

## **Lesson Summary**

- Credit is the ability to obtain goods, money, or services in return for a promise to pay in the future.
- Credit reports show how much debt you have, if you have made payments on time or have not paid back some loans at all.
- Judgments, collections, charge-offs, bankruptcies, and late payments represent an obstacle to mortgage readiness.
- Lenders evaluate credit reports considering payment history, outstanding debt, credit history, pursuit of new credit, and types of credit card in use.
- Creditworthiness consists of the four Cs of credit include capacity, capital, character, and collateral.
- Credit scores assess an individual's ability to repay a loan.
- Credit issues can be solved with personal commitment and budgeting.