



## Module 7

1. Pick examples of “debt that may be necessary” for most people from the choices below. Answer \_\_\_\_\_
  - a. A mortgage to purchase a home.
  - b. Reasonable student loans to complete a college education.
  - c. Running up a credit card balance for a spring break trip.
  - d. A and b above.
  
2. Why is carrying a balance on a credit card considered a “debt to avoid”  
Answer \_\_\_\_\_
  - a. Because of the high interest rate.
  - b. Because if you make a late payment, the credit card company may raise your interest rate to around 30% APR.
  - c. Because the credit card company would be able to repossess your car if you stopped making payments on your credit card.
  - d. A and b above
  
3. Why are Rent-to-Own contracts, Auto Title Loans, and Payday Loans “debts to avoid”. Answer \_\_\_\_\_
  - a. Because the business locations are sometimes hard to find.
  - b. Because they are very expensive.
  - c. Because the loan activity is not reported to the credit reporting agencies.
  - d. B and c above are correct.

Name \_\_\_\_\_

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