Review Quiz Chapter 8 – Real Estate Lenders and Government-Backed Housing Programs

1. All of the following are non-institutional lenders, except:
   (a) credit union
   (b) mortgage company
   (c) life insurance company
   (d) pension fund

2. A Seller’s Financial Disclosure Statement must be signed by the:
   (a) buyer
   (b) seller
   (c) broker
   (d) all of the above

3. The ultimate source of all loan funds is:
   (a) taxes
   (b) government spending
   (c) transfer payments
   (d) savings

4. A secondary mortgage market is where:
   (a) existing lenders sell to other lenders and investors
   (b) a seller carries a junior trust deed
   (c) the supply of funds available for real estate loans is decreased
   (d) the Federal Reserve tightens mortgage interest rates

5. Using the ratio 1/6 difference = 1 point, if the lender wants a VA rate of 6.5% and the veteran only qualifies for 6%, how much would a seller have to pay up front to get the lender to grant a $240,000 loan?
   (a) $8,000
   (b) $7,500
   (c) $5,800
   (d) $7,200

6. For gross income purposes, most lenders want the borrower to have at least a:
   (a) 1-year work history
   (b) 2-year work history
   (c) 3-year work history
   (d) 4-year work history
7. Private mortgage insurance (PMI):
   (a) makes the payments if the borrower gets disabled
   (b) is paid for by the lender
   (c) pays the loan off if the borrower dies
   (d) insures the lender for the top portion of the loan

8. Which of the following types of loans are made only to individuals who are intending to occupy the property as a personal residence?
   (a) VA
   (b) conventional
   (c) purchase money
   (d) jumbo

9. Which government program carries a prepayment penalty if the loan is paid off in less than 5 years?
   (a) VA
   (b) Cal-Vet
   (c) FHA
   (d) FNMA

10. A loan made by a lender who intends to keep the loan until paid is a:
    (a) conforming loan
    (b) jumbo loan
    (c) portfolio loan
    (d) domestic loan