

Multiple Choice

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

- ___ 1. Truth in lending laws were created primarily to protect
 - a. consumers.
 - b. lenders.
 - c. beneficiaries.
 - d. mortgagees.
- ___ 2. Which of the following would be exempt from the disclosure requirements of the truth-in-lending laws?
 - a. commercial loans
 - b. personal property loans in excess of \$25,000
 - c. financing extended to corporations
 - d. All of the above would be exempt.
- ___ 3. Which of the following loans would be exempt from the disclosure requirements of the truth-in-lending laws?
 - a. an unsecured personal loan of \$3,000
 - b. an educational loan from a commercial bank
 - c. a second mortgage loan on a residence
 - d. a \$30,000 loan for the purchase of a \$40,000 automobile
- ___ 4. With regard to truth in lending laws, which of the following is legally permissible to advertise, without further explanation?
 - a. Only \$1,000 down payment
 - b. Less than \$500 per month
 - c. 11% interest loan
 - d. APR 10% assumable
- ___ 5. A borrower does not have the right, under the truth-in-lending laws, to rescind a credit transaction
 - a. for a consumer loan on personal property.
 - b. for the acquisition of the borrower's principal dwelling.
 - c. Both a and b.
 - d. Neither a nor b.
- ___ 6. Generally, before a lender will approve a loan, the borrower must
 - a. have sufficient funds for the down payment.
 - b. sign a statement if the borrower intends to occupy the property.
 - c. Both a and b.
 - d. Neither a nor b.
- ___ 7. Which of the following do lenders of home loans consider the most important in their analysis of a loan application?
 - a. Age, sex, race, and marital status of the borrower
 - b. Location and age of the collateral
 - c. Job stability, income adequacy and credit rating of the borrower
 - d. Ethnic and business balance of collateral's neighborhood
- ___ 8. Which of the following ratios of monthly payment to monthly income would be preferred by a residential lender?
 - a. 25%
 - b. 55%
 - c. 65%
 - d. 75%

- ___ 9. When considering loan applications, lenders like to see
- very little use of credit cards.
 - good repayment records.
 - derogatory information.
 - information at least seven years old.
- ___ 10. Jones v. Mayer
- affirmed the 1968 Fair Housing Law.
 - affirmed the Civil Rights Act of 1866.
 - allowed discrimination based on race.
 - was the first major fair housing legislation.
- ___ 11. A real estate broker had a white couple interested in one of his listings but he inflated the price in talking to them and they did not make an offer. Later, the broker solicited an offer from a black couple and induced them to offer less than the listed price. He submitted this offer for acceptance. Was the broker liable under the federal fair housing law?
- Yes, and the white couple could seek judicial recourse
 - Only if he was a black man himself
 - No, because the white couple never actually made an offer
 - No, because a seller has the right to refuse to sell to anyone
- ___ 12. Comparing the 1968 Fair Housing Law and the Civil Rights Act of 1866, which is true?
- The Act of 1968 prohibits discrimination based on sex, religion, national origin and marital status.
 - The Act of 1866 has no exceptions but it covers only racial and religious discrimination.
 - The Act of 1968, called the Fair Housing Law, exempts properties offered for commercial use.
 - Both acts prohibit steering and block busting.
- ___ 13. According to the 1968 Fair Housing Law, the Equal Housing Opportunity logo should appear in all of the following EXCEPT
- real estate brokerages.
 - real estate classified newspaper advertising.
 - model home sale sites.
 - mortgage lenders' offices.
- ___ 14. Under the Fair Housing Law of 1968, apartment managers may discriminate against which of the following categories of people?
- Pet owners
 - Females
 - American Indians
 - White Anglo-Saxon Protestants
- ___ 15. Showing a prospective buyer homes only in particular neighborhoods based on race, color, religion, sex, national origin, non-handicapped or adults only is known as
- block busting.
 - redlining.
 - steering.
 - subrogation.
- ___ 16. A person would be guilty of discriminatory block busting in which of the following cases?
- Circulating information about socio-economic changes in a neighborhood
 - Profiting from socio-economic changes in an old neighborhood
 - Building a single family residence in an area which was predominantly condominiums
 - Inducing owners to sell by telling them an untruth about falling property values

- ___ 17. The Equal Credit Opportunity Act, as amended, allows
 - a. for some discrimination in real estate loans based on race, sex, and national origin.
 - b. for no exceptions on any loans.
 - c. for minor exceptions in requesting information in a real estate loan application.
 - d. for coverage of minors in regard to loans.
- ___ 18. Failure to comply with the Equal Credit Opportunity Act can result in
 - a. civil liability and subsequent penalties.
 - b. 5% of the creditors net worth in class actions.
 - c. criminal penalties only.
 - d. a maximum penalty of \$5,000 for each individual case.
- ___ 19. The CRA statement should contain all of the following EXCEPT
 - a. a map of the lender's definition of its community.
 - b. a list of credit services it offers.
 - c. a copy of the public notice in its lobby.
 - d. the names of all lending institutions in the area.
- ___ 20. The Civil Rights Act of 1866 prohibits
 - a. racial discrimination.
 - b. steering.
 - c. block busting.
 - d. discrimination for any reason.

True/False

Indicate whether the sentence or statement is true or false.

- ___ 21. Truth-in-lending laws were created primarily to protect lenders.
- ___ 22. According to regulation Z, easy 11% mortgage assumption would be allowed without further disclosure in an advertisement to sell a residence
- ___ 23. Regulation Z requires a lender to disclose the dollar amount of any finance charge.
- ___ 24. "Buy for less than \$600 a month" contains a trigger term under Regulation Z and requires further disclosure.
- ___ 25. When making a mortgage loan application, borrowers are protected from discrimination based on marital status by the Fair Credit Reporting Act.
- ___ 26. The Federal Equal Credit Opportunity Act protects borrowers from discrimination based on sexual preference.
- ___ 27. The Fair Credit Reporting Act gives individuals the right to correct any errors on their report, inspect their file at a credit bureau and delete any reference to bankruptcy.
- ___ 28. The Fair Housing Law of 1968 applies to single family and multi-family housing.
- ___ 29. A country club has several guest bedrooms, which are made available to members for a nominal charge but are not available to the general public. This is a violation of the federal fair housing laws.
- ___ 30. A tester is an individual or organization that responds to advertising and visits real estate offices to test for compliance with fair housing laws.