

Chapter 26 How to Get and Keep Credit

Section 26.1 Applying for Credit

Section Summary with Key Terms and Academic Vocabulary

Applying for Credit It is important to develop a credit history. Most people do this by applying for a credit card, being approved for it, using it to make purchases, and making payments on time. When looking for a credit card, there are many factors to consider, such as the APR, fees, and the grace period. When deciding whether an applicant should be granted credit, the creditor looks at the individual's capacity, character, and capital. After being approved for credit, the consumer is given a credit limit. The consumer must repay a minimum amount each month. It is wise to pay more than the minimum payment, though.

Key Terms _____

annual percentage rate (APR) Cost of credit on a yearly basis

cash advance Loan given in cash by a credit card company in anticipation of the borrower's being able to repay it

cosigner Someone who agrees to be responsible for a debt if the main applicant does not pay it

grace period Amount of time allowed to repay a debt without having to pay interest charges

credit limit The maximum amount a card holder can charge on a credit card

Academic Vocabulary _____

impact A significant or major effect

anticipate To look forward

submit Present or propose to another for review, consideration, or decision

minimum The least quantity assignable, admissible, or possible