📘 Credit Access & Building Credit Assignment

Name: _____

Date: _____ Hour: _____

🔶 **Assignment: Understanding the 5 C's, Credit Scores, and Your Credit Future**

Purpose:
To show your understanding of how lenders make decisions using the 5 C's, how credit scores work, and how young adults can build strong credit.

Total Points: 50

Part 1: The 5 C's of Credit (15 points)

Read the borrower profile below and answer the questions.

Borrower Profile: "Jordan"

- Age: 19
- Works part-time and earns $1,100/month
- Pays rent on time each month
- Has $500 in savings
- Wants a small personal loan to buy a laptop
- Has no credit cards yet
- Has never borrowed money before
- Has one missed phone bill payment on their record

Answer the following:

1. **Character:** Based on Jordan's past behavior, how trustworthy is Jordan as a borrower?

   Answer (2 pts): _____

2. **Capacity:** Does Jordan have enough income to make monthly loan payments? Explain.

   Answer (3 pts): _____

3. **Capital:** Does Jordan have savings or assets that help their situation?

   Answer (2 pts): _____

4. **Collateral:** What could Jordan offer as collateral? If none, explain the impact.

   Answer (3 pts): _____

5. **Conditions:** How do the loan purpose and economic conditions affect the lender's decision?

   Answer (3 pts): _____

6. **Decision:** Would you approve or deny Jordan's loan? Explain your reasoning clearly.

   Answer (2 pts): _____

Part 2: Credit Score Knowledge (15 points)

Answer the following questions based on what you learned in class:

1. **What are the five major factors that determine a credit score?**
   Answer (5 pts):

   ○ _____

   ○ _____

   ○ _____

   ○ _____

   ○ _____

2. **Which factor has the biggest influence on a credit score and why?**

   Answer (5 pts): _____

3. **Explain what "credit utilization" is. Give one example of good vs. bad utilization.**

   Answer (5 pts): _____

Part 3: Build Your Own Credit Plan (20 points)

Imagine you are turning 18 and want to start building your credit in a smart, safe way.

Directions: Create a personal credit-building plan that answers ALL of the following:

1. **List at least 3 actions you would take to start building credit at age 18.**

   Answer: _____

   _____

2. **Explain how each action will help your credit score.**

   Answer: _____

   _____

3. **List 1–2 habits you would avoid because they can hurt your credit.**

   Answer: _____

   _____

4. **Write a short statement explaining why good credit will matter to you by age 25.**
   (Examples: buying a car, renting an apartment, lower insurance rates, etc.)

   Answer: _____

📊 Scoring Rubric (50 points total)

Category	Points	Description
Part 1: 5 C's Application	/15	Answers show clear understanding and use of the 5 C's to evaluate a borrower.
Part 2: Credit Score Knowledge	/15	Correct explanation of credit score components and vocabulary.
Part 3: Credit Plan	/20	Your plan is realistic, detailed, and shows understanding of building strong credit.
Total	/50	