LESSON MAKER PRO

Credit Clues

Use payment records to see why credit history matters.

GRADE 6 · TEKS 6.14.D

6.14.D "explain why it is important to establish a positive credit history;"

NAME ______________________ DATE ____________

PAYMENT HISTORY MATTERS

A positive credit history shows that a borrower pays bills on time and handles borrowed money responsibly. To compare payment records, divide the number of on-time payments by the total number of payments, then multiply by 100 to find the on-time payment percent. A higher percent can help a borrower qualify for loans and pay lower costs.

WORKED EXAMPLE

A sample borrower paid 7 of 8 bills on time. What was the on-time payment percent?

1. Write the fraction: 7/8.
2. Divide: 7 / 8 = 0.875.
3. Change to a percent: 0.875 x 100 = 87.5%.

Answer: 87.5% on-time payment rate

PRACTICE 6 problems

1. A borrower paid 9 of 10 bills on time. What was the on-time payment percent?

ANSWER ____________

2. A borrower paid 12 of 15 bills on time. What was the on-time payment percent?

ANSWER ____________

3. Lena paid 18 of 20 bills on time. Carlos paid 17 of 20 bills on time. Whose on-time payment percent is higher?

ANSWER ____________

4. A borrower made 24 on-time payments out of 25 total payments. What was the on-time payment percent?

ANSWER ____________

5. A borrower made 27 on-time payments out of 30 total payments. What was the on-time payment percent?

ANSWER ____________

6. A borrower wants 95% of 40 payments to be on time. How many payments must be on time?

ANSWER ____________

APPLY IT Show your work

1 In a future-planning game, students compare two sample applicants for a loan to buy a video camera. Samira made 27 on-time payments out of 30. Eli made 34 on-time payments out of 40. Whose record has a higher on-time payment percent, and by how many percentage points? Based only on these records, whom might a lender view as less risky?

WORK SPACE

ANSWER ______________________

2 When Devon is older, he wants to finance a $250 laptop for a video-editing project. A lender charges a borrower with a positive credit history a $25 finance charge and a borrower with a weak history a $55 finance charge. What total would each borrower repay? How much money does the positive history save?

WORK SPACE

ANSWER ______________________

CHALLENGE One step up

A borrower has made 31 on-time payments out of 36 total payments. Every future payment will be on time. What is the smallest number of future on-time payments needed to reach exactly a 90% on-time payment rate? Explain why one fewer payment is not enough.

WORK SPACE AND ANSWER

Credit Clues

PART 1 · PRACTICE

#	PROBLEM	ANSWER
1	A borrower paid 9 of 10 bills on time. What was the on-time payment percent?	**90%**
2	A borrower paid 12 of 15 bills on time. What was the on-time payment percent?	**80%**
3	Lena paid 18 of 20 bills on time. Carlos paid 17 of 20 bills on time. Whose on-time payment percent is higher?	**Lena, 90% compared with Carlos's 85%.**
4	A borrower made 24 on-time payments out of 25 total payments. What was the on-time payment percent?	**96%**
5	A borrower made 27 on-time payments out of 30 total payments. What was the on-time payment percent?	**90%**
6	A borrower wants 95% of 40 payments to be on time. How many payments must be on time?	**38 payments**

PART 2 · APPLY IT

1. **Samira has the higher rate, 90%, which is 5 percentage points higher than Eli's 85%. A lender might view Samira as less risky.** Find each rate: 27/30 = 90% and 34/40 = 85%. Subtract to find the difference, then connect the higher on-time rate to a more positive payment record.
2. **The borrower with a positive history repays $275. The borrower with a weak history repays $305. The positive history saves $30.** Add each finance charge to $250. Subtract $275 from $305 to find the savings.

CHALLENGE

14 future on-time payments. Then the record is 45 on-time payments out of 50 total payments, and 45/50 = 90%. With 13 future payments, the rate would be 44/49, which is less than 90%.

Accept equivalent forms such as 0.90 or 9/10 for 90% when the question asks for a rate. For explanation responses, accept any accurate statement that a positive payment history can make a borrower seem less risky and may lead to better borrowing costs.