# assessing credit history

## directions

**1.** Look at yourself from a lender's perspective. Rate yourself according to the three C's (Character, Capital and Capacity) and decide whether you think a lender would extend credit to you.

**Character:**

Have you used credit before?
Do you pay your bills on time?
Do you have a good credit report?
Can you provide character references?
How long have you lived at your present address?
How long have you been at your present job?

**Capital:**

What property do you own that can secure the loan?
Do you have a savings account?
Do you have investments to use as collateral?

**Capacity:**

Do you have a steady job? If so, what is your salary?
How many other loan payments do you have?
What are your current living expenses?
What are your current debts?
How many dependents do you have?

**2.** List at least 5 things you can do to build a good credit history.

**3.** Get out the calculator, and determine how much you can afford according to the 20-10 rule. The 20-10 rule is: Never borrow more than 20% of your yearly net income (not including your housing or mortgage debt) and monthly payments should not exceed 10% of your monthly net income.