**Credit Score – Answers and Questions** (Marshall Reading 6.5)

• Credit – a way of buying something at the present time and paying for it at a later date

• Rhetoric – grandiose, persuasive use of language

• Mortgage – an agreement by which someone borrows money to buy a house

James, a 32 year old single parent, has a good job as a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of a video store. He has been \_\_\_\_\_\_\_\_\_\_\_\_\_\_ in a small apartment for the past three years. He desires a bigger living space with a nice yard for his children. James wants a \_\_\_\_\_\_\_\_\_\_\_\_\_ to call his own.

James knows that home ownership means securing a \_\_\_\_\_\_\_\_\_\_\_, and a loan means credit. He often hears the words credit score and credit report on the radio and TV. He has also seen credit related articles in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and magazines. James is confused by all the credit rhetoric. What exactly is a credit score? What does it mean? Does everyone have one? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ can you get one?

A credit score is a calculation based on information from your credit \_\_\_\_\_\_\_\_\_\_. It is used to **assess** your credit worthiness based on your credit history and current credit amounts. The better your credit history, the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ your credit score. Creditors, especially in the mortgage industry, frequently use credit scores to determine whether or \_\_\_\_\_\_\_ to offer a person credit. Credit scores, often referred to as FICO scores, range from 375 to \_\_\_\_\_\_\_ points. If your FICO score is high, you are a better credit risk. Mortgage lenders usually look for borrowers with a credit score above \_\_\_\_\_\_\_\_.

 Many factors affect a person’s credit score. The two most important factors are payment \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and outstanding debt. In fact, these two factors account for 65% of a person’s credit score. James’ FICO score will be high if he has consistently paid his \_\_\_\_\_\_\_\_\_ on time. That means paying at least the “minimum payment due” (although paying more is a good idea) before the due date every month. His FICO score will be high if he does not have much \_\_\_\_\_\_\_\_\_\_\_.

 Credit history and the pursuit of new credit are two other factors that affect \_\_\_\_\_\_\_\_\_\_\_\_\_ scores. People who wisely use the same credit card for a long period of time are a better risk than those who open and close credit card \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ often. Opening a charge account at numerous \_\_\_\_\_\_\_\_\_\_\_ in order to save 10% on a purchase is not wise; too many **inquiries** for new accounts can negatively affect your credit score.

 James was \_\_\_\_\_\_\_\_\_\_\_\_\_\_ to get his credit score. He logged on to the www.annualcreditreport.com website to retrieve his \_\_\_\_\_\_\_\_\_\_ credit report. For a fee, he was also able to get his credit score.