

Student's Name _____ Version A

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Test 3 Spring 2017: Chapters 8 (Land Contract) through 14 and 18 Jacobus**Multiple Choice**

Identify the choice that best completes the statement or answers the question.

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 - b. advertisement
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 - a. can be the beneficiary.
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 - b. seller financing.
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 - d. usury.
20. A deed given as security for the loan against real estate is known as
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 - d. hypothecated.
21. A market in which mortgage loans can be sold to investors:
 - a. stock market
 - b. farmer's market
 - c. primary market
 - d. secondary market
22. The lender in a Deed of Trust:
 - a. mortgagor
 - b. trustee
 - c. trustor
 - d. beneficiary

23. The clause that enables the lender to demand immediate payment of the entire balance due after a default is the:
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 - prepayment clause
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24. Under a conditional land sales contract,
- legal title is held by the vendee.
 - equitable title is held by the vendee.
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25. Who signs the note that goes along with the mortgage?
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- TTIP
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30. A mortgage lender will lend based on a proportion of the appraisal or sale price, whichever is less. This is called the
- owner's equity.
 - percent return.
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 - loan-to-value ratio.
31. Which of the following ratios of monthly payment to monthly income would be preferred by a residential lender?
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 - 55%
 - 65%
 - 75%
32. An elderly couple is "house rich, money poor". To obtain money now while still living in their magnificent home, they should look for a
- negative amortization.
 - an adjustable rate mortgage.
 - a reverse annuity mortgage.
 - a graduated payment mortgage.
33. A loan on which the interest rate can be adjusted up or down as current interest rates change:
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 - adjustable rate mortgage
 - graduated payment mortgage
 - equity sharing mortgage
34. One of the major differences between a regular mortgage and a deed of trust is
- there is no difference.
 - a deed of trust must be recorded.
 - a mortgage hypothecates personal property.
 - the redemption period allowed.

35. One of the several differences between a mortgage and a deed of trust is:
- Following a default, a mortgage may be cured by catching payments up, a deed of trust must be paid in full
 - When fully paid, a Deed of Trust must be released, a mortgage deeded back
 - There is no difference only the title of the document
 - When fully paid, a mortgage must be released, a Trustee of a Deed of Trust must reconvey the property to borrower
36. When a clause in a mortgage allows the lender to proceed against a borrower's other assets if the foreclosure sale does not satisfy the debt, the result is called a
- statutory redemption.
 - deficiency judgment.
 - equity of redemption.
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37. Which of the following is the capitalization formula used to arrive at value?
- $Net\ Income \div Rate = Value$
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38. The interest rate of an adjustable rate mortgage may rise or fall based on the
- index.
 - interest rate cap.
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 - margin.
39. PITI with regard to financing means:
- Sorrow or regret
 - A loan requiring periodic payments of principal and interest only
 - A loan requiring periodic payment of principal, interest, taxes and insurance
 - The four unities of a real estate loan are possession, interest, time, and investment
40. One of the main advantages of a deed of trust for the mortgagee is that:
- all creditors may file claims against the property
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41. Who must sign the reconveyance of a deed of trust?
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51. Under a mortgage on a property, the mortgagor:
- has all the rights of ownership
 - can automatically assign the mortgage to another
 - signs a note that pledges the property as security
 - is the primary lender
52. The fact that title is held in trust and the foreclosure procedure is quicker is an advantage to the lender under a:
- mortgage
 - deed of trust
 - land contract
 - no advantage
53. Of the following parties to a mortgage, whose interest is benefited by an acceleration clause?
- The mortgagor
 - The mortgagee
 - A future owner
 - The trustee

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 - deed of trust
 - mortgage
53. Of the following parties to a mortgage, whose interest is benefited by an acceleration clause?
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 - Mortgagor and Mortgagee
26. A primary mortgage lender is one who
- pools, insures, guarantees and sells first mortgage loans.
 - lends to FNMA, FHLMC and GNMA.
 - lends only for first mortgages and deeds of trust.
 - originates loans and makes funds available to borrowers.
27. The definition of fair market value requires, among other things, that the
- seller can convey a fee simple title.
 - neither buyer or seller be subject to any pressure to buy or sell
 - buyer is qualified for reasonable financing.
 - sale was free of high-pressure listing and sales agents.
28. Under the truth in lending act, the cost of credit extended must be expressed as an
- average percentage rate.
 - actual percentage rate.
 - annual percentage rate.
 - approximate percentage rate.
29. A loan payment that combines interest, principal, insurance and taxes:
- TTIP
 - PETE
 - PI
 - PITI
30. A mortgage lender will lend based on a proportion of the appraisal or sale price, whichever is less. This is called the
- CRV.
 - percent return.
 - owner's equity.
 - loan-to-value ratio.
31. Which of the following ratios of monthly payment to monthly income would be preferred by a residential lender?
- 25%
 - 75%
 - 55%
 - 65%
32. An elderly couple is "house rich, money poor". To obtain money now while still living in their magnificent home, they should look for a
- negative amortization.
 - a reverse annuity mortgage.
 - a graduated payment mortgage.
 - an adjustable rate mortgage.
33. A loan on which the interest rate can be adjusted up or down as current interest rates change:
- blended rate loan
 - equity sharing mortgage
 - adjustable rate mortgage
 - graduated payment mortgage
34. One of the major differences between a regular mortgage and a deed of trust is
- there is no difference.
 - a deed of trust must be recorded.
 - the redemption period allowed.
 - a mortgage hypothecates personal property.

35. One of the several differences between a mortgage and a deed of trust is:
- There is no difference only the title of the document
 - Following a default, a mortgage may be cured by catching payments up, a deed of trust must be paid in full
 - When fully paid, a Deed of Trust must be released, a mortgage deeded back
 - When fully paid, a mortgage must be released, a Trustee of a Deed of Trust must reconvey the property to borrower
36. When a clause in a mortgage allows the lender to proceed against a borrower's other assets if the foreclosure sale does not satisfy the debt, the result is called a
- equity of redemption.
 - statutory redemption.
 - foreclosure redemption.
 - deficiency judgment.
37. Which of the following is the capitalization formula used to arrive at value?
- $Net\ Income \times Rate = Value$
 - $Gross\ Income \times Rate = Value$
 - $Gross\ Income \div Rate = Value$
 - $Net\ Income \div Rate = Value$
38. The interest rate of an adjustable rate mortgage may rise or fall based on the
- margin.
 - adjustment period.
 - index.
 - interest rate cap.
39. PITI with regard to financing means:
- A loan requiring periodic payment of principal, interest, taxes and insurance
 - Sorrow or regret
 - The four unities of a real estate loan are possession, interest, time, and investment
 - A loan requiring periodic payments of principal and interest only
40. One of the main advantages of a deed of trust for the mortgagee is that:
- no second mortgage/deed of trust can be made on the property
 - the title is held in trust and the foreclosure procedure is quicker
 - all creditors may file claims against the property
 - there is no advantage over a mortgage
41. Who must sign the reconveyance of a deed of trust?
- Trustor
 - Beneficiary
 - Trustee
 - Grantee
42. The type of loan whereby the borrower makes interest only payments during the life of the loan with the entire principal due for the final payment is called
- a partially amortized loan.
 - a discounted loan.
 - an amortized loan.
 - a term loan.
43. Which of the following describes a mortgage that uses both real and personal property as security?
- Package mortgage
 - Wraparound mortgage
 - Purchase-money mortgage
 - Blanket mortgage
44. A discharge of a mortgage upon payment of the debt owed is known as:
- Redemption
 - Assumption of Mortgage
 - Satisfaction of Mortgage
 - Subordination
45. All approaches to real estate appraisal include elements of:
- Income data
 - Capitalization rate
 - Cost data
 - Market data

46. A borrower defaults on a deed of trust loan. Before the lender can foreclose, the lender must
- appoint a trustee if the deed of trust is of the automatic trustee form.
 - notify the borrower, trustee and all interested parties of the default.
 - offer to modify the loan terms to allow the borrower to catch up.
 - advertise the sale several weeks in advance and perform the sale himself, on the site of the property securing the loan.
47. The care and upkeep of a loan once it is made describes:
- loan originating
 - mortgage brokering
 - mortgage insuring
 - loan servicing
48. In regard to a promissory note, an obligor is:
- The maker
 - The lender
 - The holder
 - The beneficiary
49. The main source of loan money in the secondary mortgage market is:
- life insurance companies
 - investors who directly invest in mortgages
 - savings and loans and commercial banks
 - investors who buy mortgage backed securities
50. The mortgagee foreclosed on a property after the borrower defaulted on the loan payments. At the foreclosure sale, unfortunately, 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?
- seek a deficiency judgment
 - seek judgment by default
 - sue for damages
 - sue for specific performance
51. Under a mortgage on a property, the mortgagor:
- can automatically assign the mortgage to another
 - has all the rights of ownership
 - signs a note that pledges the property as security
 - is the primary lender
52. The fact that title is held in trust and the foreclosure procedure is quicker is an advantage to the lender under a:
- land contract
 - mortgage
 - deed of trust
 - no advantage
53. Of the following parties to a mortgage, whose interest is benefited by an acceleration clause?
- The trustee
 - The mortgagor
 - A future owner
 - The mortgagee

**Test 3 Spring 2017: Chapters 8 (Land Contract) through 14 and 18 Jacobus
Answer Section**

MULTIPLE CHOICE

- | | |
|-------|-------|
| 1. B | 40. C |
| 2. A | 41. C |
| 3. B | 42. C |
| 4. C | 43. B |
| 5. D | 44. A |
| 6. D | 45. B |
| 7. A | 46. C |
| 8. A | 47. C |
| 9. D | 48. A |
| 10. C | 49. A |
| 11. A | 50. D |
| 12. A | 51. A |
| 13. A | 52. B |
| 14. B | 53. B |
| 15. A | |
| 16. A | |
| 17. A | |
| 18. A | |
| 19. B | |
| 20. A | |
| 21. D | |
| 22. D | |
| 23. A | |
| 24. B | |
| 25. C | |
| 26. C | |
| 27. A | |
| 28. D | |
| 29. C | |
| 30. D | |
| 31. A | |
| 32. C | |
| 33. B | |
| 34. D | |
| 35. D | |
| 36. B | |
| 37. A | |
| 38. A | |
| 39. C | |

- 40. C**
- 41. C**
- 42. C**
- 43. B**
- 44. A**
- 45. B**
- 46. C**
- 47. C**
- 48. A**
- 49. A**
- 50. D**
- 51. A**
- 52. B**
- 53. B**

**Test 3 Spring 2017: Chapters 8 (Land Contract) through 14 and 18 Jacobus
Answer Section**

MULTIPLE CHOICE

- | | |
|-------|-------|
| 1. A | 40. A |
| 2. A | 41. B |
| 3. A | 42. D |
| 4. C | 43. A |
| 5. D | 44. D |
| 6. A | 45. D |
| 7. C | 46. B |
| 8. C | 47. C |
| 9. D | 48. A |
| 10. C | 49. C |
| 11. A | 50. D |
| 12. D | 51. C |
| 13. A | 52. C |
| 14. C | 53. D |
| 15. C | |
| 16. A | |
| 17. B | |
| 18. A | |
| 19. D | |
| 20. D | |
| 21. B | |
| 22. A | |
| 23. A | |
| 24. C | |
| 25. A | |
| 26. C | |
| 27. D | |
| 28. A | |
| 29. D | |
| 30. A | |
| 31. B | |
| 32. C | |
| 33. D | |
| 34. C | |
| 35. C | |
| 36. B | |
| 37. B | |
| 38. A | |
| 39. B | |

- 40. A**
- 41. B**
- 42. D**
- 43. A**
- 44. D**
- 45. D**
- 46. B**
- 47. C**
- 48. A**
- 49. C**
- 50. D**
- 51. C**
- 52. C**
- 53. D**

**Test 3 Spring 2017: Chapters 8 (Land Contract) through 14 and 18 Jacobus
Answer Section**

MULTIPLE CHOICE

- | | |
|-------|-------|
| 1. B | 40. B |
| 2. B | 41. C |
| 3. C | 42. D |
| 4. A | 43. A |
| 5. D | 44. C |
| 6. C | 45. D |
| 7. D | 46. B |
| 8. A | 47. D |
| 9. A | 48. A |
| 10. B | 49. D |
| 11. D | 50. A |
| 12. D | 51. B |
| 13. B | 52. C |
| 14. D | 53. D |
| 15. D | |
| 16. B | |
| 17. B | |
| 18. C | |
| 19. B | |
| 20. B | |
| 21. D | |
| 22. B | |
| 23. C | |
| 24. A | |
| 25. B | |
| 26. D | |
| 27. B | |
| 28. C | |
| 29. D | |
| 30. D | |
| 31. A | |
| 32. B | |
| 33. C | |
| 34. C | |
| 35. D | |
| 36. D | |
| 37. D | |
| 38. C | |
| 39. A | |