

## Chapter 4

<b>account number</b>	A unique number that identifies a credit card holder.
<b>annual percentage rate (APR)</b>	The interest rate paid per year or charged per year.
<b>assets</b>	A person's property or what is owned.
<b>available credit</b>	The difference between the maximum amount allowed and the actual amount owed on a credit card.
<b>average daily balance</b>	The average amount owed per day during the billing cycle.
<b>balloon payment</b>	The last monthly payment on some loans that is much greater than the previous payments.
<b>billing cycle</b>	A predetermined amount of time set by the credit card company that is used for calculating a credit card bill.
<b>billing date</b>	The date that a credit card statement was written.
<b>charge card</b>	A special type of credit card where the monthly bills for all purchases must be paid in full and there is no interest charged.
<b>collateral</b>	Security, such as a personal belonging, car or boat title, CD, or stock certificates, that insures a loan will be paid.
<b>cosigner</b>	A person that signs a promissory note along with the borrower and agrees to pay back the loan if the borrower does not.
<b>credit</b>	When something is bought that is not paid for at the time of purchase.
<b>credit calendar</b>	A calendar method of finding the average daily balance of a credit card.
<b>credit card</b>	A type of credit card account that has a revolving charge where the entire bill does not have to be paid in full each month.
<b>credit card statement</b>	An accounting of the credits and debits in the form of a monthly report sent to a credit card holder.
<b>credit line</b>	The maximum amount that a person can owe on a credit card at one time.
<b>credit rating</b>	A credit report card that shows how well a user of credit meets their financial obligations; these records are used by

	creditors when they decide to issue credit.
<b>credit reporting agency</b>	Organizations that compile records on users of credit as to how well they repay their debts.
<b>creditor</b>	Organization or person who extends credit to debtors.
<b>cubic function</b>	A function or equation raised to an exponent of three.
<b>cubic regression equation</b>	A third degree regression equation of the form $y = ax^3 + bx^2 + cx + d$ that can be used to determine the loan balance throughout the life of a loan.
<b>debit card</b>	A card that acts like an electronic check and is not a credit or charge card; with each purchase, the amount is deducted from a checking account; purchases may not exceed the balance in the account.
<b>debit/credit</b>	A debit is the amount charged to an account; a credit is payment made to reduce your debt; credits are identified by a negative (-) sign.
<b>debtor</b>	Organization or person who uses credit.
<b>down payment</b>	The upfront money applied to a purchase that is made with a loan (credit).
<b>earning power</b>	A person's ability to earn money now and in the future.
<b>Electronic Funds Transfer Act</b>	The law that protects debit card users against unauthorized use of their cards; users are not responsible for purchases made with a lost or stolen card after the card is reported missing.
<b>Fair Credit Billing Act</b>	The law that gives protection to a consumer in the case of errors on a monthly credit card statement; consumers are not responsible for a disputed amount or the finance charges that amount accrues, until the error is cleared up.
<b>Fair Debt Collection Practices Act</b>	The law that prohibits the creditor from harassing or using unfair means to collect the amount owed.
<b>FICO score</b>	A score that summarizes the probability that a debtor will pay a debt and is a reliable way that creditors judge credit worthiness.
<b>finance charge</b>	The interest that is charged to a buyer when paying for a purchase or service over time.
<b>impulse buying</b>	When a consumer purchases something to which they

	suddenly were attracted and had no intention of buying.
<b>installment plan</b>	A method of payment of a purchase or services over a period of time.
<b>interest</b>	The finance charge or fee that is charged to an installment buyer when paying for a purchase or service over time.
<b>late charge</b>	The penalty charged for late payments from a previous month.
<b>lending institutions</b>	Organizations that extend loans; they make their profit by charging interest; lending institutions include banks, savings and loans, credit unions, consumer finance companies, life insurance companies, and pawnshops.
<b>life insurance</b>	A type of insurance that pays a specified amount upon the policy holder's death; a creditor often requires a borrower to take out life insurance to cover the loan in the event the borrower dies before the loan is paid.
<b>mean</b>	Often referred to as average; the sum of all the numbers in a data set divided by the number of elements in the data set.
<b>minimum payment</b>	An amount that is the lowest payment the credit card company will accept for the current billing period.
<b>monthly payment calculator</b>	A way to calculate information about the balance over the lifetime of the loan and on a monthly or yearly basis.
<b>monthly periodic rate</b>	The APR divided by 12; the rate of interest charged each month.
<b>natural logarithm</b>	An exponent of the power to which a base number must be raised to equal a given number; a natural logarithm is a logarithm where $e$ , which is represented by a non-terminating, non-repeating decimal $2.71828182 \dots$ , is the base.
<b>new balance</b>	The amount currently owed on a credit card.
<b>new purchases</b>	The sum of purchases or debits on an account.
<b>number of days in billing cycle</b>	The amount of time, in days, covered by the current bill.
<b>payment due date</b>	The due date, or the date the monthly payment must be received by the creditor.
<b>payments/credits</b>	The total amount received by the creditor that is applied to

	the account.
<b>prepayment penalty</b>	An amount borrowers pay as a fee if they wish to pay back an entire loan before the due date.
<b>prepayment privilege</b>	An agreement that allows the borrower to make payments before the due date to reduce the amount of interest.
<b>previous balance</b>	Any money owed prior to the current billing period.
<b>principal</b>	The balance, or amount of money, in an account, or amount borrowed.
<b>promissory note</b>	An agreement which states the conditions of a loan; a borrower's signature confirms a promise to pay back the loan as outlined in the agreement.
<b>revolving charge account</b>	A type of credit card where the entire bill does not have to be paid in full each month; there is a minimum monthly payment and finance charge the month following any month were the bill is not paid in full.
<b>transaction</b>	A purchase, cash advance, or payment made using a credit card.
<b>Truth-in-Lending Act</b>	This law offers protection if a credit card is lost or stolen if a consumer contacts the credit card company immediately after losing a credit card or the card is stolen, the maximum liability is \$50.
<b>wage assignment</b>	A voluntary deduction from an employee's paycheck, used to pay off debts.
<b>wage garnishment</b>	An involuntary form of wage assignment, often done by court order.