



Personal Credit Mastery – Study Guide

Section 1: Payment History (35%)

1. What % of your credit score is based on payment history? **35%**
 2. What happens if you miss a payment? **It will drop your score**
 3. How long can late payments stay on your credit report? **7 years**
 4. Delinquency levels to avoid: **30-day, 60-day, 90-day, 120-day**
 5. Two ways to try to remove a late mark: **Goodwill letter; Dispute if not verified or accurate**
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Section 2: Credit Utilization (30%)

1. Formula: Credit Utilization = **balance ÷ credit limit**
 2. Ideal utilization %: **Below 30% (best under 10%)**
 3. Which date matters more — due date or statement date? **Statement date**
 4. Two strategies to lower utilization: **Pay before the statement date; Request credit limit increase / spread across cards**
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Section 3: Length of Credit History (15%)

1. What % of your score is age of accounts? **15%**
2. Closing your oldest card usually: **Hurts your score**
3. Smart hack to add credit age instantly: **Become an authorized user on an older, good account**

Section 4: Credit Mix (10%)

1. What % of your score is credit mix? **10%**
2. Two main types: **Revolving (credit cards)** and **Installment (loans)**
3. True or False: Only having credit cards = strong mix. **False**

Section 5: New Credit & Inquiries (10%)

1. What is a hard inquiry? **When a lender checks your credit after an application**
2. How long do inquiries:
 - Stay on report: **2 years**
 - Affect score: **12 months**
3. Too many inquiries too fast signals: **Risk / desperation for credit**



Practice Quiz

Multiple Choice

1. Payment history makes up:
a) 10% b) 30% c) **35%** d) 50%
2. A missed payment will:
a) Do nothing b) **Drop your score** c) Raise your score d) Only affect inquiries
3. Which date affects your utilization score more?
a) Due date b) **Statement date** c) Payday d) Grace period

4. Ideal utilization is:
a) 50% or lower b) **30% or lower (10% best)** c) 40% d) 70%
 5. Closing your oldest credit card usually:
a) Helps your score
b) **Hurts your score**
c) Has no effect
d) Doubles utilization
 6. Two main credit types are:
a) Hard & soft pulls
b) Student & car loans
c) **Revolving & Installment**
d) Debit & prepaid
 7. New credit & inquiries make up:
a) 5% b) **10%** c) 15% d) 25%
 8. A hard inquiry:
a) Never affects your score
b) **Affects for 12 months, stays 2 years**
c) Lasts 7 years
d) Counts forever
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Math-Based Utilization Practice

1. You have a \$1,200 limit and a \$500 balance. What's your utilization %?
41.6% → too high
 2. Your card limit is \$800. You want to stay under 30%. What's the max balance you should let report?
\$240 or less
 3. You have 2 cards: one \$1,000 limit (\$200 balance) and one \$2,000 limit (\$600 balance). What's your total utilization?
 $\$800 \div \$3,000 = 26.6\%$ → good
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Critical Thinking / Homeownership Pathways

Hope Credit Union has **two paths toward homeownership**:

- **\$20/hour job** (set in stone — qualifies you and makes the home affordable with equity).
- **Credit Options:**
 1. Have a **640+ FICO score**
 2. OR build **4 tradelines** with 12 consecutive on-time payments:
 - **Utility Bill** in your name
 - **Phone Line** in your name (use as your professional line)
 - **2–3 subscriptions** (Netflix, Hulu, Apple Music, Playstation, Xbox, etc.)

 *Best practice:* Use your **\$300 monthly stipend** to budget these tradelines now. This gets you closer to 640+ AND positions you for homeownership by graduation.

Discussion Question:

You qualify at \$16/hour, but your home will lack equity and not meet your goals. What's the wiser long-term move — take the \$16/hour job immediately, or hold out/build toward \$20/hour? Why?

Assignment

1. **Spreadsheet (Top 10 job choices)**
 - Fields: **Company Name | Starting Pay Rate | Phone | Email (Contact Person) | Website | Notes (from correspondence)**
2. **Tradeline Plan**
 - Pick your 4 tradelines (utility, phone, subscriptions).
3. **Build & Save Program**
 - Explain: How will you use Build & Save to reach 640+ and your homeownership goal?

