

Alaska Mortgage Study Guide

1. Which of the following loans is exempt from the Real Estate Settlement Procedures Act (RESPA)?
 - A. A mortgage for the construction of a residential property
 - B. A temporary loan for the construction of a residential property
 - C. A loan to purchase a single family home
 - D. A loan to purchase a 3-unit residential building

2. Which of the following mortgage transactions is covered under the Real Estate Settlement Procedures Act (RESPA)?
 - A. Residential
 - B. Business
 - C. Commercial
 - D. Agricultural

3. Which of the following is regulated by the Truth In Lending Act (TILA), Regulation Z?
 - A. Real Estate Listing Services
 - B. Disclosure of cost of credit
 - C. Equal housing opportunities
 - D. Credit for all sections of society

4. According to the Truth in Lending Act (TILA), which of the following disclosure information is related to a Fixed Interest Rate credit plan?
 - A. The frequency of changes in the annual percentage rate
 - B. The possibility of changes in the payment amount over time
 - C. The index used in determining the rate adjustments and source of information on the index
 - D. The interest rate that will be offered for the duration of the credit

5. The Special Information Booklet must be provided by a lender to a borrower, as required by the:
 - A. Truth-in-Lending Act (TILA)
 - B. Uniform Settlement Statement
 - C. Consumer Protection Act
 - D. Real Estate Settlement Procedures Act (RESPA)

6. Under the Truth In Lending Act (TILA), which of the following computational tools can be used to accurately determine the annual percentage rate?
- A. Lender's proprietary annual percentage rate table
 - B. Regulation Z annual percentage table
 - C. Interest rate computational tools certified by the lenders association
 - D. Interest rate calculators offered by lenders that are available on the Internet
7. For a loan to purchase a manufactured home deeded as real estate, which of the following fees on the Good Faith Estimate (GFE) would violate the Real Estate Settlement Procedures Act (RESPA)?
- A. Appraisal Fee
 - B. Credit Report Fee
 - C. Loan Origination Fee
 - D. HUD-1 Statement Fee
8. According to the Truth in Lending Act (TILA), when must the disclosures be generally provided to a credit applicant?
- A. Before the consummation of the transactions
 - B. At the time of providing the application form
 - C. When a customer requests the information
 - D. Within one week of the consummation of the transactions
9. A borrower was offered an extended credit to purchase a \$120,000 home. The borrower paid a down payment of \$20,000 and the remaining amount was financed by the creditor. The lender also financed an additional amount of \$5,000 which does not form part of the finance charges. According to the Truth In Lending Act (TILA), what amount should be shown under the category of Amount Financed in the disclosure statement?
- A. \$95,000
 - B. \$100,000
 - C. \$105,000
 - D. \$120,000

10. Which of the following rates must be conspicuously disclosed in an advertisement for a mortgage loan that advertises interest rates?
- A. Period rate
 - B. Contract rate
 - C. Simple interest rate
 - D. Annual Percentage Rate
11. According to the Truth In Lending Act (TILA), how many copies of the right to rescind notice must be provided to a consumer?
- A. 1
 - B. 2
 - C. 3
 - D. 4
12. The creditor has initiated foreclosure on the principal dwelling of a consumer that was used as a guarantee for a credit. According to the Truth In Lending Act (TILA), what is the maximum amount of understated finance charge that will be considered as accurate disclosure by the creditor?
- A. \$35
 - B. \$50
 - C. \$75
 - D. \$100
13. A creditor is advertising the annual percentage rate for a 30-year mortgage. According to the Truth In Lending Act (TILA), what is the maximum allowable change on the advertised rate from the actual rate offered to customers?
- A. 0%
 - B. 0.25%
 - C. 0.50%
 - D. 0.75%
14. According to the Truth In Lending Act (TILA), which of the following in an advertisement triggers the need for additional disclosures?
- A. 5% APR
 - B. Easy payments
 - C. 5% down payment

D. Financing available

15. According to the Real Estate Settlement Procedures Act (RESPA), which of the following information is necessary for a prequalification to be converted to a federally related loan application?

- A. Proof of income
- B. Credit rating
- C. Property identification
- D. Current liabilities

16. An attorney and a lender entered into an agreement in which the attorney's car loan payments are paid by the lender in return for the names of potential loan applicants. Which of the following statements about this agreement is **CORRECT**?

- A. Only the attorney is in violation of the Real Estate Settlement Procedures Act (RESPA).
- B. Only the lender is in violation of the Real Estate Settlement Procedures Act (RESPA).
- C. Both the lender and the attorney are in violation of the Real Estate Settlement Procedures Act (RESPA).
- D. Neither the lender nor the attorney is in violation of the Real Estate Settlement Procedures Act (RESPA).

17. In order to comply with the Truth in Lending Act (TILA), which of the following are **NOT** included as finance charges?

- A. Settlement/closing fees
- B. Mortgage originator fees
- C. PMI insurance
- D. Appraisal fees

18. According to the Truth In Lending Act (TILA), which of the following describes a refinance?

- A. A change in the payment schedule
- B. A reduction in the annual percentage rate
- C. An existing obligation is satisfied and replaced by a new obligation
- D. Renewal of a single payment obligation with no change in the original terms

19. What does a Credit Scoring System help to determine while evaluating a consumer credit application?
- A. A mortgage originator's fees
 - B. The loan amount
 - C. An applicant's creditworthiness
 - D. The periodic repayment amount
20. Following a violation of the Equal Credit Opportunity Act (ECOA), what is the maximum number of years within which civil action can be taken against a creditor by an applicant?
- A. 1
 - B. 2
 - C. 5
 - D. 10
21. Which of the following reasons for denial of credit would be a violation of the Equal Credit Opportunity Act (ECOA)?
- A. Applicant's income is not adequate for the credit requirement
 - B. Applicant's age is below the minimum required to sign contracts
 - C. Applicant's marital status indicates likelihood of stoppage of employment
 - D. Applicant's credit history indicates default in payments to other lenders
22. A mortgage lender is affiliated with a title company and offers its customers a discount price for the title company's services, which is lower than if the service was sourced directly from the title company. The mortgage lender does not require the customers to utilize the services of the title company, and they are provided with an affiliated business disclosure form. Which of the following statements is **CORRECT**?
- A. The mortgage lender is in violation of the Real Estate Settlement Procedures Act (RESPA).
 - B. The title company is in violation of the Real Estate Settlement Procedures Act (RESPA).
 - C. Neither is in violation of the Real Estate Settlement Procedures Act (RESPA).
 - D. Both are in violation of the Real Estate Settlement Procedures Act (RESPA).

23. According to the Real Estate Settlement Procedures Act (RESPA), a Good Faith Estimate (GFE) **MUST** contain the:
- A. terms of the Purchase and Sale Agreement
 - B. Annual Percentage Rate
 - C. charges from the providers that will be used during settlement
 - D. contents of the mortgage originator demand letter
24. Which of the following fees related to a settlement service involving a federally related mortgage loan would violate the Real Estate Settlement Procedures Act (RESPA)?
- A. Attorney Fee
 - B. Referral Fee
 - C. Credit Report Fee
 - D. Loan Origination Fee
25. An applicant has applied for credit that is being secured by a lien on a dwelling. In order to comply with the Equal Credit Opportunity Act (ECOA), which of the following documents **MUST** the creditor provide to the applicant?
- A. Appraisal report
 - B. Self-test report
 - C. Equal Credit Opportunity Act report
 - D. Real Estate Settlement Procedures Act report
26. The primary purpose of the Equal Credit Opportunity Act (ECOA) is to ensure that:
- A. every borrower obtains the required credit from lenders
 - B. all borrowers are given equal chance to obtain credit
 - C. low income borrowers are given opportunities to obtain credit
 - D. all lenders have equal opportunities to lend to those seeking credit
27. If state laws prohibit any of the regulations in the Equal Credit Opportunity Act (ECOA), which of the following statements is **CORRECT**?
- A. The state law will preempt the Equal Credit Opportunity Act
 - B. The Equal Credit Opportunity Act will preempt the state law
 - C. The creditor can choose between the two laws
 - D. The creditor can ignore both laws

28. According to the Truth In Lending Act (TILA), what must be taken into consideration in making calculations and disclosures?
- A. The occurrence of a leap year for calculating terms of repayment
 - B. The base salary and commissions as part of total family income
 - C. That different months have a different number of days
 - D. That the scheduled payment date may not be a business day
29. According to the Truth In Lending Act (TILA), a loan applicant has the right to rescind if the:
- A. co-signer is a family member
 - B. principal dwelling is used to guarantee repayment
 - C. spouse's signature is provided to guarantee repayment
 - D. applicant has used any of his personal property to guarantee repayment
30. According to the Truth In Lending Act (TILA), what form of disclosure to the applicant is **NOT** acceptable?
- A. By telephone
 - B. By fax
 - C. In writing, delivered by regular mail
 - D. In writing, hand delivered

Answer Key for Alaska Study Guide

1	B
2	A
3	B
4	D
5	D
6	B
7	D
8	A
9	C
10	D
11	B
12	A
13	A
14	C
15	C
16	C
17	D
18	C
19	C
20	B
21	C
22	C
23	C
24	B
25	A
26	B
27	B
28	B
29	B
30	A