

*Continuing Education for Florida Mortgage Brokers*

by Joe Schwartz and Michael Davenport

**Final Exam**

1. The Truth-in-Lending Act's three-business-day right of rescission does *NOT* cover which of the following types of loans?
  - a. Cash-out refinance of a principal residence
  - b. FHA home equity conversion mortgage
  - c. Home equity line of credit from a credit union
  - d. First-time homebuyer purchase of a principal residence
  
2. The most likely cause(s) for the recent failure of the U.S. home mortgage market is (are)
  - a. historically low mortgage interest rates.
  - b. rapid appreciation in home values throughout most of the United States.
  - c. lenders' failure to maintain sound underwriting standards for approving riskier borrowers.
  - d. Both a and c
  
3. Borrowing money to refinance real estate can be justified when
  - a. the interest expense is well below the property's long-term projected return-on-investment and cash flow.
  - b. an urgent and important need for money can best be met by cashing in some equity in one's home.
  - c. lenders allow negative amortization on certain loans.
  - d. Both a and b
  
4. The annual percentage rate (APR) calculation includes which of the following expenses?
  - a. Interest, origination fee, discount fee, and mortgage broker fee
  - b. Intangible tax on the new note
  - c. Monthly property insurance paid into escrow
  - d. Appraisal fee (POC)

Final Exam

5. The Consumer Handbook on Adjustable-Rate Mortgages (CHARM) must be provided to the applicant when
  - a. first-time homebuyers look at potential homes.
  - b. an initial quote on a 5/1 ARM is requested by telephone.
  - c. a 1003 application indicates a 15-year or 30-year fixed-rate loan.
  - d. Both b and c
  
6. As soon as it is communicated to the mortgage broker, the exact YSP must be disclosed
  - a. as a maximum dollar amount within three days.
  - b. as a possible range of dollar amounts within three days.
  - c. on the Florida MB Fee Agreement and GFE as a maximum dollar amount within three business days.
  - d. on the Florida MB Fee Agreement and GFE as a maximum dollar amount no earlier than three business days after closing.
  
7. Two weeks prior to closing, the lender changes the interest rate and raises the YSP on the loan. The new YSP must be disclosed to the applicant
  - a. as a maximum dollar amount within three days.
  - b. prior to closing.
  - c. on the Florida MB Fee Agreement and GFE as a maximum dollar amount within three business days.
  - d. on the Florida MB Fee Agreement and GFE as a maximum dollar amount no earlier than three business days after closing.
  
8. Florida's Office of Financial Regulation will enforce which federal law(s)?
  - a. Both the Fair Housing Act and Equal Credit Opportunity Act
  - b. Truth-in-Lending Act (Regulation Z)
  - c. Fair and Accurate Credit Transactions Act
  - d. Federal Home Mortgage Disclosure Act
  
9. In Florida, a mortgage loan application is defined as
  - a. submission of financial information and identification of a specific property.
  - b. permission to access credit and employment information.
  - c. a signed loan application and Credit Report Authorization form.
  - d. Both a and b

10. The good-faith estimate does *NOT* need to
  - a. identify the recipient of fees charged to the borrower.
  - b. be signed and dated by the borrower.
  - c. be acknowledged by the borrower and copied and maintained in the loan file.
  - d. show the loan's APR.
  
11. F.S. 494 defines a business day to include
  - a. Saturdays, Sundays, and holidays.
  - b. any calendar day except Sundays and legal holidays.
  - c. weekdays (Monday through Friday) except legal holidays.
  - d. any calendar day except Sundays.
  
12. The mortgage brokerage fee includes
  - a. lender-paid commissions to the mortgage broker.
  - b. lender-paid incentives for a complete loan application file.
  - c. borrower-paid discount points to buy down the interest rate.
  - d. Both a and b
  
13. According to F.S. 494, distance learning continuing education courses do *NOT* require
  - a. the student to spend at least 14 hours on the course.
  - b. a minimum passing score of 75 on the final exam.
  - c. the student to correctly answer test questions for each timed module.
  - d. the student to complete the course in one sitting.
  
14. Which of the following actions would *NOT* be considered an act of mortgage fraud?
  - a. An employer omitting certain information on a 1005 VOE form
  - b. A licensee misrepresenting a borrower's debt-to-income ratios
  - c. A borrower omitting out-of-state child support obligations
  - d. An appraiser knowingly misstating the value of a property in order to mislead a lender

15. A new Truth-in-Lending disclosure must be issued
- within three business days of the loan commitment.
  - if the YSP increases above the amount disclosed on the original GFE.
  - if the APR changes by more than 1/8 percent.
  - along with the loan commitment.
16. A mortgage brokerage business may *NOT* legally accept which form of compensation?
- Mortgage brokerage fee
  - YSP
  - Loan origination fees
  - All of the above are legal forms of compensation.
17. A loan processing fee is charged to the borrower. Which of the following statements is *FALSE*?
- It must be part of the total mortgage brokerage fee amount on the FL MB Fee Agreement.
  - It may be shown as a separate line item (line 810) on the GFE.
  - It must be part of, and not in addition to, the mortgage brokerage fee on the HUD-1.
  - OFR Examiners rarely uncover problems in this area.
18. How can John, a mortgage broker, legally compensate Anne, another MB, for helping to co-broker a loan, if she works for a different MBB firm?
- The fees can be paid directly to the MB by John's MBB.
  - Based on the Co-Brokering Agreement, the fees must be paid by John's MBB directly to the MBB firm in which Anne's license is associated.
  - The title company can pay the MB directly after receiving a letter from John.
  - There are no legal ways to compensate an MB who works for a different MBB.
19. The time limit for properly disclosing mortgage brokerage fees to a borrower is
- three business days following a face-to-face interview.
  - one business day, not including Saturday.
  - three business days following the receipt of a mailed application.
  - Both a and c

20. Additional disclosure requirements added to F.S. 494 in October 2007 include
- stating the length of the relationship between the MB and the MBB.
  - describing how the interest rate affects the compensation to be paid to the MBB.
  - describing how compensation is shared between the MB by the MBB.
  - communicating the suitability of the loan to your borrower's needs in writing.
21. Nonrefundable application fees
- must be collected at the time of application and credited to the borrower on the HUD-1 against the total mortgage brokerage fees owed.
  - can be charged at the MB's discretion based on the likelihood of a successful closing.
  - are illegal in Florida.
  - Both b and c
22. One of the main objective(s) of the Real Estate Settlement Procedures Act (RESPA) is to
- help consumers understand the true total cost of their real estate loan and purchase.
  - promote healthy middleman and referral fees.
  - outlaw unnecessary affiliated business arrangements.
  - encourage maximum use of lenders' escrow accounts.
23. Under RESPA and F.S. 494, the good-faith estimate
- must be presented to the borrower within three business days of application.
  - must comprehensively list the charges a borrower is likely to pay at closing.
  - does not need to be acknowledged by the borrower.
  - Both a and b
24. In order to legally broker loans in Florida, a business is required to hold
- a mortgage brokerage business (MBB), a correspondent mortgage lender (CML), or a mortgage lender (ML) license.
  - a Georgia or Alabama lender or mortgage broker license.
  - no license if the mortgagor is a natural person.
  - Both a and b

25. Functions reserved exclusively for licensed lenders (CML and ML) in Florida include
- brokering a loan to a noninstitutional investor.
  - collecting a nonrefundable application fee.
  - using a warehouse line of credit to fund loans.
  - Both a and b
26. A mortgage brokerage business licensee would *NOT* be in violation of F.S. 494 if it
- commits to lock in an interest rate for the borrower without first receiving written confirmation from the lender.
  - services a privately funded loan for 90 days.
  - issues a loan commitment to the borrower without first receiving written confirmation from the lender.
  - maintains documents in the loan file showing it issued a loan commitment to the borrower only after receiving a signed, written commitment from the lender.
27. F.S. 494 regulates loans covering a
- natural person seeking a loan to purchase a 12-unit apartment building.
  - limited liability company seeking a loan to purchase its office building.
  - pastor wanting to loan out an inheritance he just received to one of an MBB's business clients to purchase inventory for a retail store.
  - federal credit union making an auto loan to a teenager.
28. Which of the following situations would be considered a loan commitment according to F.S. 494?
- A lender's signed letter lists 23 conditions and stipulations that must be met for the borrower to receive the loan.
  - The underwriter tells the MB that there are no other concerns and the file looks good.
  - The title closer e-mails the borrower a request to order the survey.
  - The lender's automated underwriting system responds favorably.

29. The Equal Credit Opportunity Act (Reg B) prohibits asking which question during the loan approval process?
- “Will your family be occupying the in-law apartment or renting it out?”
  - “Given that you are separated, how likely are you to end up in a divorce, and if so, how will you manage your finances?”
  - “Your spouse is retired, so how much longer do you plan to continue working?”
  - “Given your large family, are you able to manage in a house of that size?”
30. How are the ECOA regulations different from F.S. 494?
- F.S. 494 allows collection of birth date information, and ECOA does not.
  - Even before a particular property is identified, ECOA requires certain consumer disclosures whenever credit information is accessed.
  - ECOA prohibits files from being maintained until a property is identified.
  - There are no differences.
31. ECOA does *NOT* require that the lender’s notification of adverse action
- be in writing to the applicant within 30 days of receipt of the completed application.
  - contain the name and address of the consumer reporting agency, if one was used.
  - deny the application if after 90 days the applicant does not expressly accept a creditor’s counteroffer.
  - be issued prior to receiving requested borrower income verification.
32. ECOA’s rules on adverse action notification
- also cover prequalifications.
  - also cover incomplete applications that have been denied.
  - do not apply to loans used to refinance properties.
  - Both a and b

33. The direct role of mortgage originators in carrying out certain aspects of the USA Patriot Act is to
- request an applicant's government-issued photo ID information so it can be checked against a government list of possible terrorists.
  - make sure an applicant holds a valid document allowing entry into the United States.
  - report suspicious transactions to the FBI and Department of Homeland Security.
  - stop terrorists from using real estate transactions to generate or launder money that could be used for illegal activities in the United States.
34. A sample of each version of a particular advertisement used by a licensee
- is to be maintained for at least three years.
  - should be submitted quarterly to the OFR.
  - is to be maintained in a file for at least two years and provided upon request to the OFR examiner.
  - is to be maintained in a file for at least three years and provided upon request to the OFR examiner.
35. Under F.S. 494, which of the following statements about advertising is *FALSE*?
- Ads must not be inaccurate or misleading.
  - If a specific rate is advertised, the ad copy should also indicate that rates may change without notice.
  - Ads expressing unqualified access to credit must disclose any material limitations to extending credit.
  - Prior approval must be obtained from the OFR for advertising under a false or misleading name implying an association with a federal agency.
36. Which of the following is *NOT* considered a noninstitutional investor?
- An accredited investor who attests to having extensive lending experience and significant assets
  - Your father-in-law, who wants to reinvest his reverse mortgage proceeds in a hard money loan
  - Your oldest friend, who made a fortune trading pork bellies
  - A local food bank that wants to lend out a portion of its endowment

37. Which of the following safeguards must a Florida-licensed MB follow when negotiating the sale of a loan to a noninstitutional investor?
- The MB must also service the loan for at least 30 days.
  - If the MB is also one of the mortgagors, that additional role must be disclosed.
  - All money to initially fund the loan must pass through a federally insured bank.
  - The loan must hold a first lien position in the real property.
38. Fractionalized mortgages to a noninstitutional investor are best described as
- several, unaffiliated investors that are listed as mortgagees on the same mortgage document.
  - multiple investors holding different ownership shares in the partnership that funded the loan.
  - Ponzi schemes where later investments help pay the profit distributions to early investors.
  - several mortgages combined to purchase and build a commercial development.
39. Lock-in agreements
- may not extend beyond 60 days in Florida.
  - are not really necessary in a declining interest rate environment.
  - must be in writing, signed by the lender's representative, and kept in the loan file.
  - must be in writing and can be issued by the lender or MBB.
40. An MBB may legally issue a lock-in agreement to the borrower
- any time after receiving a bona fide application.
  - only after receiving one in writing, properly signed, containing specific lock-in information including rate, expiration date, and fees, if any.
  - only after the first properly executed one has expired.
  - An MBB may never legally issue a lock-in agreement to the borrower.

41. The most important first step(s) a licensee should take in preparing for an OFR examination is to
- clear any potentially incriminating documents out of the loan files.
  - complete the pre-meeting questionnaire, ensure the required files are accessible, and assign a knowledgeable coordinator to respond to the examiner's questions and requests.
  - reconcile the last three months' bank accounts.
  - clear out a working area for the examiner in the center of the office so everyone is available to answer questions.
42. Information *NOT* generally requested in a routine OFR office examination includes
- samples of advertising.
  - proof of completion of mortgage originator's continuing education requirements.
  - the mortgage originator's personal tax returns.
  - borrower disclosures required under RESPA.
43. Important change-in-status notifications reviewed during an OFR examination include
- the quarterly report of terminations and new hires.
  - changes in wholesale lender affiliations.
  - the quarterly report of felony convictions of officers.
  - changes in e-mail contact information for all mortgage originators.
44. The third-party fees transaction journal, bank, and accounting records must be maintained for monies held in escrow for
- all application fees whether refundable or not for the past five years.
  - refundable application fees.
  - third-party fees paid directly (POC) by the borrower.
  - lender commissions paid at closing.

45. The 69V-40 rules state that loan files must contain
- lender advertisements for loans evaluated but not applied for.
  - prequalification information obtained verbally from the borrower prior to a specific property being identified.
  - only documents that do not contain the borrower's Social Security number.
  - all documentation related to the mortgage loan from application through final disposition.
46. The OFR examiner will review loan files to see that all disclosures and required communication to the applicant/borrower have been made and received. This includes
- GFEs, conflict of interest disclosures, and MB advertising.
  - FL MB Fee Agreements, TIL disclosures, and MB employment agreements.
  - all GFEs, FL MB Fee Agreements, and disclosure on how the interest rate is affected by the YSP.
  - refer-a-friend coupons and conflict-of-interest disclosures.
47. To service loans in Florida a business does *NOT* require
- a Florida CML or ML license in good standing.
  - segregated records, accounting systems, and escrow accounts apart from those used for lending operations.
  - audited financial statements to be submitted to the OFR each year documenting minimum net worth.
  - a mortgage banker- or AICPA-approved audit on file or approved financial guaranty.
48. Which consumer complaint is *RARELY* received by the OFR?
- There are too many GFEs issued, and the final one is no different from the HUD-1.
  - The verbal lock-in information was not honored at closing.
  - The actual interest rate and funds needed to close were a complete surprise.
  - The appraiser is unable to collect the agreed-upon fee.

49. Section 32 of the TIL Act, also known as HOEPA, addresses certain unfair practices in home equity loans. Licensees need to ensure their loans are compliant because
- violators may be subject to fines, loss of license, and potential loss of interest.
  - Florida's Fair Lending Act is much less restrictive.
  - the secondary market is not aware of the regulations and will purchase any loan.
  - the law guarantees healthy middleman fees to mortgage originators.
50. Like HOEPA, Florida's Fair Lending Act does *NOT*
- prohibit certain acts or require various consumer disclosures.
  - try to reduce incidents of abusive lending, that is, loans that are high cost and rely too much on the underlying equity rather than the ability of the homeowner to pay back the loan.
  - cover loans made to first-time homebuyers to purchase a principal residence.
  - kick in when the APR exceeds comparable Treasury securities by eight to ten percentage points.
51. The strongest reason(s) for working hard to help the applicant compile a complete and accurate 1003 application the first time is (are) that
- good work here can help cover up mortgage fraud.
  - when the borrower pays an application fee, they want to see a mortgage originator work hard for the money.
  - though the information is mostly ignored, it is a required TIL Act form.
  - it saves time getting the loan approved and sets the correct professional tone for the relationship.
52. Borrower documents *NOT* normally needed to properly compile the 1003 application include
- paperwork related to the new real estate purchase.
  - past employer letters of recommendation.
  - the borrower's IRS tax returns.
  - financial institution statements showing sufficient cash/assets to close.

Final Exam

53. Properly documenting borrower income and cash is essential to satisfy most underwriting requirements and to screen for potential mortgage fraud. A good rule of thumb is to
- document sufficient liquid resources to close the loan and provide a two-month PITI cushion after the loan closes.
  - encourage hourly employees to report expected inheritances.
  - document stable, recurring income over the past two years and all that is likely to continue for at least the next three years.
  - Both a and c
54. Common signs of loan application fraud do *NOT* include
- a current appraisal that is lower than one done just three months ago.
  - the sudden appearance of a large sum of money in an applicant's bank account.
  - pay stubs that have typeface inconsistencies or amateurish edits.
  - an applicant's refusal to provide or release IRS tax returns.
55. Generally, the most important measure(s) of creditworthiness include
- good credit scores, low student loan debt, and a long history of debt repayment.
  - good credit scores, low debt-to-income ratios, significant down payment, and available reserves.
  - projected PITI no greater than 28 percent higher than current one.
  - low cash down payment and high credit scores.
56. If Susan's gross hourly pay is \$22, and she works 40 hours per week, what is the maximum PITI that will keep her housing expense ratio to 28 percent?
- \$ 880
  - \$1,067
  - \$ 986
  - \$ 999
57. Sharon and Bill are applying for an FHA loan with a P+I of \$1,600, monthly taxes of \$300, and insurance costs of \$3,000 per year. What gross monthly income do they need to meet FHA's 31 percent housing expense ratio limit?
- \$4,000
  - \$6,668
  - \$6,936
  - \$5,936

58. Which of the following does *NOT* have to be counted as a recurring monthly expense when calculating the total obligations ratio?
- An installment loan for furniture that will be paid off in three months
  - The mortgage payment on a vacation home with just 12 years left on it that occasionally generates some income
  - A private loan payment on a run-down car that will be paid off in another 11 months
  - Student loan payments that cannot be deferred any longer
59. Which two measures of an applicant are most important for loan approval?
- Credit score and age
  - Credit report and length of employment
  - LTV ratio and credit score
  - Credit report and occupation
60. All of the following are major areas evaluated in the FICO credit score *EXCEPT*
- requests for new credit.
  - types of goods and services charged on retail accounts.
  - length of time credit accounts have been opened.
  - payment history.
61. The two *BEST* pieces of advice a mortgage originator can give to someone looking to raise his credit score are
- “Pay your bills on time and lower your outstanding balances.”
  - “Close your retail credit accounts and pay off your highest interest balance first.”
  - “Accept every credit offer extended and utilize them each month.”
  - “Pay your bills on time and close unnecessary credit accounts.”
62. Since as many as one in four consumer credit reports contain inaccurate information that will hurt a person’s credit score, the consumer’s *BEST* plan of corrective action is to
- direct a letter with the facts to the credit reporting agency.
  - wage a battle directly with the creditor.
  - write a letter of explanation and attach it to the loan application.
  - file a complaint with the FTC.

63. Under the Fair and Accurate Credit Transactions (FACT) Act, credit reporting agencies have 30 days to respond to an inaccurate data report and
- cannot allow any new charges to the account during that time.
  - must work on the consumer's behalf to clear up the dispute with the creditor.
  - apologize for the error if proven to be inaccurate.
  - may not continue to report the disputed information to others until the matter is resolved.
64. The FACT Act grants all of the following consumer rights *EXCEPT* that
- the consumer is given the four top reasons for losing points on his or her score.
  - the consumer reporting agency must work on the consumer's behalf to clear up the dispute with the creditor.
  - when credit scores are pulled, the consumer must be told his or her scores with an explanation of the scoring system.
  - each consumer may obtain one free copy of his or her credit report each year from each of the three credit reporting agencies.
65. Federal lawmakers cite two troubling deficiencies found in many mortgage originators: "steering" consumers into higher-cost, higher-commission loans than necessary and
- "cherry picking," serving only the most creditworthy customers.
  - "lack of suitability," failing to match the most appropriate loan to consumers' ability to meet the financial obligation.
  - "upgrading," placing subprime borrowers into homes they cannot afford.
  - "equity boasting," claiming the market appreciation will allow borrowers to refinance at any time.
66. What is the amount of the YSP on a loan of \$360,000 if the factor is 0.0215?
- \$7,880
  - \$3,870
  - \$7,470
  - \$7,740

67. Prepaid interest is calculated by multiplying the daily rate of interest by
- 365.
  - the number of days in the month.
  - the total number of days in the month minus the number corresponding to the day of closing.
  - the number of days remaining in the month in which the loan closed, including the day of closing.
68. If closing takes place on March 1 and annual property taxes are estimated to be \$4,800, what is the borrower's pro-rata share of the taxes? (February has 28 days and January has 31 days.)
- \$4,700.04
  - \$ 775.89
  - \$4,024.11
  - \$4,224.12
69. Your borrower has applied for a \$250,000 loan at 6.5 percent. The pricing sheet shows a factor of 101.75. You must show the YSP
- as \$4,375 on the FL MB Fee Agreement, GFE, and HUD-1.
  - as 0 percent to 2 percent on the FL MB Agreement and GFE for now.
  - as \$4,400 on the GFE only until it is locked in.
  - on an updated GFE once the initial loan package is accepted.
70. A home has sold for \$225,000 with 10 percent cash down. The new financing would face documentary stamps on the note of how much?
- \$405.00
  - \$708.75
  - \$787.50
  - \$1,575.00

Final Exam

71. A home has sold for \$225,000 with 10 percent cash down. The first mortgage was for \$160,000, and the seller took back a second mortgage for the remainder. What were the documentary stamps paid on the deed?
- a. \$ 405.00
  - b. \$1,417.50
  - c. \$ 787.50
  - d. \$1,575.00
72. On the GFE for a \$295,000 loan, the mortgage broker fee is 1.75 percent, and the nonrefundable application fee is \$295. What shows on the FL MB Fee Agreement for the total borrower-paid mortgage broker fee?
- a. \$5,457.50
  - b. \$5,257.50
  - c. \$ 295.00
  - d. \$5,162.50
73. On the HUD-1 for a \$305,000 purchase in which a new loan of \$274,550 was made, what are the total state transfer taxes?
- a. \$1,509.50
  - b. \$1,921.85
  - c. \$3,645.20
  - d. \$ 960.93

---

Use this information to answer questions 74 through 78:

Barack is purchasing a \$225,000 home with 20 percent cash down and will close on September 30. EmbraceChange Mortgage Brokerage LLC is working with Paulson Lending to provide the 6 percent interest-only five-year ARM with 1.25 discount points and 1 origination point. The MB is earning an MB fee of 1.5 percent and a YSP of 1 percent. Property taxes are estimated at \$3,650 per year. Property and flood insurance add \$275.00 per month.

74. What is the PITI?
- a. \$1,435.00
  - b. \$1,409.00
  - c. \$1,204.17
  - d. \$1,479.17

75. What MB fees and commissions should the MB disclose to the borrower, Barack?
- MB fee of \$2,700 and YSP of \$1,800 on the GFE and FL MB Fee Agreement
  - MB fee of \$2,700 on the GFE and FL MB Fee Agreement
  - MB fee of \$1,800 and YSP of \$1,800 on the FL MB Fee Agreement
  - Total MB fees of \$ 4,500 on the GFE
76. What are the prorated property taxes shown on the GFE to Barack?
- \$ 912.50
  - \$ 920.00
  - \$2,730.00
  - There is not enough information to determine this.
77. How much prepaid interest would show on the GFE?
- \$ 30
  - \$ 870
  - \$ 124
  - There is not enough information to determine this.
78. What are the total fees shown on the GFE that the borrower is paying the lender?
- \$4,050
  - \$2,250
  - \$1,800
  - There is not enough information to determine this.
- 
79. The underwriter for a small commercial loan would *NOT* consider which of the following when assessing a borrower's creditworthiness?
- The cash reserves available after closing
  - Average rent increases over the past 15 years
  - The ratio of NOI to proposed monthly mortgage payments
  - Cash down payment as a percentage of market value

Final Exam

80. What is the borrower's debt coverage ratio if annual effective gross income is \$275,000, operating expenses are \$145,000, and the monthly mortgage payment is \$8,000?
- 16.25
  - 1.035
  - 2.25
  - 1.35
81. What factor might disqualify a senior from obtaining a reverse mortgage?
- The applicant has less than \$150,000 in home equity.
  - The applicant has a low fixed income.
  - The homeowner executed a binding agreement to grant a gift of his home to a local private school upon his death.
  - The applicant has poor credit scores.
82. Which characteristic of reverse mortgages is similar to traditional fully amortizing mortgages?
- Failure to repay the loan when due may result in default and possible foreclosure.
  - The principal balance on the loan is designed to increase each month.
  - Typically, federal government regulators limit total allowable mortgage broker fees.
  - The borrower's age is key to approval.
83. Which factor is considered important when qualifying for either an FHA/VA mortgage or a conventional mortgage?
- Whether the applicant will continue to live in his FHA/VA-financed principal residence
  - The appraised market value of the real property
  - A significant derogatory event from 18 months ago on the credit report
  - The applicant's cash down payment of at least 5 percent
84. To originate FHA mortgages, the loan correspondent must do all of the following *EXCEPT*
- have a written quality control plan.
  - show proof of a funding letter or warehouse line.
  - meet certain physical office requirements.
  - maintain a physical location in Florida.

85. The VA loan program
- allows a total obligations ratio of 41 percent or less.
  - establishes lending limits for each county.
  - is assumable only by another qualified veteran.
  - Both a and b
86. If the underwriter of a commercial loan requires a 1.3 debt coverage ratio, what minimum NOI is required with a monthly mortgage payment of \$9,000?
- \$117,000
  - \$83,077
  - \$84,000
  - \$140,400
87. When underwriting a small commercial loan the chief concern is making sure
- the property is in an appreciating market area in case of default.
  - the effective gross income is increasing annually.
  - sufficient cash is generated by the property to safely meet all its financial obligations.
  - the borrower has low credit scores.
88. When must the quarterly report for associates and loan originators be filed with the OFR?
- Within 30 days of the end of each quarter
  - By the end of the following quarter
  - Within 30 days of the end of each quarter if there have been any mortgage originator changes during the past quarter
  - Every quarter regardless of change in personnel
89. What is the main purpose of the loan transaction journal?
- To record current loans in process
  - To track fees related to loan applications
  - To monitor originator new business activity
  - To track application activity and disposition

90. What additional license is required for a lender to be compliant after establishing a principal or branch office in Florida?
- A principal broker's license
  - City/county occupational licenses
  - A Florida sales tax license
  - A Florida real estate broker license
91. When may a mortgage originator be paid a fee directly by another originator or the borrower?
- Anytime following loan commitment
  - At closing
  - At closing or within three business days
  - Never
92. Under Section 8 of RESPA, what is the minimum number of specific services a licensee must perform to be legally compensated for referrals or middleman duties?
- Five services
  - Six services
  - One service
  - Nine services
93. When a Florida licensed business or branch office is shut down permanently, what notification to the OFR is required?
- The principal broker must send the original license and letter stating where the records will be stored for the next three years.
  - Using the OFR Web site, an officer must submit the electronic Form-L8TR within 30 days.
  - A letter explaining the situation must be sent to the OFR within 15 business days.
  - A letter must be sent along with the last three years' files to the OFR in Tallahassee.
94. A zero-fraud tolerance policy
- allows for modest "fudging" of income documentation to help borderline applicants receive the loan.
  - communicates the business's position regarding any type of misrepresentation.

Final Exam

- c. is entirely sufficient to support a licensee's legal obligation to prevent fraudulent activity.
  - d. does not give proper direction to unlicensed employees.
95. What qualities should an MBB look for when evaluating a new lender relationship?
- a. Competitive pricing, service, and knowledge
  - b. A powerful, easy-to-use Web site
  - c. An account executive with similar business objectives
  - d. Competitive pricing and generous commissions
96. A lender that neglects to communicate properly with its mortgage originators
- a. risks eventual loss of business from mortgage originators, licensees, and borrowers.
  - b. adds unnecessary stress and second-guessing to the borrower-mortgage originator relationship.
  - c. will easily find replacement customers and applicants because this behavior is expected and tolerated.
  - d. Both a and b
97. All of the following groups are expected to lead the demand for loans in the future *EXCEPT*
- a. long-term renters with a poor credit history, lack of employment, and no down payment.
  - b. African American and Hispanic first-time homebuyers.
  - c. foreign citizens holding strong currencies and looking for hard asset purchases in the United States.
  - d. retiring baby boomers.
98. An MBB seeks all of the following in a lender relationship *EXCEPT*
- a. competitive loan pricing.
  - b. responsive service, a sense of urgency, and great communication.
  - c. ever-changing and unpredictable underwriting standards.
  - d. loan products geared to borrowers' needs.

99. A core group of loyal, repeat customers means
- they are likely to call you first when they have refinancing needs.
  - longer, more complicated application processing.
  - they are likely to recommend you to their friends and family.
  - Both a and c
100. An important question to answer when helping borrowers select the most appropriate loan for their needs is
- “Can the borrower pay back the loan by refinancing in the future, if necessary?”
  - “Does the borrower have a reasonable financial ability to meet the full-term obligations of the loan?”
  - “Will the lender accept this package?”
  - “If something goes wrong with this loan, will the borrower blame me?”