Chapter 26 How to Get and Keep Credit

Section 26.2 Maintaining Credit

Section Summary with Key Terms and Academic Vocabulary

Maintaining Credit There are several similarities and differences between credit cards, installment loans, and mortgages. Installment loans and mortgages are secured. Unlike unsecured loans, secured loans are backed by collateral and usually offer lower interest rates. Credit cards are unsecured. Installment loans and mortgages last for a fixed number of years. A fixed-rate loan requires the same payment each month. The interest rate on a variable-rate loan can be raised. To maintain a good credit rating, consumers must avoid using more credit than they can afford. They must also make payments on time.

Key Terms

identity theft Theft of a person's financial information for the purpose of committing fraud under that person's identity

credit counselor Someone who helps consumers work out a plan for getting out of debt and managing their money

consolidation loan Loan that combines all your debts into one loan with lower payments

bankruptcy Legal process in which a borrower is relieved of debts after showing an inability to pay

Academic Vocabulary

pose To pretend to be someone else

restore To bring back to or put back into a former or original state

overall Including everything

instance A step, stage, or situation viewed as part of a process or series of events