Sources and Types of Consumer Credit

**A – Closed-End Credit**

* \_\_\_\_\_\_\_\_\_\_\_\_ credit refers to a one time loan that will be paid back over a specified period of time, in payments of \_\_\_\_\_\_\_\_\_\_\_.
* An agreement, or contract, will outline the terms of the loan including:
* Examples of items purchased with closed-end credit include \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, furniture, and large appliances.
* The lender will hold the \_\_\_\_\_\_\_\_\_, the legal document showing ownership of the item, until all payments have been made.
* Installment \_\_\_\_\_\_\_ Credit: Used for the purchase of merchandise, typically requires a down payment with remaining balance of loan being paid in installments.
* Installment \_\_\_\_\_\_\_ Credit: Money borrowed for personal reasons, does not necessarily require a down payment, balance is paid in installments.
* Single Lump-Sum Credit: A loan that must \_\_\_\_\_\_\_\_\_\_\_, by a specified day, typically within 30-90 days.

**B – Open-End Credit**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_: Credit as a loan with a certain limit on the amount of money you can borrow for a variety of goods and services.
* Line of Credit: The \_\_\_\_\_\_\_\_\_ amount of money a creditor will allow a credit user to borrow.
* Examples of Open-End Credit: \_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_, & \_\_\_\_\_\_\_\_\_\_\_\_\_\_
* After your \_\_\_\_\_\_\_\_\_\_ for credit is approved, you typically can begin to make purchases as long as you do not exceed your line of credit.
* Payment amounts, dates, applicable charges, and all other pertinent information regarding your account will be determined by the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**C – Sources of Consumer Credit**

* Consumer credit has a variety of sources. In fact the number of sources are so staggering it can often be difficult for consumers to select the best option for their credit.
* Because of this, it is important to understand \_\_\_\_\_\_\_ you are in need of credit and \_\_\_\_\_\_\_ you intend to use it.
* Be a \_\_\_\_\_\_\_\_ borrower and do your \_\_\_\_\_\_\_\_\_\_\_\_!
* For inexpensive loans, you may consider \_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_, or \_\_\_\_\_\_\_\_\_\_. Often the interest will be very low, or non-existent. However, these loans can complicate relationships.
* For \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, those with moderate interest rates, consider commercial banks, savings and loan associations, and credit unions. Credit unions in particular can offer \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and are more likely to work with customers who are late, or miss payments. However, in order to secure a loan from a credit union, you must be a \_\_\_\_\_\_\_\_\_\_.
* Home equity loans are based upon difference of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of your home and the amount you still owe on the mortgage.
* An advantage of a home equity loan is the interest charged is \_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Yet buyer beware! If you \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ on your home equity loan, the lender may take your home!
* For this reason home equity loans should only be used for major items such as \_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_, or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**D – Credit Cards**

* Cardholders who pay off their balances every month are known as \_\_\_\_\_\_\_\_\_\_\_\_ users.
* Cardholders who do not pay off their balances every month are known as \_\_\_\_\_\_\_\_\_\_\_\_.
* Many credit card companies offer a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a time period during which no finance charges will be added to your account.
* A finance charge is the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_you pay to use credit.
* Generally, if the balance is paid in full prior to the due date, there will be no \_\_\_\_\_\_\_\_\_\_\_\_ to pay.
* Many credit card companies have stopped charging cardholders \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
* Debit cards are not credit cards! They do not extend credit; rather they subtract money from the \_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ they are connected to.
* \_\_\_\_\_\_\_\_\_\_\_\_\_ is when credit card companies link their services with another business. This will often lead to rebates on particular items offered by the participating company.
* Smart cards are from the future! They come equipped with a computer chip and can store \_\_\_\_\_\_ times as much data as a normal credit card! Although not prevalent, they do have functional uses such as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ a plane ticket and frequent flyer information.