Name _____ Date _____

Credit Scores: What Helps and What Hurts

Directions: A few questions draw on the table of Jada's credit cards, and every other question can be answered without it. Type number answers without a dollar sign or comma.

1. Lenders, credit reporting companies and consumers all rely on the following terms; pair each term with the meaning that describes it.

Write the letter of the matching answer on each line.

1. _____ Credit report
2. _____ Credit score
3. _____ Credit utilization
4. _____ Hard inquiry

Choices for question 1

A. A single number, built from the details in a credit report, that sums up how risky lending to someone looks

B. A detailed record of someone's borrowing and repayment history, kept by credit reporting companies

C. A credit check, recorded on the report, that follows a person's request for a new loan or card

D. A bank's record of how much money is deposited in a checking account

E. The share of a borrower's total credit limits taken up by current balances

2. Although credit scoring models differ, which three of these factors usually matter most when a credit score is calculated?

☐ A. The share of the person's credit limits that their balances take up

☐ B. The length of the person's credit history

☐ C. Whether bills are consistently paid on time

☐ D. How much money is deposited in the person's savings account

☐ E. How frequently the person checks their own score

3. Because Jada wants to track her progress, she checks her own credit score every month; how does checking her own score affect it?

A. It lowers her score slightly every time she checks.

B. It raises her score slightly every time she checks.

C. It lowers her score until she stops checking regularly.

D. It has no effect on her score.

4. When Jada applies for a new store credit card and the store's lender reviews her credit, what usually happens to her score?

A. Nothing happens, because applications never appear on credit reports.

B. It may drop slightly for a limited time because of the lender's credit check.

C. It rises right away, because every application adds points to a score.

D. It drops sharply and stays low permanently.

5. Credit habits can help a score, hurt it or leave it unchanged; match each habit with the effect it usually has.

Write the letter of the matching answer on each line.

1. _____ Paying every bill on time
2. _____ Missing loan or card payments
3. _____ Checking your own score
4. _____ Applying for a new credit card

Choices for question 5

A. Usually strengthens a score gradually over time
B. If reported as late, can hurt a score for years through the payment history
C. Has no effect on a score whatsoever
D. Can lead to a hard inquiry that lowers a score slightly for a limited time
E. Raises a score immediately and keeps it high permanently

Jada's Two Credit Cards

Jada's two credit cards, showing each card's credit limit, current balance and how many years it has been open. Credit scoring models differ from one another, so this activity names none of them and describes only what usually helps or hurts a score.

Card	Credit limit (dollars)	Current balance (dollars)	Years open
Card 1, her first card	3,000	0	6
Card 2	2,000	1,600	1

6. Adding together both of Jada's cards, how much of her combined credit limit is she not currently using? Type your answer without a comma.

_____ dollars

7. Jada is choosing between two moves: Move A is paying $1,000 toward Card 2's balance, and Move B is closing Card 1, her oldest card, which has a $0 balance. Assuming she makes no new purchases, which move would leave her more unused credit across her remaining open cards, and by how much?

A. The two moves would leave the same amount of unused credit
B. Move A, by $1,000
C. Move A, by $4,000
D. Move B, by $4,000

8. After discovering a late payment on her credit report for a bill she actually paid on time, what can Jada do to get the mistake corrected?

A. Dispute the error with the credit reporting company and with the company that reported it
B. Nothing, because information on a credit report can never be changed
C. Pay a fee to have her entire credit history erased
D. Close every one of her accounts so the error disappears

9. Since Leo has never had a credit card or a loan of any kind, why might a lender have trouble finding a credit score for him?

A. A score is calculated from credit history, and he has little or none yet.
B. Credit scores are given only to people older than 30.
C. His score is automatically zero until he applies for credit.
D. Only people with savings accounts can have credit scores.