

CALCULATE: Impact of Credit Score on Loans

For this activity, you'll need the credit scores you calculated previously in the activity [CALCULATE: FICO Credit Scores](#). If you've already completed that activity, copy over the credit scores in the chart below; if not, you'll need to do that activity now. *Use the highest number from their estimated range.* Note that Danielle had no credit history, but since that time she's opened one credit card and made her payments on time. Her current score is 685.

1.

NAME	SAM	JESSICA	DANIELLE
Estimated Score			685

Now, assume that each of the three students has graduated from college, maintained their credit score, secured a \$50,000/year job, and now wants to go car shopping. Use the [FICO Loan Savings Calculator](#) to determine how much the loan is going to cost Sam, Jessica, and Danielle.



Note: This calculator goes down every year in late September-early October. If you are doing this activity during that time frame, use this [Car loan calculator](#) to complete the activity instead!

Enter the following information into the calculator:

- Type of Loan: **60-month new auto**
- State: **National**
- Loan Principal Amount: **\$21,000**
- Current FICO Score Range: **Varies by person**
- Push Calculate

2. Complete the chart below using data from the calculator.

NAME	SAM	JESSICA	DANIELLE
Estimated Score			
APR (~interest rate)			
Monthly Payment			
Total Interest Paid			
Total Amount Paid			

3. What is the difference in APR paid by Sam and Jessica?

4. How does that APR difference impact their monthly payments and total interest?

5. Hypothesize: What if they were buying a car with a \$42,000 principal instead?

Now, let's see how Sam's, Jessica's, and Danielle's credit scores would impact a mortgage. This time they're each trying to finance \$250,000 of a condo using a 30-year fixed mortgage. Use the [FICO Loan Savings Calculator](#) and enter the following information:



Note: This calculator goes down every year in late September-early October. If you are doing this activity during that time frame, use [this article](#) and find the section titled "How Credit Scores Affect Mortgage Rates" to complete the chart below. Use \$200,000 as the loan amount.

- A. Type of Loan: **30-year Fixed**
- B. State: **National**
- C. Loan Principal Amount: **\$250,000**
- D. Current FICO Score Range: **Varies by person**
- E. Push Calculate

6.

NAME	SAM	JESSICA	DANIELLE
Estimated Score			
APR (~interest rate)			
Monthly Payment			
Total Interest Paid			
Total Amount Paid			

- 7. If someone asked you, "Why should I bother worrying about my credit score?" what would you say?