

RWLO: Interest Rates and Fico Scores Project Outline

Owning a home or car is something that most will do or want to do at some point in life. However, many people do not understand the "Cost of Ownership". To discuss interest rates and FICO scores for some is completely foreign terminology. In this project, students will calculate monthly payments based using the payment formula, calculate the total amount that they will pay for a car or home based on the best interest rate they could get using their own FICO scores, explore what happens to their accessible interest rate as their FICO score changes and interpret that change in terms of the total "Cost of Ownership".

Procedure Steps:

1. Print the project worksheet.
2. Go to <http://www.bankrate.com/brm/fico/calc.asp> to obtain a credit score estimate.
3. Go to <http://www.myfico.com/LoanCenter/Default.aspx?fire=12> to obtain the associated best interest rate.
4. Complete questions 1-10
5. Go to <http://www.myfico.com/LoanCenter/Default.aspx?fire=12> to obtain the associated best interest rate.
6. Complete questions 11-13.
7. Go to <http://www.myfico.com/LoanCenter/Default.aspx?fire=12> to obtain the associated best interest rate.
8. Complete questions 14-17.