

# Chapter 25 The Basics of Credit

## Section 25.2 Types of Credit

### Section Summary with Key Terms and Academic Vocabulary

**Types of Credit** There are many different types of credit, including charge accounts, credit cards, single-payment loans, installment loans, mortgage loans, seller-provided credit, pawnshop loans, and “borrow until payday” loans. Loans are given by banks, credit unions, and savings and loan associations. Other financial firms specialize in specific loans (such as credit cards, and businesses that sell goods and services also offer credit. Businesses such as consumer finance companies offer loans to people who have difficulty obtaining one. However, these loans are usually costly.

#### Key Terms \_\_\_\_\_

**charge account** Credit provided by a store or company for customers to buy its products

**installment loans** Loans repaid in regular payments over a period of time

**collateral** Property or goods pledged by a borrower to use as security against a loan if the loan is not repaid

#### Academic Vocabulary \_\_\_\_\_

**available** Present or ready for immediate use

**annual** Occurring or happening every year or once a year

**range** A series of things in a line

**option** An alternate course of action; a choice