

CREDIT BASICS

1. Interest: Cost of credit.
2. Collateral: Security on a loan.
3. Co-signer: Second signer who will pay for the loan if the first party defaults.
4. Default: Failure to repay the loan.
5. Bankruptcy: Legally getting out of having to repay debts; destroys credit rating for seven years; admitting and accepting financial failure.
6. Garnishment: Your employer pays your creditor before you receive your pay. (Not a good way to impress employers!)
7. Credit: Allows the immediate use of products or services in exchange for a promise to pay in the future.
8. Annual Percentage Rate (APR): The cost of a loan over a full year expressed as a percentage.
9. Credit Rating: a rating based on how promptly a person pays his/her debts.