

THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. What is the purpose of using credit?
2. List several sources of consumer credit.
3. What types of information are asked for on a typical credit application?
4. How are store credit accounts different from bank credit card accounts?
5. How are credit cards different from charge cards?
6. How is a single payment similar to an installment loan? How is it different?
7. Give two examples of collateral that might be used to secure a loan.
8. What is the responsibility of a cosigner of a loan?

9. How is a line of credit different from other types of loans?

10. List several benefits of using credit.

Use of Credit

For each of the situations listed below, assume some form of credit is used. Identify which of the following options would be appropriate for the situation:

- Charge card
- Revolving credit (credit card)
- Installment credit
- Service credit
- Line of credit

Note: More than one option may be appropriate for a single purchase. List all that would be appropriate.

1. Purchase of a new bicycle _____
2. Purchase of a house _____
3. Purchase of groceries _____
4. Receipt of utility bill _____
5. Purchase of a car _____
6. Purchase of a birthday gift _____
7. Dinner at a restaurant _____
8. Purchase of clothing _____
9. Purchase of gasoline _____
10. Dental appointment _____