

**Multiple Choice**

*Identify the letter of the choice that best completes the statement or answers the question.*

- \_\_\_ 1. A primary mortgage lender is one who
  - a. lends to FNMA, FHLMC and GNMA.
  - b. pools, insures, guarantees and sells first mortgage loans.
  - c. lends to borrowers, services the loans and perhaps sells the instruments to another.
  - d. provides funds to the secondary mortgage market.
- \_\_\_ 2. Which of the following sources provides the most home mortgage money in the United States?
  - a. Mutual savings banks
  - b. Commercial banks
  - c. Credit unions
  - d. Mortgage companies
- \_\_\_ 3. Which of the following supplies money to finance home loans?
  - a. Fannie Mae
  - b. FHA
  - c. VA
  - d. Savings and loans
- \_\_\_ 4. Commercial banks are most likely to deal heavily in
  - a. interim loans.
  - b. 40-year residential loans.
  - c. home improvement loans.
  - d. VA loans.
- \_\_\_ 5. One may find financing for a single family dwelling at all of the following EXCEPT
  - a. savings and loans.
  - b. commercial banks.
  - c. insurance companies.
  - d. mortgage bankers.
- \_\_\_ 6. Which of the following specializes in making loans and reselling them?
  - a. FNMA
  - b. Mortgage brokers
  - c. Mortgage bankers
  - d. VA
- \_\_\_ 7. Which of the following specializes in bringing lenders and borrowers together without lending their own money?
  - a. Insurance companies
  - b. Mortgage bankers
  - c. Mortgage brokers
  - d. Commercial banks
- \_\_\_ 8. Most mortgage brokers generally
  - a. lend their own funds.
  - b. use money provided by other investors.
  - c. service the loans they make.
  - d. only make loans on large properties.

- \_\_\_ 9. An investor can invest in mortgages by purchasing all EXCEPT
- Ginnie Mae pass-through certificates.
  - Freddie Mac participation certificates.
  - junior mortgages.
  - municipal bonds.
- \_\_\_ 10. A lender who continues to collect mortgage payments even after selling the loan is said to be
- originating loans.
  - laundering money.
  - servicing the loan.
  - discounting the loan.
- \_\_\_ 11. All of the following offer secondary mortgage market programs EXCEPT
- FNMA.
  - FDIC.
  - FHLMC.
  - GNMA.
- \_\_\_ 12. The secondary mortgage market is an area of activity in which
- a borrower may get loans if the primary market cannot accommodate them.
  - second mortgages are made.
  - existing mortgages are bought, sold and discounted.
  - foreclosed properties are bought and sold.
- \_\_\_ 13. The entity that purchases the most loans in the secondary market is
- FNMA.
  - FHLMC.
  - HUD.
  - GNMA.
- \_\_\_ 14. A quasi-governmental agency, which was originally established to create a secondary mortgage market for FHA loans, is
- FNMA.
  - GNMA.
  - FHLMC.
  - HUD.
- \_\_\_ 15. Freddie Mac was originally formed to provide a secondary mortgage market facility for the
- Federal National Mortgage Association.
  - Government National Mortgage Association.
  - Federal Home Loan Bank Board.
  - Mortgage Guaranty Insurance Corporation.
- \_\_\_ 16. The term “usury” in the field of real estate lending means charging an interest rate over and above
- the legal limit.
  - the prime rate.
  - 10%.
  - 20%.
- \_\_\_ 17. Computerized Loan Origination (CLO) programs are available to
- mortgage brokers.
  - real estate brokers.
  - attorneys.
  - all of the above.

- \_\_\_ 18. Participation Certificates (PCs) are instruments used by
  - a. GNMA.
  - b. FNMA.
  - c. FHLMC.
  - d. Farmer Mac.
- \_\_\_ 19. FHLMC was formed primarily to provide a secondary market for
  - a. savings and loans.
  - b. commercial banks.
  - c. mortgage companies.
  - d. insurance companies.
- \_\_\_ 20. Other lenders providing mortgage money might include
  - a. pension and trust funds.
  - b. credit unions.
  - c. commercial finance companies.
  - d. all of the above.

**True/False**

*Indicate whether the sentence or statement is true or false.*

- \_\_\_ 21. The primary market is typically divided into two markets: those markets regulated by the federal government and those not regulated by the federal government.
- \_\_\_ 22. Commercial banks tend to favor long term residential lending.
- \_\_\_ 23. Life insurance companies do not get involved in real estate loans.
- \_\_\_ 24. Computerized Loan Origination is limited to regulated lenders.
- \_\_\_ 25. Pension funds and trust funds offer money for real estate loans.
- \_\_\_ 26. The money used by the secondary market to purchase loans comes from deposits in institutions.
- \_\_\_ 27. Freddie Mac buys loans only from savings and loan institutions.
- \_\_\_ 28. There is no limit to the cost of a home under the Farmer Mac program.
- \_\_\_ 29. Both fiat money and real savings represent unconsumed labor and materials.
- \_\_\_ 30. Usury laws are established by the federal statutes.