. go to jail. **b.** give up most of what they own.
c. pay higher interest rates. **d.** pay lower interest rates.

____ **10.** How does bankruptcy affect creditors?

a. they are not paid off in full **b.** they are immediately repaid
c. they must charge lower interest **d.** they must raise interest rates