

### THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. What is the purpose of using credit?
2. List several sources of consumer credit.
3. What types of information are asked for on a typical credit application?
4. How are store credit accounts different from bank credit card accounts?
5. How are credit cards different from charge cards?
6. How is a single payment similar to an installment loan? How is it different?
7. Give two examples of collateral that might be used to secure a loan.
8. What is the responsibility of a cosigner of a loan?

9. How is a line of credit different from other types of loans?

10. List several benefits of using credit.

**Use of Credit**

For each of the situations listed below, assume some form of credit is used. Identify which of the following options would be appropriate for the situation:

- Charge card
- Revolving credit (credit card)
- Installment credit
- Service credit
- Line of credit

*Note: More than one option may be appropriate for a single purchase. List all that would be appropriate.*

1. Purchase of a new bicycle \_\_\_\_\_
2. Purchase of a house \_\_\_\_\_
3. Purchase of groceries \_\_\_\_\_
4. Receipt of utility bill \_\_\_\_\_
5. Purchase of a car \_\_\_\_\_
6. Purchase of a birthday gift \_\_\_\_\_
7. Dinner at a restaurant \_\_\_\_\_
8. Purchase of clothing \_\_\_\_\_
9. Purchase of gasoline \_\_\_\_\_
10. Dental appointment \_\_\_\_\_