

Name: _____

Are they a Good or Bad Credit Risk?

Several different scenarios are listed below. Your job will be to read through the information and assign a credit score category based on the adjacent chart.



Pierre is a professional athlete. He has 3 years left on his contract worth \$1 million. He owns 3 homes in various cities. Last year he was late on a mortgage payment for one of his homes. He has 4 open accounts for leased cars, which have been paid on time. He has 5 credit cards and was late on 2 of those payments in the past 6 months. His cards all carry a balance of 60% of the credit limit.

Pierre's credit score is: _____

Abner is a computer technician and makes \$50,000 per year. He opened up a credit card account last year and that's his only open account. He has paid his bill on time each month and currently has no balance. He has two collections from medical bills from over two years ago, but they have been paid off.

Abner's credit score is: _____

Isa is a lab assistant and makes \$60,000 per year. She has had a mortgage for 2 years and always pays it on time. She has 5 credit card accounts that she has had for at least 4 years. She had 1 late payment on those cards 3 years ago. Other than that, everything has been paid on time. One of the credit cards has a balance of 10% of the limit, the other have no balance.

Isa's credit score is: _____

Yolanda is a pharmaceutical sales manager and makes \$75,000 per year. She just bought a new condo 5 months ago, every month she pays her mortgage on time. She has had a car loan for 2 ½ years which she also regularly pays on time. She also has 3

student loans that she has had for 6 years. One month she was 30 days late with one of her student loan payments. Other than that, all payments have been made on time.

Yolanda's credit score is: _____

Julio is a mechanical engineer and makes \$125,000 per year. He has 3 student loans and has not been late on any payments. He bought a townhouse 2 years ago and is on time with his payments. He has 2 credit cards. One has a balance of \$125 and the other is paid off. He has had both credit cards for over 5 years.

Julio's credit score is: _____

Who did you give the highest credit rating to? _____

Why? _____

Who did you give the lowest credit rating to? _____

Why? _____

What factors had the most influence on your ratings? Rank the following from 1 most important to 6 least important in your decision making.

- _____ Profession/Career
- _____ Salary
- _____ Number of Loans
- _____ Number of Credit Cards (with balances on them)
- _____ Payments – on time versus late
- _____ Length of credit history (how long they had an account)