

# Financial Basics Quiz

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**Directions:** answer true or false to the following questions.

1. Your home can be used as collateral for a secured loan.
2. The Three C's of Credit refer to Capital, Character, and Collateral.
3. A mortgage is an example of non-installment credit.
4. Unsecured credit carries a higher interest rate because there is more risk involved.
5. One of the disadvantages of using credit is it may increase impulse spending.
6. A credit card is an example of unsecured debt.
7. Capacity refers to a consumer's ability to repay the loan.
8. In the 20-10 rule the 20 refers to the percentage that your monthly payments should not exceed.
9. Secured credit is backed by collateral.
10. Installment credit is paid over a specific period of time and usually without interest.

## Answers

1-True, 2-False, 3-False, 4-True, 5-True 6-True, 7-True, 8-False, 9-True, 10-False