**Chapter 10**

**Quiz**

# Multiple Choice

* 1. This lending source is a cooperative association that permits members to borrow money for both short-term and long-term residential loans.
     1. savings and loan association
     2. credit union
     3. mutual savings bank
     4. none of the above
  2. This lending source is found primarily in the Northeast, is owned by depositors, and makes loans for both residential and income-producing properties.
     1. savings and loan association
     2. credit union
     3. mutual savings bank
     4. none of the above
  3. Private mortgage insurance is associated with this type of loan.
     1. conventional insured loan
     2. FHA loan
     3. VA loan
     4. none of the above
  4. This federal law requires lenders to make full disclosure of all costs incurred in obtaining credit.
     1. Federal Truth in Lending Act
     2. Real Estate Settlement Procedures Act
     3. Equal Credit Opportunity Act
     4. none of the above
  5. This federal law requires the lender to provide the borrower with a good faith estimate of closing costs within three (3) days of the loan application.
     1. Federal Truth in Lending Act
     2. Real Estate Settlement Procedures Act
     3. Equal Credit Opportunity Act
     4. none of the above

# True/False

1. Commercial banks are a major source of long-term residential loans.
2. A mortgage is a three-party instrument.
3. Richard Price is purchasing a house for $400,000. He is taking out a loan for 80% of the purchase price. The lender is charging him an interest rate of 7% and one point. The point will cost Richard $4,000.
4. The margin is the amount of percentage points the lender adds to the index rate to come up with the ARM interest rate.
5. A secondary market is a market for the purchase and sale of existing mortgages.

## Answer Key

1. b

2. c

3. a

4. a

5. b

6. False

7. False

8. False

9. True

10. True