Lesson 6.4: Credit Reports and Credit Scores

Lesson Author

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Standards and Benchmarks

See pages 5 and 6.

Lesson Description

In this lesson, students develop an understanding of how lenders assess creditworthiness using credit reports, credit scores, and, more broadly, the 3 Cs of Credit: capacity, character, and collateral. Students explore the factors used to calculate credit scores, analyze how financial behaviors affect borrowing opportunities, and evaluate a borrower's loan application using evidence from a sample credit report. To obtain answer keys for the handouts and assessment in this lesson, create an account on FederalReserveEducation.org.

Concepts

Capacity
Character
Collateral
Credit
Credit report
Credit score
Creditworthiness

Objectives

Students will be able to:

- explain the difference between a credit report and a credit score.
- summarize the factors used to calculate a credit score.
- explain how financial behaviors can improve or lower a credit score.
- determine how the 3 Cs of Credit can influence a borrower's access to credit and loan terms.

Compelling Question

How are borrowing and lending decisions influenced by credit reports, credit scores, and the 3 Cs of Credit?

Time Required

90 minutes

Materials

- Handout 6.4.1: “How a FICO Score is Determined” - Graphic Organizer, one copy for each student
- Handout 6.4.2: Video Transcript (optional), one copy for each student
- Handout 6.4.3: Credit Score Impact, one copy for each student
- Handout 6.4.4: Loan Application, one copy per pair of students
- Handout 6.4.5: Sample Credit Report, one copy per pair of students
- Handout 6.4.6: Assessment, one copy per student

Procedure

1. Display Slide 2 and ask students what all the people and businesses listed on the slide have in common. *(Answers will vary, but guide students toward the idea that these people and businesses may want information about how likely someone is to repay borrowed money on time - in other words, their creditworthiness.)*

2. Tell students most of the people and businesses listed are deciding whether to lend money or provide services, so it may be surprising to see an employer included. Ask students why an employer might care whether someone appears creditworthy. (*Answers will vary, but students may suggest that some employers view financial responsibility as one sign that a person is trustworthy and able to manage important tasks.)*

3. Explain the word **credit** is often used to describe ways people borrow money, such as credit cards, auto loans, or student loans. In this lesson, however, tell students the focus will be on credit in the context of creditworthiness. Display Slide 3 and review the definitions. Explain the two ideas are connected because a person’s **creditworthiness** can influence their access to borrowing opportunities, but they are not the same thing.

4. Tell students these people and businesses are likely to check your creditworthiness by looking at your credit score, your credit report, or both when making decisions. Display Slide 4 and tell students they will watch a brief video introducing what a credit report and credit score are and how they differ. As they watch, have them listen for key information and be prepared to discuss the question on the slide afterward.

    a. How would you explain the difference between a credit report and a credit score to a friend? *(A credit report is a detailed record of your borrowing history, like your loans, credit cards, balances, and whether you pay on time. A credit score is a number based on that report and shows how risky or trustworthy you are as a borrower.)*

    NOTE: You can click on the slide to play the video, or you can open the linked URL in a new window: https://youtu.be/gQDZsEztC_Y

5. Tell students a **credit report** is like a financial report card and shows all the details of their borrowing and repayment history. A **credit score** is like their GPA and sums up how well they’ve managed credit. Ask students why it is important to establish credit when they are young. *(Answers will vary, but guide students toward the idea that building credit early can*

help create future financial opportunities. A strong credit score can make it easier to qualify for things like your first apartment, car loan, or mortgage.)

6. Display Slide 5. Tell students everyone starts somewhere when it comes to credit, and building a strong credit history usually begins with small, intentional financial decisions. Tell students they will watch a short video that provides several strategies for building your credit from scratch. Have students keep track of all the strategies mentioned then debrief after the video has played.

    a. What strategies can be used to build your credit from scratch?*(Students may identify using a secured credit card, becoming an authorized user, opening a beginner/student credit card, paying bills on time, keeping credit utilization low, and checking their credit report regularly. Emphasize that building credit takes time and requires consistent, responsible use of credit.)*

    NOTE: You can click on the slide to play the video, or you can open the linked URL in a new window: https://youtu.be/8nOAkbJs9Zw

7. Tell students that while building credit is important, not all financial behaviors affect a credit score in the same way. Some actions can improve a score over time, while others may lower it or have no effect at all.

8. Display Slide 6 and review each statement. For each, ask students to predict whether the action would help, hurt, or have no impact on a person's credit score. Students can respond individually, with a partner, or using a class polling strategy. Do not reveal the correct answers yet.

9. Display Slide 7. Provide each student with a copy of Handout 6.4.1: "How a Fico Score Is Determined" - Graphic Organizer. Tell students they will watch a short video explaining the major factors that affect a person's credit score. As they watch, have them complete the graphic organizer by describing each factor and identifying behaviors that can help or hurt it.

    NOTE: You can click on the slide to play the video, or you can open the linked URL in a new window: https://youtu.be/GrDxH0hMUmg?si=awhwEBaPz2TxeZ1F. Handout 6.4.2: How a Fico Score is Determined - Video Transcript provides an optional video transcript that may be helpful for students as they complete the activity.

10. Provide each student a copy of Handout 6.4.3: Credit Score Impact. Instruct students to revisit their earlier predictions and apply what they learned from the video to determine whether each action or situation helps, hurts, or has no impact on a person's credit score. Debrief the activity using the provided answer key and address any misconceptions as needed.

11. Tell students that while credit scores and credit reports provide important information about a person's borrowing history, lenders often look at additional factors before deciding whether to approve someone for a loan. Explain that many lenders evaluate borrowers using the 3 Cs of Credit: **capacity, character**, and **collateral**.

12. Display Slide 8 and introduce capacity: a borrower's ability to repay debt. Explain that lenders compare a person's income to their existing debt when deciding whether to approve credit.

13. Ask students what kind of information lenders may use to assess a potential borrower's capacity. *(Answers will vary, but students may mention employment status, income, existing debt, monthly expenses, or proof of income.)* Display Slide 9 to debrief the factors related to capacity.

14. Display Slide 10 and introduce character: a borrower's reputation for paying bills and debts based on past behavior. It tells a lender whether a person will be reliable in repaying the loan.

15. Ask students what kind of information lenders may use to assess a potential borrower's character. *(Answers will vary, but students may mention using their credit score and/or credit report.)* Display Slide 11 to debrief the factors related to character.

16. Display Slide 12 and introduce collateral: property or financial assets a borrower offers as a guarantee for a loan. Explain that if the borrower fails to repay the debt, the lender may use the collateral to repay the loan.

17. Ask students what kind of information lenders may use to assess a potential borrower's collateral. *(Answers will vary, but students may mention financial assets such as stocks and bonds or real assets such as a home or a car.)* Display Slide 13 to debrief the factors related to collateral.

18. Have students work with a partner and provide each pair a copy of Handout 6.4.4: Loan Application and Handout 6.4.5: Sample Credit Report. Tell students they will take on the role of a loan officer and evaluate whether the borrower should be approved for a personal loan. Remind students lenders often use information from both a loan application and a credit report to evaluate a borrower's character, capacity, and collateral.

19. Instruct students to carefully examine both the loan application and the sample credit report to collect evidence related to each of the 3Cs of Credit in Part B of Handout 6.4.4. Students should use this evidence to rate the borrower as low risk, medium risk, or high risk in each category.

20. Finally, in Part C of Handout 6.4.4, instruct students to decide whether they would approve or deny the loan request and justify their decision using evidence gathered from their evaluation of the 3 Cs of Credit.

21. Conduct a quick class poll by asking students whether they approved or denied the loan request. After students share their decisions, invite several volunteers to explain the evidence that influenced their thinking. Use the discussion to highlight how different lenders may weigh the 3Cs of Credit differently when making lending decisions.

Closure

22. Display Slide 14 and ask the closure questions.

    a. How can a person's credit history affect future financial opportunities? *(A strong credit history can make it easier to qualify for loans, credit cards, apartments, or lower interest rates. A poor credit history may make borrowing more difficult or more expensive.)*

    b. How do the 3 Cs of Credit reflect a person's creditworthiness? *(The 3 Cs help lenders evaluate whether someone is likely to repay a loan. Character reflects borrowing history and reliability, capacity reflects the ability to repay debt, and collateral reflects assets that can secure the loan.)*

    c. Based on what you learned today, what advice would you give someone who is trying to build or improve their creditworthiness? *(Start building credit responsibly by making payments on time, keeping balances low, checking credit reports regularly, and avoiding unnecessary debt or too many credit applications.)*

Assessment

23. Provide each student a copy of Handout 6.4.6: Assessment. Instruct students to carefully examine the borrower information and account details provided in Part A before answering the questions in Part B.

Standards and Benchmarks

National Standards for Personal Financial Education

Standard 5: Managing Credit

Credit allows people to purchase and enjoy goods and services today, while agreeing to pay for them in the future, usually with interest. There are many choices for borrowing money, and lenders charge higher interest and fees for riskier loans or riskier borrowers. Lenders evaluate creditworthiness of a borrower based on the type of credit, past credit history, and expected ability to repay the loan in the future. Credit reports compile information on a person's credit history, and lenders use credit scores to assess a potential borrower's creditworthiness. A low credit score can result in a lender denying credit to someone they perceive as having a low level of creditworthiness. Common types of credit include credit cards, auto loans, home mortgage loans, and student loans. The cost of postsecondary education can be financed through a combination of grants, scholarships, work-study, savings, and federal or private student loans.

Benchmarks Grade 8

5. Lenders charge different interest rates based on borrower risk of nonpayment, which is commonly evaluated using information in the borrower's credit report.

7. Borrowing increases debt and can negatively affect a person's finances.

Benchmarks Grade 12

7. Lenders assess creditworthiness of potential borrowers by consulting credit reports compiled by credit bureaus.

8. A credit score is a numeric rating that assesses a person's credit risk based on information in their credit report.

9. Credit reports and credit scores may be requested and used by entities other than lenders.

Handout 6.4.1: “How a FICO Score Is Determined” - Graphic Organizer (Page 1 of 2)

Instructions: As you watch the video, complete the graphic organizer by describing each factor that affects a person’s credit score and identifying behaviors that can help or hurt it.

Credit Score Factor - What is it?	Behaviors that HELP your credit score	Behaviors that HURT your credit score
Payment History		
Credit Utilization		
Length of Credit History		

Handout 6.4.1: "How a FICO Score Is Determined" - Graphic Organizer (Page 2 of 2

Credit Score Factor - What is it?	Behaviors that HELP your credit score	Behaviors that HURT your credit score
New Credit		
Credit Mix		

Discussion Question: Where can you access your credit report, and why is it important to review it regularly?

Handout 6.4.2: Video Transcript (Page 1 of 3)

Video Transcript: “How a FICO Credit Score Is Determined”

Understanding how a FICO Credit Score is Determined, Presented by: Econ Lowdown.

A FICO credit score is the most common credit score used to determine loan eligibility and the interest rates a person pays.

A credit score is a person's financial story packed into a three-digit number, which indicates a person's credit risk. Your credit score is based on information found in your credit report.

A credit report is a loan and bill payment history kept by a credit bureau. Financial institutions and other potential creditors use credit reports to determine the likelihood of debt repayment.

Credit scoring companies use statistics to determine the risk associated with lending. They do not use data such as sex, age, race or religion to determine the likelihood of repayment. FICO (Fair Isaacs Corporation) and other credit scoring companies are always updating their formulas or models, and lenders choose which model to use.

Even though FICO updates its formulas, it uses the same general categories in all models for the development of its credit scores.

Here are the categories FICO generally includes with a rough estimate of the emphasis placed on each category.

Payment History accounts for roughly 35 percent of the credit score; Amounts Owed Relative to Limits accounts for roughly 30 percent, Length of Credit History accounts for about 15 percent, Frequency of New Credit accounts for roughly 10 percent and Types of Credit Used accounts for about 10 percent.

Let's quickly break down each category.

Payment History takes into account any bills paid late, including how many are late, how late they are, how recent the most recent delinquency was and the total amount owed. This is where people can sometimes find themselves in trouble with credit.

Handout 6.4.2: Video Transcript (Page 2 of 3)

The good news is that, over time, older entries, including negative entries, disappear from your credit report, typically seven years for late payments, and 10 years for bankruptcy filings. In the latest FICO model, lenders will see borrowers' trended data for the past 24 months for every borrower. They will be able to see if a borrower pays balances in full over time. This change will likely benefit those who are working to pay off their debts. But, it could cause a drop in the scores of people who have acquired more debt over that time.

Amounts owed Relative to Limits is your debt-to-credit ratio or your debt utilization. Say you have five credit cards, each with a $20,000 limit. That means you've got a $100,000 credit limit. You may only be using 10 percent of that, and that's positive; however, if that means you've maxed out on one card, that's negative. FICO's most recent model places more weight on rising levels of debt, higher debt utilization and late payments. It also places more emphasis on personal loans. Regardless of the model being used, it's important to keep your utilization low.

Length of Credit History takes the average length of time you have had your credit card accounts into consideration. The longer history you have of making payments on time, the better your credit score.

Frequency of New Credit is important because if you have a lot of newly issued credit in your credit history – whether new loans or new credit cards – lenders may be concerned about your ability to repay all of this new debt. Therefore, they will be less likely to lend you money.

While examining Types of Credit used, lenders prefer to see that you are capable of handling different types of credit. So, someone who only has credit card debt will probably not have as good a score as someone who has demonstrated good payment habits on installment loans, mortgage loans and student loans, as well as credit card debt.

All of this is important because your credit score affects your ability to rent an apartment, buy car insurance at lower premiums, and obtain credit at lower interest rates. That's right: A good credit score will save you money.

Here's an example: Kim and Lee are applying for a $10,000 loan. Both look like qualified candidates, they both live in the same city and work at the same company.

Let's see if their FICO score tells a different story.

Kim pays all her bills on time and in full, she usually uses about 10 percent of her total credit limit, and she's had the same credit cards since college.

Lee, on the other hand, frequently forgets to pay his bills on time, he uses over 50 percent of his credit limit and, when he maxes out a credit card, he opens a new account.

Handout 6.4.2: Video Transcript (Page 3 of 3)

Who do you think would have a higher credit score, and as a result be more likely to obtain a loan with a better interest rate? That's right – Kim would, because her credit score is closer to 800 while Lee's is closer to 600.

Suppose that Kim received a 5 percent simple interest rate on the $10,000 loan while Lee received an 8 percent simple interest rate. Over the course of a year, Kim would pay $500 in interest while Lee would pay $800 in interest. That's $300 more interest than Kim. He could have saved or used that $300 to purchase something else. So your credit score does matter.

Let's recap. To maintain a good credit score: Pay all bills on time and in full, this way you avoid late fees. Avoid opening new credit card accounts or installment loans. Keep your debt-to-credit ratio low. Don't cancel your oldest credit cards as length of credit history is important, And, remember, monitor your credit reports.

By law each of the three credit bureaus, TransUnion, Equifax and Experian, must provide you with a free credit report every year. You can obtain these free copies by visiting: www.AnnualCreditReport.com. Remember, each of these reports may vary slightly from the others - so, it's important to check all three.

While you can get your credit report for free from each of the big three credit-reporting companies every 12 months, you generally have to pay to through financial institutions or nonprofit credit counseling services.

Now you understand a little more about how a FICO credit score is determined. Visit stlouisfed.org and the education resources for more information on credit and other topics.

Handout 6.4.3: Credit Score Impact

Instructions: Indicate whether each action or situation would help, hurt, or have no impact on a person's credit score. Place an X in the appropriate column for each scenario.

Action or Situation	**HELPS Credit Score**	**HURTS Credit Score**	**NO IMPACT on Credit Score**
Missing a payment			
Keeping credit card balances low			
Applying for several new credit cards in a short period of time			
Checking your own credit score			
Using a mix of credit types (credit card, auto loan, student loan, etc.)			
Having no credit history			
Using cash or a debit card for most purchases			
Receiving a raise at work			
Closing older credit card accounts			

Handout 6.4.4: Loan Application (Page 1 of 2)

Directions: Congratulations! You've been hired as a loan officer at ABC Lending. Use the loan application below along with Handout 6.4.6: Sample Credit Report to evaluate the potential borrower's capacity, character, and collateral. Then, decide whether you would approve the loan request based on the information provided.

Part A: Loan Application

Applicant's name: Eileen Dover **Address:** 123 Main St. Anytown, USA 12345

Loan Information
Request: $10,000 personal loan Length of loan: 60 months Down payment: $0 Collateral offered: none

Financial Profile
FICO score: 700 Short-term financial assets: $450 in checking account Long-term financial assets: $2,500 in savings account Equity in home: None (renter)

Employment Information
Employer and occupation: Computers R Us, Software support specialist Years working for current employer: 10 years Education: College graduate Annual household income: $90,000

Adapted from Introduction to FRE.org: https://www.federalreserveeducation.org/teaching-resources/personal-finance/managing-credit/the-three-cs-of-credit-lesson-9a

Handout 6.4.4: Loan Application (Page 1 of 2)

Part B: Collect at least three pieces of evidence from the loan application and sample credit report to support your evaluation of each of the 3 Cs. Then, rate the risk of this borrower not repaying the loan as low risk, medium risk, or high risk in each category.

Capacity
Evidence: Rating:
Character
Evidence: Rating:
Collateral
Evidence: Rating:

Part C

Which factors support approving this individual's loan request?

Which factors support denying this individual's loan request?

Would you **approve** or **deny** this individual's loan request? Explain your decision.

Adapted from Introduction to FRE.org: https://www.federalreserveeducation.org/teaching-resources/personal-finance/managing-credit/the-three-cs-of-credit-lesson-9a

Handout 6.4.5: Sample Credit Report (Page 1 of 5)

Sample Credit Report

Instructions: This sample credit report shows portions of the information that may appear on a real credit report, along with brief descriptions of each section. Note, it is not a complete credit report and does not include all information that may be reported by the three major credit reporting agencies: Equifax, Experian, and TransUnion.

PERSONAL INFORMATION: This section of a credit report shows identifying information connected to the credit file, such as names, addresses, phone numbers, and date of birth. It is important to ensure the information in this section is correct. A mistake could be just that – a mistake – or it could be a sign of identity theft

PERSONAL INFORMATION	
SSN#: XXX-XXX-1234 **DOB:** 01/01/1991	
Names Reported: Eileen Dover E. Dover	**Telephone Numbers Reported** 555-555-5555 555-555-6789
Addresses Reported: 123 MAIN ST ANYTOWN, USA 12345 456 MAIN ST APT42 ANYTOWN, USA 12345	**Date Reported:** 08/04/2017 10/21/2010

EMPLOYMENT RECORDS: This section lists employer information reported to the credit bureau. Income and salary information are not typically included on a credit report.

EMPLOYMENT RECORDS	
Employer Name: Computers R Us	**Location:** Anytown, USA
Date Reported: 6/01/2016	**Hire Date:** 04/2016

Handout 6.4.5: Sample Credit Report (Page 2 of 5)

POTENTIALLY NEGATIVE ITEMS: This section highlights information that may concern lenders, such as late payments, accounts sent to collections, charge-offs, or public records like bankruptcy.

POTENTIALLY NEGATIVE ITEMS

No public records appear on your report.

Code	OK = paid as agreed	X = not reported	30/60/90 = days late	Blank = no data available

Account name	Account number	Recent balance	Date opened	Status
Best Credit Card	30023313702	$459 as of 5/12/2026	10/2012	**Open.**

1999 MAIN ST
ANYTOWN, USA 45678
555-555-5555
Address identification no.
94727495555

Type
Credit Card
Terms
Revolving

Credit limit or original amount
$15,000
High balance
$11,458
Monthly payment
$25
Recent payment Amount
$0
Past due amount
$0

Date of status
06/2026
First reported
12/2012
Responsibility
Individual

Account history

2026 May	Apr	Mar	Feb	Jan	2025 Dec	Nov	Oct	Sep	Aug	Jul	Jun	May
OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
May	Apr	Mar	Feb	Jan	2024 Dec	Nov	Oct	Sep	Aug	Jul	Jun	May
OK	OK	OK	OK	30	OK	OK	OK	OK	OK	OK	OK	OK

Handout 6.4.5: Sample Credit Report (Page 3 of 5)

SATISFACTORY ACCOUNTS: This section shows accounts currently in good standing and includes information such as balances, payment history, monthly payments, and account age.

SATISFACTORY ACCOUNTS

Code	OK = paid as agreed	X = not reported	30/60/90 = days late	Blank = no data available

Account name
Student Loans Services
2222 MAIN ST
ANYTOWN, USA 45678
545-545-4444
Address identification no.
4495555

Account number
889283804
Type
Student Loan
Terms
120 months

Recent balance
$24,000 as of 5/12/2026
Credit limit or original amount
$65,000
High balance
$65,000
Monthly payment
$690
Recent payment Amount
$690

Date opened
5/2019
Date of status
06/2026
First reported
07/2019
Responsibility
Individual

Status
Open.

Account history

2026 May	Apr	Mar	Feb	Jan	2025 Dec	Nov	Oct	Sep	Aug	Jul	Jun	May
OK	OK	OK	OK	OK	OK	OK		OK	OK	OK	OK	OK
May	Apr	Mar	Feb	Jan	2024 Dec	Nov	Oct	Sep	Aug	Jul	Jun	May
OK	OK	OK	OK	OK	OK	OK	OK	OK	OK		OK	OK

Handout 6.4.5: Sample Credit Report (Page 4 of 5)

SATISFACTORY ACCOUNTS (continued)

Code	OK = paid as agreed	X = not reported	30/60/90 = days late	Blank = no data available

Account name
Carr's Auto Mall

23332 MAIN ST
ANYTOWN, USA 45678
555-775-4444

Address identification no.
1234567

Account number
555777999

Type
Auto

Terms
72 months

Recent balance
$37,690.72 as of 5/12/2026

Credit limit or original amount
$44,780

High balance
$44,780

Monthly payment
$725.34

Recent payment Amount
$725.34

Date opened
04/2025

Date of status
06/2026

First reported
5/2025

Responsibility
Individual

Status
Open.

Account history

2026 May	Apr	Mar	Feb	Jan	2025 Dec	Nov	Oct	Sep	Aug	Jul	Jun	May
OK	OK	OK	OK	OK	OK	OK	X	OK	OK	OK	OK	OK

Account name
Anytown Apartments Services
2222 MAIN ST
ANYTOWN, USA 45678
545-545-4444

Address identification no.
4495555

Account number
8576301

Type
Rental

Terms
12 months

Recent balance
$8,000

Credit limit or original amount
$24,000

High balance
$24,000

Monthly payment
$2,000

Recent payment Amount
$2,000

Date opened
10/2025

Date of status
06/2026

First reported
01/2026

Responsibility
Individual

Status
Open.

Account history

2026 May	Apr	Mar	Feb	Jan	2025 Dec	Nov
OK	OK	OK	OK	OK	OK	OK

Handout 6.4.5: Sample Credit Report (Page 5 of 5)

CREDIT INQUIRIES: This section lists businesses that recently requested or reviewed the person's credit report, often as part of a credit application. Multiple recent inquiries may signal that someone is applying for additional credit. Monitoring your own credit report does not lower your credit score.

CREDIT INQUIRIES	
Credit inquiries are made available to your current and prospective creditors and employers as permitted by law. As required by the Fair Credit Reporting Act, we display these requests for your credit history as a record of fact. These inquiries will remain on your credit file for up to 2 years.	
Cool Store Credit Card PO Box 1144, ANYTOWN, PA 67890 1-800-444-4444	Requested on: 12/01/2025 Inquiry Type: Individual
Best Insurance 123 ANYWHERE STREET, ANYTOWN, DE 54433 1-800-111-5555	Requested on: 11/14/2024 Inquiry Type: Individual
Auto Financing Inc. 123 DRIVE BLVD, ANYTOWN, DE 54433	Requested on: 10/02/2012 Inquiry Type: Individual

ACCOUNT REVIEW INQUIRIES: This section shows companies that reviewed the credit file to make promotional credit or insurance offers. These inquiries do not affect a credit score.

ACCOUNT REVIEW INQUIRES	
The companies listed below received your name, address, and other limited information in order to make an offer of credit or insurance. These inquiries are not seen by anyone but you and do not affect your credit score.	
Coverage R Us Insurance Company 777 RIVER ROAD, ANYTOWN, USA 67890 1-800-555-5555	Requested on: 12/02/2012
Credit Cards USA 456 LAKE STREET, ANYTOWN, USA 12345 1-800-777-7777	Requested on: 8/05/2022

Handout 6.4.6: Assessment (Page 1 of 2)

Instructions: Imagine you are a lender reviewing the borrower information and account details provided in Part A as part of a loan application. Explain in Part B any concerns a lender may have about the borrower's capacity, character, and collateral based on the information provided.

Part A

Borrower Information

Occupation: Restaurant manager
Employer: Pizza Planet
Years with employer: 6
Annual salary: $64,000
Savings account balance: $250
Vehicle owned: 2016 Ford Escape

Account Details

Code	OK = paid as agreed	X = not reported	30/60/90 = days late	Blank = no data available

Account name
Best Credit Card

Account number
30023313702

Recent balance
$5,742 as of 5/25/2026

Date opened
04/2025

Status
Open.

1999 MAIN ST
ANYTOWN, USA 45678
555-555-5555
Address identification no.
94727495555

Type
Credit Card
Terms
Revolving

Credit limit or original amount
$6,000
High balance
$5,981
Monthly payment
$145
Recent payment Amount
$0
Past due amount
$145

Date of status
06/2026
First reported
05/2025
Responsibility
Individual

Account history

2026 May	Apr	Mar	Feb	Jan	2025 Dec	Nov	Oct	Sep	Aug	Jul	Jun	May
30	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK

Handout 6.4.6: Assessment (Page 2 of 2)

Part B

Concerns about capacity:

Concerns about character:

Concerns about collateral:

Based on these concerns, what advice would you give this borrower to improve upon their creditworthiness?