Preview Page 1 of 1 **PREVIEW** CLOSE **Quiz: Give Me Some Credit Question 1a of 10** ( 2 Loans 242210 ) **Maximum Attempts: Question Type:** Multiple Choice **Maximum Score:** Ouestion: What does leasing a car involve Chaica Eaadhack Purchasing a car from a car dealer rather than from the previous owner Using a loan to buy the right to use a car only on R. specific days of the week Paying off the car loan over a period of time that's C. longer than the car is owned Correct! Leasing involves the short-term use Renting the car for a specific period of time and of a car by covering all expenses, including paying for its depreciation the loss of the car's resale value. **Global Incorrect Feedback** The correct answer is: Renting the car for a specific period of time and paying for its lepreciation. Leasing involves the short-term ise of a car by covering all expenses, including he loss of the car's resale value. **Question 1b of 10** ( 2 Loans 242211 ) **Maximum Attempts: Question Type:** Multiple Choice **Maximum Score:** Ouestion Peonle who lease a car are naving for what? Chaice Foodback Correct! Leasing involves the short-term use The reduction in the car's value while they're of a car by covering all expenses, including driving it the loce of the car's recale value The total cost of purchasing the car The extra interest involved in taking a longer loan D. Maintenance fees in addition to the cost of the car Slohal Incorrect Feedback The correct answer is: The reduction in the car's value while they're driving it. Leasing involves he short-term use of a car by covering all expenses, including the loss of the car's resale ∕alue. **Ouestion 1c of 10** (2 Loans 242212) **Maximum Attempts: Question Type:** Multiple Choice **Maximum Score: Ouestion:** What's the difference between buying a car with a loan and leasing a car? **Feedback** Choice When you lease a car, you have to pay maintenance fees in addition to the cost of the Correct! Leasing a car is like renting an When you lease a car, you don't own it as you do apartment; you're paying for its use rather when you buy one with a loan. than its ownership. When you lease a car, you're only purchasing the C. right to use the car on specific days of the week. When you lease a car, you pay off the loan over a D. period of time that's longer than the car is owned. **Global Incorrect Feedback** The correct answer is: When you lease a car, ou don't own it as you do when you buy one vith a loan. Leasing a car is like renting an ipartment; you're paying for its use rather than ts ownership. Question 2a of 10 ( 2 Loans 242213 ) **Maximum Attempts:** Question Type: Multiple Choice Maximum Scores **Question:** When can a bank repossess someone's car? Choice **Feedback** When the owner buys a used car When the owner gets into an accident When the owner cancels the insurance Correct! The car is the collateral that secures When the owner defaults on the loan payments a car loan, and nonpayment of any loan involves taking the collateral. **Global Incorrect Feedback** The correct answer is: When the owner defaults on the loan payments. The car is the collateral hat secures a car loan, and nonpayment of any oan involves taking the collateral. Question 2b of 10 ( 2 Loans 242214 ) **Maximum Attempts: Ouestion Type:** Multiple Choice **Maximum Score:** Question: Which of these provides a bank with collateral on a car loan? Choice **Feedback** The buyer's home A savings account Correct! Collateral is anything of value that the lender can take if the loan doesn't get The car itself repaid, and a car is a thing of value that people taking out car loans possess. The driver's credit history **Global Incorrect Feedback** The correct answer is: The car itself. Collateral s anything of value that the lender can take if he loan doesn't get repaid, and a car is a thing of value that people taking out car loans Ouestion 2c of 10 (2 Loans 2/2215) Maximum Attempts: Multiple Choice **Question Type: Maximum Score: Question:** Why are car loans always secured with collateral **Feedback** Drivers are required to carry collision insurance on leased cars. Correct! Collateral is anything of value that The car can always be repossessed if the owner the lender can take if the loan doesn't get stops paying off the loan. repaid, and a car is a thing of value that all people taking out car loans possess. Car loans build the depreciation of the car's value into the total cost of the loan. Banks are unwilling to give out car loans unless the buyer has a big savings account. **Global Incorrect Feedback** he correct answer is: The car can always be epossessed if the owner stops paying off the oan. Collateral is anything of value that the ender can take if the loan doesn't get repaid, and a car is a thing of value that all people aking out car loans possess. **Question 3a of 10** ( 2 Loans 242216 ) **Maximum Attempts:** Multiple Choice **Ouestion Type: Maximum Score:** Question: Why do many banks consider student loans risky investments? **Feedback** Choice A. Student loans have long grace periods. Correct! The government often sponsors student loans in order to make sure students Student loans aren't secured by collateral. have the opportunity to finance their educations Student loans bring in a low rate of interest. Student loans are regulated by the government. **Global Incorrect Feedback** The correct answer is: Student loans aren't secured by collateral. The government often ponsors student loans in order to make sure tudents have the opportunity to finance their educations. Question 3h of 10 (2 Loans 242217 ) **Maximum Attempts: Question Type:** Multiple Choice **Maximum Score:** Why are student loans considered unsecured? **Question:** Choice **Feedback** The government doesn't provide insurance for student loans. Students can't be required to make interest В. payments until they graduate. Correct! The government often sponsors student loans in order to make sure students Lenders don't have any collateral to seize if the loan doesn't get paid back. have the opportunity to finance their educations. Banks can't make a high profit on student loans because of the low interest rates. **Global Incorrect Feedback** The correct answer is: Lenders don't have any collateral to seize if the loan doesn't get paid back. The government often sponsors student oans in order to make sure students have the opportunity to finance their educations. Question 3c of 10 ( 2 Loans 242218 ) **Maximum Attempts: Question Type:** Multiple Choice **Maximum Score: Ouestion:** Which of these makes a student loan different from other types of loans? Choice **Feedback** Correct! The government often sponsors Students don't have to provide any collateral to student loans in order to make sure students get a student loan. have the opportunity to finance their educations. Student loans are sponsored and guaranteed by the anvernment The principal on a student loan is paid off before the interest is applied. The payments on a student loan can't be shown D. on an amortization table. Jobal Incorrect Feedback HE COLLECT BUSWEL IS: STUDENTS HOLL HAVE TO provide any collateral to get a student loan. The jovernment often sponsors student loans in order to make sure students have the opportunity to finance their educations. Question 4a of 10 (2 Mortgages 242219) Maximum Attemnts **Question Type:** Multiple Choice **Maximum Score:** Question: Which of these describes what can happen with an adjustable-rate Chaica Foodback The percentage paid on property goes up or down from year to year. Correct! An adjustable-rate loan of any kind The monthly mortgage payments go up or down has an interest rate that goes up and down from year to year. as the economy changes over time. The annual fees decrease each year as the loan C. gets closer to being paid off The amount of principal owed on the mortgage D. changes as the housing market changes. **Global Incorrect Feedback** The correct answer is: The monthly mortgage payments go up or down from year to year. An idjustable-rate loan of any kind has an interest ate that goes up and down as the economy :hanges over time. Question 4b of 10 (2 Mortgages 242220) **Maximum Attempts: Ouestion Type:** Multiple Choice Maximum Score: Question: Which of these describes how a five/one ARM mortgage works? Foodback The monthly payment is one-fifth of the total purchase price of the house. Correct! The five/one ARM gives homeowners The interest rate is fixed for five years and then \*В. certainty about their mortgage payments changes every year afterward. during the early years of their loan. The interest rate charged on the mortgage is five C. times the normal interest rate The annual fees on the mortgage are only D. charged during the first five years of the loan. Blobal Incorrect Feedback The correct answer is: The interest rate is fixed or five years and then changes every year ifterward. The five/one ARM gives homeowners ertainty about their mortgage payments during he early years of their loan. Question 4c of 10 (2 Mortgages 242221) **Maximum Attempts:** Multiple Choice Question Type: **Maximum Score:** Which of these describes how a fixed-rate mortgage works? Ouestion: Choico Feedback The property taxes on a fixed-rate inortgage never get any higher. The purchase price of the house never goes up with a fixed-rate mortgage Correct! A fixed-rate mortgage guarantees The monthly payment on a fixed-rate mortgage the homeowner a fixed monthly payment no never changes. matter what else happens to the economy. The bank gets paid all of the interest before the principal on the loan goes down. **Global Incorrect Feedback** he correct answer is: The monthly payment on i fixed-rate mortgage never changes. A fixedate inortgage guarantees the homeowner a ixed monthly payment no matter what else nappens to the economy. Question 5a of 10 (2 Mortgages 242222) Maximum Attempts: **Ouestion Type:** Multiple Choice Maximum Score: Question: What is one of the advantages of getting a government-sponsored mortgage instead of a corventional mortgage? Choice **Feedback** Government mortgages are easier to get annroyed than conventional mortagaes Government mortgages allow home buyers to spend more money on their house. Correct! Because the government isn't trying Government mortgages charge lower interest to make a profit on its loans, it can afford to rates than conventional mortgages. charge a lower interest rate than private Government mortgages prevent the government from taking the property for public use. **Blobal Incorrect Feedback** he correct answer is: Government mortgages :harge lower interest rates than conventional nortcages. Because the government isn't trying o make a profit on its loans, it can afford to thange a lower interest rate than private banks. Question 5b of 10 ( 2 Mortgages 242223 ) Maximum Attempts: Multiple Choice Question Type: **Maximum Score:** Question: what is one or the disadvantages or getting a government-sponsored mortgage? Choice **Feedback** Government mortgages allow the government to take the house for public use. Government mortgages lead to large increases in the property taxes paid on the house. Government mortgages charge higher interest C. rates than conventional mortgages Correct! Government loans are less Government mortgages take a long time and a lot expensive, but they come with a lot of \*D. of paperwork to get approved. requirements and restrictions that take awhile to verify. **Global Incorrect Feedback** he correct answer is: Government mortgages ake a long time and a lot of paperwork to get ipproved. Government loans are less expersive, but they come with a lot of equi ements and restrictions that take awhile o verify. Question 5c of 10 ( 2 Mortga jes 242224 ) Maximum Attempts: Question Type: Multiple Choice Maximum Score: What is one of the disadvantages of getting a government-sponsored Question: mortgage? Choice **Feedback** Government mortgages require the payment of higher taxes. Government mortgages involve more up-front fees В. than conventional mortgages. Correct! Government loans are less Government mortgages put a limit on the expensive, but they come with a lot of purchase price of a house. requirements and restrictions that often don't fit with a buyer's needs or desires. Government mortgages allow the government to D. seize the property for public use. **Blobal Incorrect Feedback** he correct answer is: Government loans put a imit on the purchase price of a house. Sove nment loans are less expensive, but they come with a lot of requirements and restrictions hat often don't fit with a buyer's needs or lesires. Question 6a of 10 ( 2 Credit cards 242225 ) Maximum Attemnts: Question Type: Multiple Choice Maximum Score: Question: Why are credit cards more convenient than debit cards? Choice Feedback Correct! Credit card customers don't have to They allow people to buy things without paying wait until they have money in the bank to immediately. buy things. They can be used exactly like checks. They enable people to earn interest on their C. purchases. They provide instant access to money in a savings D. account. **Global Incorrect Feedback** he correct answer is: They allow people to buy hings without paying immediately. Credit card usto mers don't have to wait until they have noney in the bank to buy things. Question 6b of 10 (2 Credit ards 242226) Maximum Attempts: Question Type: Multiple Choice Maximum Score: Question: Which of these s one way that credit cards differ from debit cards? Choice **Feedback** With a credit card, you never have to pay any With a credit card, you earn interest on all of your purchases. Correct! Credit card customers don't have to With a credit card, you pay later for something you wait until they have money in the bank to buy things. with a credit card, you get instant access to your D. savings account. Right Incorrect Feedback he correct answer is: With a credit card, you pay later for something you buy. Credit card :usto mers don't have to wait until they have noney in the bank to buy things. Question 6c of 10 ( 2 Credit (ards 242227 ) Maximum Attempts: Question Type: Multiple Choice Maximum Score: Question: What is one advantage of using a credit card to make purchases? Choice **Feedback** You earn interest on your purchases. Correct! Credit card customers don't have to You can buy something now and pay for it later. wait until they have money in the bank to buy things. C. You automatically improve your crecit history. You get instant access to your checking account. **Global Incorrect Feedback** he correct answer is: You can buy something now and pay for it later. Credit card customers Ion't have to wait until they have money in the ank to buy things. Question 7a of 10 (3 Credit ards 242228) Maximum Attemnts: Question Type: Matching Maximum Score: Question: Match each of the fees below with the situations where a credit card customer would get charged Correct Choice Text **Match Text** Match A. Annual fee C. You withdraw \$500 from an ATM using your credit card. You pay your minimum payment one week after the due B. Balance transfer fee D. date. The credit card company requires a yearly payment for the C. Cash advance fee A. right to use the card. rou use a new credit card to pay on the \$1,000 balance on D. Late payment fee В. another credit card. **Incorrect Feedback** Attempt Correct Feedback Correct! Global Incorrect Feedback THE COTTECT BUSINESS IS. ATHINGALINE. THE CLEUIT card company requires a yearly payment for the right to use the card; Balance transfer fee: You use a new credit card to pay off the \$1,000 balance on another credit card; Cash advance fee: You withdraw \$50) from ar ATM using your credit card; Late payment fee: You pay your minimum navment one week after the due date Question 7b of 10 (3 Credit cards 242229) Maximum Attempts: Matching Question Type: **Maximum Score:** Question: match each fee below with the situation where a credit card customer would get charged. Correct **Choice Text Match Text** Match You use a new credit card to pay off the \$2,000 you owe on A. A. Balance transfer fee another credit card. You charge \$800 on a credit card that has a \$500 spending B. Cash advance fee D. You use your credit card to take out \$200 in cash from an C. Late payment fee В. You forget to send in your minimum monthly payment one D. Overlimit fee C. **Attempt Incorrect Feedback** 1ct Correct Feedback Correct! Global Incorrect Feedback The correct answer is: Balance transfer fee: You use a new credit card to pay off the \$2,000 you owe on another credit card; Cash advance fee: You use your credit cand to take out \$200 in cash from an ATM; Late paymer t fee: You forget to send in your minimum month y payment one month; Overlimit fee: You charge \$800 on a credit card that has a \$500 spending cap. Question 7c of 10 ( 3 Credit (ards 242230 ) Maximum Attempts: Matching Question Type: Maximum Score: Question: Match each of the fees below with the situations where a credit card customer would get charged. Correct **Choice Text Match Text** Match A. Annual fee C. You take out \$400 from an ATM using your credit card. You don't have the money to make your minimum payment B. Balance transfer fee D. one month. You pay what you owe on one credit card using your new C. Cash advance fee В. credit card. You pay \$75 for the privilege of using your card for one year. D. Late payment fee A. Attempt Incorrect Feedback IST **Correct Feedback** Global Incorrect Feedback The correct answer is: Annual fee: You pay \$75 for the privilege of usir g your card for one year; Balance transfer fee: You pay what you owe on one credit card using your new credit card; Cash advance fee: You take out \$400 from an ATM using your credit (ard; Late payment fee: You don't have the money to make your minimum payment one month. Question 8a of 10 ( 2 Credit ards 242231 ) Maximum Attempts: **Ouestion Type:** Multiple Choice **Maximum Score:** Question: What's the purpose of a credit report? Choice **Feedback** To enable the IRS to check the accuracy of tavnavare' tav raturn form To make it easier for consumers to obtain loans to make major purchases To provide customers with informat on about the fees associated with a credit card a count Correct! Credit reports provide a credit card To help banks determine if people should be given issuer with applicants' credit histories to a loan or credit card show whether they are a good risk or not | 3lobal Incorrect Feedback ne correct answer is: To help banks determine f people should be given a loan or credit card. Predi: reports provide a credit card issuer with applicants' credit histories to show whether hey are a good risk or not. Question 8b of 10 ( 2 Credit cards 242232 ) Maximum Attempts: Ouestion Type: Multiple Choice **Maximum Score:** Question: Why is it important for people to maintain a good credit history? Choice **Feedback** So that the IRS won't investigate them for tax So that it's easier to list the expenses on their personal budget So that they know all of the fees associated with their credit cards Correct! Everyone's credit history is recorded on a credit report that banks and other So that they have an easier time getting loans financial institutions use to determine and credit cards whether or not the person is a good risk for **Flobal Incorrect Feedback** he correct answer is: So that they have an easie time getting loans and credit cards. Everyone's credit history is recorded on a credit epor: that banks and other financial nstitutions use to determine whether or not he person is a good risk for a loan or credit :ard. Question 8c of 10 ( 2 Credit (ards 242233 ) **Maximum Attempts:** Question Type: Multiple Choice Maximum Score: Question: How do credit card companies use a person's credit report? **Feedback** Choice To figure out if that persor has been using a budget Correct! Credit reports provide a credit card To determine if that person should be given a loan issuer with applicants' credit histories to or credit card show whether they are a good risk or not. To help them figure out ways to pay off their C. outstanding debt To calculate how much interest the person is D. owed on their account **Blobal Incorrect Feedback** he correct answer is: To determine if that person should be given a loan or credit card. Credi: reports provide a credit card issuer with applicants' credit histories to show whether hey are a good risk or not. Question 9a of 10 (3 Credit cards 242234) Maximum Attempts: Question Type: Multiple Choice Maximum Score: Which of these credit card features would be best for customers who think they n ight not be able to pay their balance at the end of each month? Question: Choice **Feedback** No fees for cash advances A nigh balance transfer lim t Correct! The annual percentage rate (APR) is the interest on the money that remains \*C. A low annual percentage rate unpaid, so someone who thinks they'll have unpaid bills will want to keep those interest payments as low as possible. An annual fee that can be waived **Global Incorrect Feedback** he correct answer is: A low annual percentage ate. The annual percentage rate (APR) is the nterest on the money that remains unpaid, so ome one who thinks they'll have unpaid bills vill want to keep those interest payments as ow as possible. Question 9h of 10 (3 Credit Pards 242235 ) Maximum Attempts: Question Type: Multiple Choice Maximum Score: Question: Which of these credit card features would be best for customers who think they n ight need to use their credit card to borrow money? Choice **Feedback** Correct! The cash advance is a way for credit No fees for cash advances card customers to give themselves a loan by taking money out of an ATM. A long grace period В. C. Low fees for balance transfers An annual fee that can be waived **Global Incorrect Feedback** The correct answer is: No fees for cash idvarices. The cash advance is a way for credit ard justomers to give themselves a loan by aking money out of an ATM Question 9c of 10 ( 3 Credit (ards 242236 ) Maximum Attempts: Ouestion Type: Multiple Choice Maximum Score: Question: Which of these credit card features would be best for customers who often Choice Feedback No fees for cash advances A. Correct! Late payment fees punish customers who don't pay their bills on time; A low late payment fee these customers are also subject to interest payments on the unpaid balance. C. A small charge for balance transfers No penalties for exceeding the spending limit **Slobal Incorrect Feedback** he correct answer is: A low late payment fee. .ate payment fees punish customers who don't pay their bills on time; these customers are also subject to interest payments on the unpaid palance. **Question 10a of 10** ( 3 Cred t cards 242237 ) Maximum Attempts: Question Type: Matching **Maximum Score:** 2 Ouestion: Match pach of the credit card terms with its definition Correct **Choice Text Match Text** Match Number of days to run a balance before fees or interest are A. Annual percentage rate В. A credit card with money in a savings account to act as C. B. Grace period collateral. C. Secured card A. The amount of interest paid on unpaid balances. A listing of a person's financial information and history **D.** Credit report Attempt | Incorrect Feedback 1st **Correct Feedback** Correct! Global Incorrect Feedback The correct answer is: Annual percentage rate: The amount of interest paid on unpaid balances; Grace period: Number of days to run a balance before fees or interest are charged; Secured card: A credit card with money in a savings account to act as collateral; Credit report: A listing of a p€rson's fir ancial information and history **Question 10b of 10** ( 3 Cred t cards 242238 ) Maximum Attempts: Question Type: Matchina Maximum Score: Question: Match each of these credit card features with their purpose. Correct Choice Text Match Text A. Annual percentage rate To build a good credit rating. To use one credit card to pay off money owed on a different B. Balance transfer В. C. Secured card D. To use a credit card to get money from a bank machine. D. Cash advance To charge interest on unpaid balances. Attempt Incorrect Feedback **Correct Feedback** Correct! **Global Incorrect Feedback** The correct answer is: Annual percentage rate: To charge interest on impaid balances; Balance transfer: To use one credit card to pay off money owed on a different credit card; Secured card: To build a good credit rating; Cash advance: To use a credit card to get money from a bank machine. **Question 10c of 10** ( 3 Credit cards 242239 ) Maximum Attempts: Question Type: Matching Maximum Score: Question: Match each of these credit card terms with its correct description. Correct **Choice Text Match Text** Match Number of days to run a balance before fees or interest are A. Annual percentage rate В. **B.** Grace period A. The amount of interest charged on unpaid balances. C. Balance transfer D. A listing of a person's financial information and history. The movement of money owed on one credit card to another C. **D.** Credit report credit card. Attempt Incorrect Feedback **Correct Feedback** Correct! **Global Incorrect Feedback** The correct answer is: Annual percentage rate: The amount of interest charged on unpaid balances; Grace period: Number of days to run a balance before fees or interest are charged; Balance transfer: The movement of money owed on one credit card to another credit card; Credit report: A listing of a person's financial information and history. D:\clases\Economics\7.3.4.mht 02/04/2012