

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?
- yes, for disabled veterans or for spouses of veteran who died in service
 - yes, for veterans over the age of 65
 - yes, but only for veterans with an establish loan track record
 - 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?
- 29% over 43%
 - 31% over 41%
 - 29% over 45%
 - 41%
- 11) The standard VA entitlement is?
- \$154,000
 - \$36,000
 - \$417,000
 - \$217,700
- 12) What are the biggest advantages of the USDA Rural Development (RD) Guaranteed Housing Loan Program?
- no maximum income limits
 - the streamline refinance of conventional and sub-prime loans
 - no down payment required, no monthly mortgage insurance
 - no minimum credit score and no income limits
- 13) Are there any upfront fees on USDA-RD loans?
- no, if the borrower agrees to a pre-payment penalty clause
 - no, however there is monthly USDA insurance included
 - yes, 3% upfront
 - yes, there is a 3.5% "guarantee fee"
- 14) What are the allowable debt ratios on a USDA-RD purchase money loan?
- 43% total debt ratio
 - 28% over 36%
 - 29% over 41%
 - 31% over 45%
- 15) Are there minimum or maximum loan amounts on USDA-RD loans?
- no minimums with \$417,000 maximum loan limit
 - 100 k minimum with \$417,000 maximum loan limits
 - no minimum, maximum based on country median price
 - no minimum and no maximum loan limits
- 16) Government sponsored loans are
- loans not directly lent by, or through a government agency
 - loans underwritten and serviced by a government agency
 - underwritten, lent and serviced by a government agency
 - all of the above
- 17) On VA guaranteed loans, the veteran can receive gift fund for cash requirements and
- the seller can contribute 4% of the sales price
 - the seller can contribute 6% of the sales price
 - the seller can take back a second to 110% CLTV
 - 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