



Module 6

1. What terms below describe the “mainstream economy”. Answer _____
 - a. Economic activity close to major river systems.
 - b. Loan activity is reported to the credit reporting agencies.
 - c. Loans with interest rates are at or below generally accepted limits.
 - d. b and c above are correct.

2. Two of the most common forms of collateral used for loans are. Answer _____
 - a. The interest rate and fees.
 - b. Delinquency and default.
 - c. Homes and automobiles.
 - d. None of the above.

3. If a secured loan goes into default, the lender normally takes steps to:
Answer _____
 - a. Forgive the loan.
 - b. Take ownership of the collateral that secured the loan.
 - c. Lower the interest rate.
 - d. Lower the loan payments.

4. What do the initials APR mean when referring to interest rates?
Answer _____
 - a. Always Preferred Rate.
 - b. Annual Percentage Rate.
 - c. Annual Price Reduction.
 - d. Any Price Rate.



5. Why do credit cards usually have higher interest rates than car loans?
Answer _____
- Because credit card loans are usually smaller than car loans.
 - Because credit card loans are unsecured and car loans are secured loans.
 - Because it's easier to get a credit card.
 - None of the above.
6. A common revolving charge account is a: Answer _____
- Payday loan.
 - Loan for admission to an expensive amusement park.
 - A credit card.
 - A personal loan from a family member who owns a firearm.
7. What is the "grace period" as it applies to credit cards? Answer _____
- The time you have to pay the entire bill and not be charged interest.
 - The amount of time needed to find the money needed for the minimum payment.
 - The time of year credit card companies make donations to religious organizations.
 - None of the above.
8. What are some of the fees associated with credit cards? Answer _____
- A fee for a late payment.
 - A fee for the balance (total charges) on the card going higher than a preset limit.
 - An annual fee just for having the card.
 - All of the above.
9. Which of the following are normally associated with contracts a rent-to-own furniture and appliance businesses? Answer _____
- The total cost to buy something is usually less than purchasing the same item from other stores.
 - Payments are made on a weekly basis.
 - If you stop making payments before your contract is complete the company will take back the item and you will not receive a refund.
 - A and b above are correct.



10. The “Non Mainstream Economy” includes loans or contracts from:

Answer _____

- a. Auto Title Lenders.
- b. Rent-to-Own furniture and appliance stores.
- c. Payday lenders.
- d. All of the above.

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