

# BEING CREDIT SMART

## VOCAB SHEET

**Credit:** The ability to borrow money.

**3c's of credit:** Capacity, Character, and Collateral.

**Capacity:** Lenders look at your income, job, and other debts to see if you can handle the payments.

**Character:** Your trustworthiness and history with money, like paying bills on time.

**Collateral:** Something valuable you promise to give the lender if you can't repay a loan (like a car or house).

**Credit Score:** A three-digit number that shows how likely you are to repay borrowed money.

**Credit Freeze:** Also called a security freeze; prevents others from accessing your credit report.

**Minimum payment:** The smallest amount the bank allows you to pay, which is usually less than the total balance.

**Debit card:** A card that lets you pay directly from your bank account instead of using cash.

**Interest:** The extra money a bank charges you for borrowing money.

**PIN:** A short number code used to verify your identity for secure access to accounts, devices, or financial transactions.

**Credit Report:** A record of your credit history, created using information from banks, stores, utility companies, and collections agencies.

