

## Government Loan Quiz

- 1) To Whom does FHA lend money?
  - a. low to moderate income borrowers
  - b. first time homebuyers and the emerging markets
  - c. borrowers with less than perfect credit that can't go conventional
  - d. FHA does not lend money
- 2) 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 may be less than on a comparable conforming loan%
  - d. all of the above
- 3) On an FHA loan how many years must the borrower pay MIP?
  - a. 3 years and 80% LTV
  - b. 5 years and 78% LTV
  - c. 7 years and 78% LTV
  - d. Until the loan is refinanced
- 4) 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
- 5) 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 property investment property loans are not generally available through FHA
  - d. all of the above
- 6) Are FHA loans assumable?
  - a. yes, but only if it is a relative of the owner
  - b. no, never
  - c. yes, FHA loans are assumable
  - d. yes, however, the owner is forever liable
- 7) VA loans are
  - a. government insured loans
  - b. government guaranteed loans
  - c. government funded loans
  - d. government serviced loans
- 8) 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

- 9) 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
- 10) What are the VA loan debt ratios?
- a. 29% over 43%
  - b. 31% over 41%
  - c. 29% over 45%
  - d. 41%
- 11) The standard VA entitlement is?
- a. \$154,000
  - b. \$36,000
  - c. \$417,000
  - d. \$217,700
- 12) What are the biggest advantages of the USDA Rural Development (RD) Guaranteed Housing Loan Program?
- a. no maximum income limits
  - b. the streamline refinance of conventional and sub-prime loans
  - c. no down payment required, no monthly mortgage insurance
  - d. no minimum credit score and no income limits
- 13) Are there any upfront fees on USDA-RD loans?
- a. no, if the borrower agrees to a pre-payment penalty clause
  - b. no, however there is monthly USDA insurance included
  - c. yes, 3% upfront
  - d. yes, there is a 3.5% "guarantee fee"
- 14) What are the allowable debt ratios on a USDA-RD purchase money loan?
- a. 43% total debt ratio
  - b. 28% over 36%
  - c. 29% over 41%
  - d. 31% over 45%
- 15) 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
- 16) 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
- 17) 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

- 18) 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 in this loan
  - d. \$2,000; costs and fees can be financed up to the appraisal value
- 19) A USDA RD 2/1 temporary buy down is a 2 year subsidy on behalf of the borrower. If a 30 year loan at a 7% interest rate was being temporarily discounted with a 2/1 buy down, what would the interest rates be in year one and year two and what note rate would be used for Truth-In-Lending disclosure purposes?
- a. 5% - 5% and 5% on the TIL
  - b. 5% - 6% and 7% on the TIL
  - c. 5% - 5% and 7% on the TIL
  - d. 5% - 6% and 6% on the TIL
- 20) Charles is applying for a USDA RD loan to purchase an attached and deeded manufactured home from his brother who set it up 8 years ago on 10 acres of land. The appraised value is \$175,000 and Charles can buy it for \$150,000. The lender is requiring some badly rotted deck boards be replaced which will cost \$2,500. The closing costs will total \$5,000 plus a 2% guarantee fee. What will the loan amount total if Charles wants to minimize his out of pocket cost?
- a. \$175,500
  - b. \$160,650
  - c. RD will not do this loan because it's an existing manufactured home.
  - d. \$158,100