

# Test Your Credit Knowledge

- True  False 1. Your purchases are not interest-free, even if your card offers a grace period, when you carry a balance from month to month.
- True  False 2. A creditor cannot turn your account over to a collection agency if you are paying something, even \$1.00, on the account.
- True  False 3. Your credit will look better after a bankruptcy since you no longer owe any debts.
- True  False 4. The best use of credit is to purchase things that grow in value (assets) or for convenience.
- True  False 5. You get one free credit report each year from each of the three large Credit Reporting Agencies.
6. If you are turned down for credit, lenders are required to provide you with which of the following?
- a) Information about how to order a free copy of your credit report, if one was used in the evaluation of your application.
- b) The specific reasons you were turned down, or instructions on how to obtain those reasons.
- c) A written notice that your application has been turned down.
- d) All of the above.
- True  False 7. Because most credit card issuers use some form of the average daily balance method for calculating interest, you'll save the most money (when you carry a balance from month to month) if you send in your payment early, rather than waiting until the due date.
- True  False 8. Most Americans have a FICO score in the 600 to 699 range.
- True  False 9. Seeking help from a non-profit counseling agency will ruin your credit rating.
- True  False 10. Which of the following are good ways to help protect yourself from identity theft, where someone uses your personal information to apply for credit in your name?
- a) Check your credit report at least once a year. Investigate if you find accounts that aren't yours.
- b) Rip up, or better yet, shred, any credit card applications, bank or billing statements, and any other sensitive documents.
- c) If you don't get a bill for one of your credit cards in any given month, call the issuer immediately. Don't just assume you're off the hook that month.
- d) Use a locked mailbox for incoming and outgoing mail (especially bills).
- e) All of the above.

Circle Choices

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\*Adapted from Gerri Detweiler, *Test Your Credit Knowledge*

