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## **Vocabulary Credit Uses and Costs Student Worksheet**

**1. Credit:**

**2. Principal:**

**3. Interest:**

**4. Capital:**

**5. Character:**

**6. Collateral:**

**7. APR:**

**8. Co-signer:**

**9. Credit Bureau:**

**10. Credit Rating:**

**11. Credit Score:**

**12. Finance Charge:**

**13. Minimum Payment:**

**14. Late Fee:**

**15. Closing Cost:**

**16. Grace Period:**

**17. Annual Fee:**

## Vocabulary Credit Uses and Costs Teacher Key

1. **Credit:** Allows the immediate use of products or services in exchange for a promise to pay in the future.
2. **Principal:** The amount of money someone is willing to loan you. Also the amount that is still owed on a loan.
3. **Interest:** The cost of credit.
4. **Capital:** Money, or personal items of value that one owns that lenders can sell to help repay the loan in the event to do not pay.
5. **Character:** Lenders want to know if you are trustworthy. They can determine financial responsibility by looking at a person's credit record and history of paying bills on time.
6. **Collateral:** An asset of value that lenders can take from one if they do not repay as promised.
7. **APR:** Annual Percentage Rate. The cost of a loan over a full year expressed as a percentage rate.
8. **Co-signer:** A second signer who will pay for the loan if the first party defaults
9. **Credit Bureau:** An agency who keeps record of ones payment history and creates a credit score based of that history and the amount of credit available compared to what is being used.
10. **Credit Rating:** A rating based on how promptly a person pays his/her debts.
11. **Credit Score:** A rating used by credit reporting companies to help lenders decide whether and/or how much credit can be extended to a borrower.
12. **Finance Charge:** Usually seen on credit card statements to represent the actual dollar cost of using credit to maintain a balance.
13. **Minimum Payment:** The smallest payment a person can make and still be in good standing with the lender. It is the most expensive way to pay credit card debt.
14. **Late Fee:** A penalty on all types of credit for making a payment after its due date.
15. **Closing Cost:** Additional fees added to the cost of a loan for processing the loan. These are usually found with a mortgage loan.
16. **Grace Period:** On a credit card, the length of time you have before you start accumulating interest on an unpaid balance.
17. **Annual Fee:** An amount that a credit card company can charge yearly for the use of a credit card.