

Education Services, Inc.
Real Estate Academy
Session Ten Quiz – Chapters 15, 16

CHAPTER FIFTEEN

1. Under an installment contract, the title to the property is held by the:
 - a. Vendor
 - b. Vendee
 - c. Trustor
 - d. Trustee

2. A mortgagor is the one who:
 - a. Borrows the mortgage
 - b. Holds the mortgage
 - c. Provides the mortgage funds
 - d. Forecloses on the mortgage

3. The amount of a loan expressed as a percentage of the value of the real estate offered as collateral is the:
 - a. Amortization ratio
 - b. Loan-to-value ratio
 - c. Debt-to-equity ratio
 - d. Capital-use ratio

4. If the amount realized at a sheriff's sale as part of a mortgage foreclosure is more than the amount of the indebtedness and expenses, then the excess belongs to:
 - a. The mortgagor
 - b. The mortgagee
 - c. The sheriff's office
 - d. The county

5. The purpose of the Real Estate Settlement Procedures Act (RESPA) is to:
 - a. See that the buyers do not borrow more money that they can repay
 - b. Make real estate brokers more responsive to the needs of buyers
 - c. Help sellers know how much money is required to purchase the property
 - d. See that the buyers and sellers know all of their settlement costs

6. A person who assumes an existing mortgage loan is:
 - a. Not personally liable for the repayment of the debt
 - b. Not in danger of losing the property by default
 - c. Personally responsible for paying the principal balance
 - d. Generally released from liability, but not always

7. The interest in a property held by the owner in excess of any liens against it is called:
 - a. Hypothecation
 - b. Subordination
 - c. Leverage
 - d. Equity

8. The mortgagee foreclosed on a property after the borrower defaulted on the loan payments. At the foreclosure sale, however, the house sold for only \$29,000. The unpaid balance of the loan at the time of the sale was \$40,000. What must the lender do to recover the \$11,000 the borrower still owes?
 - a. Sue for damages
 - b. Sue for specific performance
 - c. Seek a judgment by default
 - d. Seek a deficiency judgment

9. The clause in a trust deed or mortgage that permits the lender to declare the entire unpaid balance immediately due and payable upon default is what clause?
 - a. Judgment
 - b. Escalator
 - c. Forfeiture
 - d. Acceleration

10. The clause in a mortgage instrument that would prevent the assumption of the mortgage by a new purchaser is a (n):
 - a. Due on sale clause
 - b. Power of sale clause
 - c. Defeasance clause
 - d. Certificate of sale clause

11. The seller agrees to sell the house to the buyer for \$100,000. The buyer was unable to qualify for a mortgage loan for this amount so the seller and buyer enter into a contract for deed. The interest the buyer has in the property under a contract for deed is:
 - a. Legal title
 - b. Equitable title
 - c. Joint title
 - d. Mortgagee in possession

12. If a buyer of an \$85,000 home obtains a \$50,000 mortgage worth 4 points, how much will the lender charge at closing?
 - a. \$6,000
 - b. \$3,400
 - c. \$2,000
 - d. \$40,000

13. The grantor becomes the lessee and the grantee becomes the lessor under which of the following financing arrangements?
 - a. Partial sale
 - b. Wraparound mortgage
 - c. Sale and leaseback
 - d. Assumption of mortgagee

14. The Truth-in-Lending Law, implemented by Regulation Z, sets forth certain requirements regarding real estate loans to individuals for all of the following purposes EXCEPT loans for:
 - a. Household use
 - b. Business use
 - c. Room additions
 - d. Swimming pools

15. Fannie Mae, Ginnie Mae, and Freddie Mac have in common the purpose of:
 - a. Originating residential mortgage loans
 - b. Purchasing existing mortgage loans
 - c. Insuring residential mortgage loans
 - d. Guaranteeing existing mortgage loans

16. A borrower obtained a \$7,000 second mortgage loan for five years at 6 percent interest per annum. Monthly payments were \$50. The final payment included the remaining outstanding principal balance. What type of loan is this?
 - a. A fully amortized loan
 - b. A straight loan
 - c. A partially amortized loan
 - d. An accelerated loan

17. The principal distinction between the primary mortgage market and the secondary mortgage market is in the:
 - a. Insuring versus the guaranteeing of mortgage loans
 - b. Origination versus the purchase of mortgage loans
 - c. Use of mortgages versus the use of deeds of trust
 - d. Use of discount points versus the use of origination fees

18. When compared with a 30-year payment period, taking out a loan with a 20-year payment period would result in all of the following EXCEPT:
 - a. Faster amortization
 - b. Higher monthly payments
 - c. Quicker equity buildup
 - d. Greater impound amounts

19. In a graduated payment loan:
 - a. Mortgage payments decrease
 - b. Mortgage payments balloon in 5 years
 - c. Mortgage payments increase
 - d. The interest rate on the loan adjusts annually

20. The type of mortgage loan that uses both real and personal property as security is a:
 - a. Blanket mortgage
 - b. Package mortgage
 - c. Purchase money mortgage
 - d. Wraparound mortgage

21. In a sale-and-leaseback arrangement the:
 - a. Seller retains legal title to the real estate
 - b. Buyer becomes the lessee
 - c. Broker will not earn a commission
 - d. Buyer becomes the lessor

22. Danni has owned her house for over 50 years. It has fallen into disrepair but, because she lives on a fixed income, she does not have the money to make the needed repairs. She has a considerable amount of equity in the house. What type of loan would probably best suit her needs?
 - a. A home equity loan
 - b. A reverse annuity mortgage
 - c. A blanket loan
 - d. An open-ended loan

23. A lender will take certain factors into consideration when deciding whether to grant a borrower a mortgage loan. All of the following are legitimate factors EXCEPT:
 - a. The marital status of the borrower
 - b. The creditworthiness of the borrower
 - c. The amount of the borrower's income
 - d. The ability of the borrower to make the payments

24. Which of the following, standing alone, would be a legal way to advertise loan terms?
 - a. \$499 per month
 - b. \$1,000 down
 - c. 8% interest rte
 - d. Assumable mortgages

25. One of the ways lenders increase their revenue is by servicing loans. All of the following are activities of servicing loans EXCEPT:
 - a. Collecting payments
 - b. Paying real estate taxes from escrow accounts
 - c. Renegotiating interest rates
 - d. Sending overdue notices