



Chapter 14 Quiz

1. What is the best means for a real estate licensee to help a buyer trying to determine how much it will cost to buy a home?
 - A. Provide and discuss the Toolkit: A step-by-step Guide
 - B. Explain how to use a search engine to research on the Internet
 - C. Provide a link to Freddie Mac's mortgage guide
 - D. Direct the buyer to a local lender
2. The difference between the amount owed and the value of the property is called
 - A. surplus.
 - B. consideration.
 - C. assessment.
 - D. equity.
3. Which of the following types of mortgages would most likely require private mortgage insurance (PMI)?
 - A. FHA loan with purchaser putting 3 percent down
 - B. Conventional loan with purchaser putting 10 percent down
 - C. VA loan with purchaser putting 3 percent down
 - D. New Jersey Housing and Mortgage Finance Agency loan with a purchaser putting 4 percent down
4. Federal income tax regulations allow a homeowner to reduce his or her taxable income by amounts paid for
 - A. repairs and maintenance.
 - B. hazard insurance premiums.
 - C. interest on the first mortgage.
 - D. both principal and interest on the first mortgage.
5. 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.
6. A real estate loan payable in periodic installments that are sufficient to pay the principal in full during the term of the loan is called
 - A. a conventional loan.
 - B. a straight loan.
 - C. a participation loan.
 - D. an amortized loan.

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7. A lender may protect its interest in a mortgage loan by obtaining additional security from
 - A. private mortgage insurance.
 - B. title insurance.
 - C. the borrower's note.
 - D. impound accounts.

8. A lender shifts the risk of changing interest rates to the borrower in an
 - A. increase in the monthly escrow amounts.
 - B. interest-only loan.
 - C. amortized loan with a final balloon payment.
 - D. adjustable rate mortgage.

9. 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

10. In New Jersey, below-market-interest loans are offered to buyers with little or no down payments. The buyers must buy a home in
 - A. any below state income neighborhood.
 - B. an integrated neighborhood.
 - C. a target area.
 - D. any urban neighborhood.