FRAYER MODEL (SAMPLE RESPONSES)

Your Definition

Answers will vary, but they should include that a credit score is the lender's way of determining if you are a good risk for a loan.

The score is determined by your credit payment history, your current amount of debt, time length of your credit history, number of credit cards or applications you have, your income, and your ability to repay the loan amount based on how you have repaid other bills.

Reasons for Bad Credit Scores

- *Slow or poor credit or repayment performance in the past*
- *High debt*
- *Many credit applications or cards*
- *Lower income*
- *High debt-to-income ratio*

CREDIT SCORE

Reasons for High Credit Scores

- *Bills are paid on time for the correct amount*
- *Not too many credit cards*
- *Debt is low*
- *Income is adequate to pay off debt*
- *Long credit history of good repayment*

How to Maintain a High Credit Score

- *Don't ignore overdue bills*
- *Don't apply for too many credit cards*
- *Be aware of the type of credit you have*
- *Keep your debt low*
- *Establish a good credit history by making reasonable repayment amounts*