

READ BETWEEN THE LOANS

Name:

Directions: Fill in the blanks.

A loan is money borrowed so an individual can buy things they need or want, such as:

- car
- house
- education

DEFINITIONS

1. Principal Balance the amount that an individual borrows from a lender.
2. Credit Report a detailed report showing the borrower's payment history.
3. Credit Score a number ranging from 300-850 that provides a snapshot of the borrower's likeliness to pay the money back.
4. Term the amount of time it takes the borrower to pay the lender back.
5. Interest Rate the rental fee for borrowing money.
6. Collateral an item used to secure payment from the borrower.

NOTES:

CREDIT REPORT VS CREDIT SCORE

1. What is included on your credit report?

Includes identifying information, credit information, inquiries, and public records.

2. Your credit score and the term of the loan are used to determine the interest rate.

Directions: Fill in the blanks.

Typically, a higher credit score will help the borrower get a lower interest rate.

Typically, a longer term equates to a higher interest rate.

YOUR RESPONSIBILITIES:

- Only borrow what you can repay.
- Understand the credit contract, including the interest, term, and any additional fees.
- Make payments on time.
- Reach out to lender if you cannot make your payments on time.

ADDITIONAL NOTES: