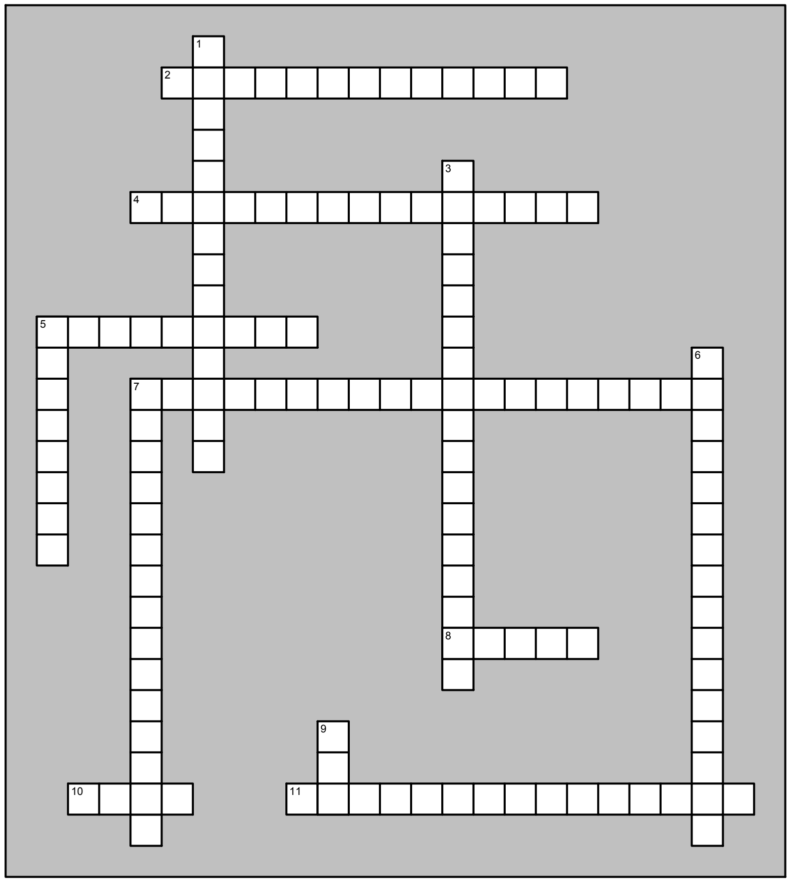
Name ___________________________________

Chapter 7: Choosing a Source of Credit: The Costs of Credit Alternatives



Across

2. The total dollar amount paid to use credit.
4. Any type of insurance that ensures repayment of a loan in the event the borrower is unable to repay it.
5. A voluntary plan that a debtor with regular income develops and proposes to a bankruptcy court. In this type of bankruptcy, the debtor normally keeps all or most of the property.
7. A method of computing finance charges that uses a weighted average of the account balance throughout the current billing period.
8. A method of computing interest in which interest is calculated on the full amount of the original principal.
10. A local, nonprofit organization that provides debt counseling services for families and individuals with serious financial problems. (abbreviation)
11. A method of computing finance charges that gives no credit for payments made during the billing period.

Down

1. Interest computed on principal only and without compounding.
3. A federal law that requires creditors to disclose the annual percentage rate (APR) and the finance charge as a dollar amount.
5. One type of personal bankruptcy in which many debts are forgiven.
6. A method of computing interest when more than one payment is made on a simple interest loan. The borrower pays interest only on the amount of the original principal that is not yet repaid.
7. The assessment of finance charges after payments made during the billing period have been subtracted.
9. The percentage cost (or relative cost) of credit on a yearly basis. This rate yields a true rate of interest for comparisons with other sources of credit. (abbreviation)