

Lesson 26: Risks Associated With Credit

**Questions from Video 1:**

1.) What does default mean?

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2.) What is a debtor?

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3.) What are the consequences of defaulting on a loan?

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4.) What is a creditor?

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5.) What does it mean to garnish wages?

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6.) Define foreclosure:

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7.) In order for a foreclosure to happen \_\_\_\_\_ payments have to happen.

8.) At the end of the foreclosure process, the ownership of the house foreclosed goes back to the \_\_\_\_\_.

9.) What is repossession?

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10.) Why is it a big deal if your credit score goes down?

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11.) Define overspending.

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12.) What is bankruptcy?

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13.) The type of bankruptcy you file determines how long it is on your \_\_\_\_\_.

14.) According to the video, what are alternatives to bankruptcy?

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15.) What are the two Good Credit Decisions stated at the end of the first video?

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**Questions from Video 2:**

Type in these numbers to the Auto Loan Calculator and circle the best option.

Auto Price: \$25000 Loan Term: 12 Months Interest Rate: 3.5% Down Payment: 0 Trade In Value: 0 Your State: New York Sales Tax: 7 Title, Registration & Other Fees: \$300	Auto Price: \$25,000 Loan Term: 48 Months Interest Rate: 4.5% Down Payment: 0 Trade In Value: 0 Your State: New York Sales Tax: 7 Title, Registration & Other Fees: \$300	Auto Price: \$25,000 Loan Term: 36 Months Interest Rate: 5.0% Down Payment: 0 Trade In Value: 0 Your State: New York Sales Tax: 7 Title, Registration & Other Fees: \$300
How much is the monthly payment?	How much is the monthly payment?	How much is the monthly payment?
How much is the total loan interest?	How much is the total loan interest?	How much is the total loan interest?
What is the new total cost?	What is the new total cost?	What is the new total cost?

1.) Why did you choose that option?

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**Questions from Video 3:**

1.) Identify instances when issuers can close accounts and slash credit limits without advance warning:

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