

CREDIT — YOU GOT IT!

1. Which one of the following is NOT one of the three C's of qualifying for credit?
 - a. Character
 - b. Collateral
 - c. Capability
 - d. Capacity
2. Cardholders who misuse their government travel cards shall be subject to administrative or disciplinary action.
 - a. True
 - b. False
3. Which one of the following is considered a wise use of credit?
 - a. Purchasing everyday living expenses
 - b. Purchasing to relieve stress
 - c. Purchasing consumables
 - d. Purchasing assets
4. Which of the following is likely to have the best credit rates?
 - a. Retail merchants
 - b. Credit unions
 - c. Consumer finance companies
 - d. Rent-to-own companies
5. Which finance charge computation method totals the beginning balance for each day in the billing period and subtracts any credits made to your account that day?
 - a. Previous balance method
 - b. Adjusted balance method
 - c. Two-cycle balance method
 - d. Average daily balance method
6. If you have multiple credit cards with one company, by law, the company must apply above-the-minimum payments to which of your cards?
 - a. The card with the highest rate
 - b. The card with the lowest rate
 - c. The card with the highest balance
 - d. The card with the lowest balance
7. Debts accrued using a Military Star Card are owed to the government and can result in garnishment of the service member's pay.
 - a. True
 - b. False
8. What is the period that allows you to make credit-card purchases and avoid finance charges by paying your balance in full before the due date?
 - a. Double-cycle balance period
 - b. Grace period
 - c. Average daily balance period
 - d. Adjusted method period



9. What is interest calculated on the full amount of the original principal and then immediately added to the original principal for a sum total?
- Simple interest
 - Compound interest
 - Add-on interest
 - Adjusted interest
10. Which one of the following is NOT a way to establish a credit history?
- Open a bank account
 - Obtain credit from a local retailer
 - Use a co-signed loan
 - Pay existing bills on time
11. As a rule, you always should pay only the minimum payment on a loan or credit card, since that frees up your cash to spend on other important things.
- True
 - False
12. The various fees often associated with credit cards are billed separately and do not affect your available balance.
- True
 - False
13. Which type of finance calculation is prohibited by law?
- Average daily balance
 - Adjusted balance
 - Previous balance
 - Two-cycle balance
14. Which of the following statements is true about reducing the cost of credit?
- To reduce the cost of credit, extend the repayment period and/or decrease the monthly payment.
 - To reduce the cost of credit, shorten the repayment period and/or increase the interest rate.
 - To reduce the cost of credit, increase the monthly payment and/or increase the interest rate.
 - To reduce the cost of credit, increase the monthly payment and/or decrease the repayment period.
15. Which of the following statements is not true?
- You usually can tell if you should borrow money by who is willing to lend it to you; a credit union usually is a good deal, while predatory lenders are not.
 - The military consumer has no safeguards against predatory lenders.
 - Contacting your current credit-card issuer and asking for a lower rate is a great way to save on the cost of credit.
 - When it comes to credit, the primary role of the CFS is to educate members on using it wisely.

