

Fixing Your Credit

1. You discover that every month that you make a loan payment on time, your credit score goes up 3 points. You want to raise your score from 640 to 700. How many months will it take you?
 - 1) 3 months
 - 2) 12 months
 - 3) 20 months
 - 4) 180 months

SOLUTION:

_____ (Target credit score) - _____ (Current credit score) = _____(a)
(Amount of points needed to raise your score)
(a) _____ / 3 (Increase in points with each loan payment made) = _____ months
(Amount of time it will take to increase your credit score to 700)

2. You are told that your credit score of 650 is better than 40% of the population. Your neighbor has a credit score of 600. Which of the following could be true?
 - 1) His score is better than 30% of the population
 - 2) His score is better than 40% of the population
 - 3) His score is better than 50% of the population

SOLUTION:

You have to logic this one out

3. A bank tells you that if you increase your credit score by 50 points, it will reduce your interest rate on your \$10,000 car loan by 1 percent. How much will this save you in the first year?
 - 1) \$1
 - 2) \$10
 - 3) \$100
 - 4) \$1,000

SOLUTION:

\$_____ (Car loan amount) x _____ (Interest rate) = \$_____ (Car loan savings for the first year)

4. You receive three credit scores: 680, 705, 695. What is your average credit score?
 - 1) 690
 - 2) 693
 - 3) 695
 - 4) 700

SOLUTION:

Add the three scores and divide by 3

5. If your payment history counts for 35% of your credit score and the type of credit you use accounts for 10% of your score, which should you probably work harder on to improve your score?

1) Payment history

2) Types of credit you use

SOLUTION:

You have to logic this one out