

Final Quiz

- 1.) In what stage of the loan cycle does the attorney disperse the funds?
a. title search b. contract c. **closing** d. underwriting
- 2.) The document that spells out that the borrower must repay the loan is called
a. mortgage c. **promissory note** d. contract
b. binder
- 3.) A contract by which real property is pledged and allows for its transfer in the event of default is a
a. **mortgage** b. binder c. note d. contract
- 4.) The stage of the loan cycle where you verify the borrower's income
a. pre-approval b. underwriting c. conditioning d. **processing**
- 5.) An independent specialist who uses competing lender's funds to originate loans is called a
a. mortgage banker c. **mortgage broker**
b. wholesaler d. loan originator
- 6.) The residential mortgage where the whole loan is guaranteed by the federal government is a
a. **VA loan** c. community housing loan
b. FHA loan d. affordable housing loan
- 7.) A home's title can be held by a married couple as
a. individual c. married
b. **tenancy by entirety** d. joint survivor
- 8.) The loan officer requests the borrower's social security number in order to
a. order the credit report c. verify tax returns
b. verify pay stubs d. **all of the above**
- 9.) Total assets minus total liabilities yields the
a. look see ratios c. liquid assets
b. gross profit d. **net worth**
- 10.) If a co-borrower is obligated to pay child support it must be listed on the application as a
a. credit c. **liability**
b. court ordered asset d. judgment
- 11.) If the borrower is legally separated, the loan officer should check the box marked
a. unmarried b. divorced c. married d. **separated**
- 12.) In the primary lending market, the loan is
a. serviced b. **originated** c. packaged d. secured
- 13.) Fannie Mae and Freddie Mac are
a. currently operated by the federal government
b. major secondary market investors
c. government sponsored enterprises
d. **all of the above**
- 14.) Mortgage brokers need to acquire expertise in:
a. loan origination c. fair and ethical practices
b. loan processing d. **all of the above**

- 42.) The information on the 1003 relating to HMDA is
 a. **race and sex** c. country of origin
 b. religion and political affiliation d. credit history
- 43.) The number of loans a private seller and note holder can make without being licensed is
 a. **five** b. fifteen c. three d. seven
- 44.) The law that prohibits a loan officer from discouraging anyone from applying for a loan is
 a. FCRA b. MLA c. RESPA d. **ECOA**
- 45.) The law that requires a credit denial or adverse action letter is
 a. MLA b. **ECOA** c. FCRA d. PLA
- 46.) The acronym VOD stands for
 a. Value on Discovery c. Verification of Debt
 b. **Verification of Deposit** d. Value of Depreciation
- 47.) The acronym VOE stands for
 a. Value of Equity c. **Verification of Employment**
 b. Verification of Equity d. None of the Above
- 48.) The acronym VOR stands for
 a. Verification of Residence c. Verification of Reconciliation
 b. **Verification of Rent** d. None of the above
- 49.) The acronym VOM stands for
 a. **Verification of Mortgage** c. Verification of Monies
 b. Value of Mortgage d. None of the above
- 50.) Lenders making high loan-to-value transactions (above 80%) are protected by
 a. reinsurance c. right of rescission
 b. **PMI** d. MLA
- 51.) Taxes and insurance funds are held in
 a. a trust account c. a Lender's funds account
 b. **an escrow account** d. a the savings account of the borrower
- 52.) The index plus the margin is
 a. **the note rate** c. equal to Yield Spread Premium
 b. 2% of loan amount + closing costs d. points and fees
- 53.) The maximum cushion a loan servicer is allowed to hold in the escrow account is
 a. **1/6 of the annual disbursements** c. 1/16 of the annual disbursements
 b. 1/12 of the annual disbursements d. none of the above
- 54.) Regulation "B" refers to:
 a. federal bankruptcy laws c. **Equal Credit Opportunity Act (ECOA)**
 b. a bi-lingual application d. Fair Housing Act (FHA)
- 55.) ECOA requires creditors to notify applicants of action taken on their application within ____ days of receipt of the application.
 a. 60 b. **30** c. 15 d. 90
- 56.) What Act requires that you provide the applicant with a copy of the appraisal?
 a. FCRA b. FHA c. FACTA d. **ECOA**

- 80.) If you are paid \$1,112 monthly from your work and receive a child support payment of \$620 per month, what is the maximum total income you can use when figuring your maximum payment?
a.\$1747.50 b.\$1,732.00 c.\$2,165.00 d.\$1,887.00
- 81.) One of the great benefits of FHA loans
a.are the more liberal underwriting guidelines
b.the loans are assumable
c.the total borrower investment can be as little as 3.5%
d.all of the above
- 82.) How are FHA maximum loan limits established?
a.there are no loan limits only income limits
b.loan limits are based on income and credit score
c.the lesser of the county loan limit or the applicable LTV limit
d.loan limits are established by HUD based upon state housing averages
- 83.) The disadvantages to FHA loans are
a.the relatively low loan limits in certain areas
b.the cost of the upfront MIP (UFMIP)
c.single family investment property loans are not typically available through FHA
d.all of the above
- 84.) What is the upfront VA guarantee fee called and how much does it cost?
a.VA guarantee fee and it costs 3%
b.VA funding fee and it cost 5%
c.VA funding fee and 2.15% for 0 to 4.99% down payments
d.There are no upfront fees, the VA funding fee is paid monthly
- 85.) Can the VA Funding Fee ever be waived?
a.yes, for disabled veterans or for spouses of veteran who died in service
b.yes, for veterans over the age of 65
c.yes, but only for veterans with an establish loan track record
d.no, the VA funding can never been waived however it can be paid by the seller or financed into the loan
- 86.) What are the allowable debt ratios on a USDA-RD purchase money loan?
a.43% total debt ratio c.29% over 41%
b.28% over 36% d.31% over 45%
- 87.) Are there minimum or maximum loan amounts on USDA-RD loans?
a.no minimums with \$417,000 maximum loan limit
b.100 k minimum with \$417,000 maximum loan limits
c.no minimum, maximum based on country median price
d.no minimum and no maximum loan limits
- 88.) Government sponsored loans are
a.loans not directly lent by, or through a government agency
b.loans underwritten and serviced by a government agency
c.underwritten, lent and serviced by a government agency
d.all of the above

- 89.) On VA guaranteed loans, the veteran can receive gift fund for cash requirements and
- a.the seller can contribute 4% of the sales price
 - b.the seller can contribute 6% of the sales price
 - c.the seller can take back a second to 110% CLTV
 - d.none of the above
- 90.) Bill and Karen have agreed to buy a home for \$95,000. They have little cash for closing costs and have applied for a USDA RD loan where the closing costs are \$5,000 and the guarantee fee is 2%. The home has appraised for \$100,000. How much cash will Bill and Karen have to bring to closing?
- a.\$5,000; the guarantee fee will be financed
 - b.\$7,000; in USDA RD loans costs and fees can't be financed
 - c.\$0; all closing costs and fees may be financed into this loan
 - d.\$2,000; costs and fees can be financed up to the appraisal value
- 91.) Reggie and Marissa are buying a home through the FHA – 203 (b) program. The purchase price is \$145,000. They paid outside of closing (POC), \$950 upfront in pre-paid closing costs and fees to the lender. How much will Reggie and Marissa have to bring to closing in order to satisfy their minimum investment requirements?
- | | | | | | | | |
|---|---------|---|---------|---|---------|---|---------|
| a | \$4,125 | b | \$3,400 | c | \$6,300 | d | \$5,075 |
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- 92.) Joanne is a divorced mother of three and wants to help her son Matt buy his first home by co-signing on his FHA loan. Joanne will not occupy the home or be on the deed to the property. She just wants to help Matt meet the debt to income ratios for loan approval. What document(s) will Joanne be required to sign at closing?
- a.the note, not the deed or deed of trust
 - b.the note, the deed and the deed of trust
 - c.the note and the deed of trust
 - d.a quitclaim release and the note
- 93.) The CSBS is one of the regulatory bodies that maintain the NMLS. What is the full name of this authority?
- a.Committee of State Bank Supervisors
 - b.Community of State Bank Superintendents
 - c.Conference of State Bank Supervisors
 - d.Committee of Supervising Bank Superintendents
- 94.) An MLO is an individual who “assists a consumer in obtaining or applying to obtain a residential mortgage loan” by, among other things:
- a.distributing information common for processing and underwriting
 - b.advising on loan terms including rates, fees and other costs
 - c.any activity that involves offering real estate brokerage activity
 - d.all of the above
- 95.) HUD promulgated rules to implement RESPA known as Regulation X in 1974 to fulfill the intent of Congress that the purpose of RESPA was to
- a.create advanced disclosures to help consumers become better shoppers
 - b.eliminate kickbacks and referral fees that unnecessarily increased closing costs
 - c.Reduce the amount homebuyers are required to place in escrow accounts
 - d.all of the above

- 96.) HUD's stated purpose of the RESPA rule changes that expanded the GFE to three pages, which are effective January 1, 2010, were to
- a. simplify the GFE and put brokers at a disadvantage
 - b. to disclose the true cost of credit and ensure fairness for the emerging markets
 - c. help borrowers better understand their loan offer and re-characterize YSP
 - d. appease the banks by giving them an unfair market advantage
- 97.) Unless the originator provides a revised GFE for cause, the originating party is bound within certain tolerances, to the terms listed on the GFE provided to the borrower. All the following charges have a zero tolerance and cannot exceed amounts stated on the GFE except:
- a. per diem interest
 - b. the origination charge
 - c. the interest rate chosen, if locked in
 - d. the adjusted origination charges, while rate is locked
- 98.) How many years must documentation of any reasons for providing a new or revised GFE be retained after settlement?
- a. one
 - b. three
 - c. five
 - d. None of the above
- 99.) If the originator discovers charges at settlement that exceed the charges on the GFE by more than the permitted tolerances, the originator must cure this violation within ____ calendar days after settlement.
- a. three
 - b. seven
 - c. ten
 - d. thirty
- 100.) There are three distinct pages to the new GFE. The first page is referred to as the "Summary" page. The second is the "Adjusted Origination Charges" page and page three is the
- a. "Tolerance" page
 - b. "Shopping Comparison" page
 - c. "Instructions" page
 - d. "Trade-Off Table" page