

Final Exam

1. Property taxes are determined by an assessment of the property and on the area's tax rate. A _____ provides assessed values and the assessed value may or may not be equal to the fair market value.
 - A. County clerk
 - B. Real estate appraiser
 - C. Public works employee
 - D. Tax assessor

2. Who selects the company that conducts the settlement/closing meeting?
 - A. The seller
 - B. The lender
 - C. The buyer
 - D. None of the above

3. Equity is the amount you have paid toward the principal on your mortgage. It is the amount of home you "own".
 - True
 - False

4. Agents are required to tell you whom they are working for.
 - True
 - False

5. Low-cost energy conservation may start with setting back the thermostat, lowering the blinds, using natural ventilation and shading, closing off unused areas of the house and keeping heating and cooling systems a maximum efficiency.
 - True
 - False

6. A home equity loan uses the home as collateral or security for the loan. This means, if the loan is not paid on time, the lender can force the sale of your home to pay off the debt of your loan.
 - True
 - False

7. FHA loans' PMI's are determined for the life of the loan and cannot be canceled.

- True
 - False
- 8.** Homeownership provides you with a tax shelter based on two major expenses associated with owning your own home. The good news is that these expenses can be deducted from your federal and in many cases you state income taxes. What are those two items?
- A. Gas and electric bills
 - B. Mortgage interest payments and property taxes
 - C. Your car loan and yours or your child's tuition
 - D. None of the above
- 9.** Aside from losing the home after foreclosure sale, the homeowner now carries the burden of the foreclosure on his/her credit record.
- True
 - False
- 10.** "Homestead Credits" do NOT allow reductions in property taxes to eligible households, for example, low-income households, elderly, or families with disabilities.
- True
 - False
- 11.** If you can make additional monthly payments directly on the principal, you will NOT build equity in your home any faster.
- True
 - False
- 12.** Key points of homeownership are:
- A. Initial high cost of down payment, closing cost, inspections
 - B. Long-term costs of ongoing maintenance and improvements
 - C. Long-term commitment to a specific community and location
 - D. All of the above
- 13.** The seller's home insurance policy will be transferred to your name along with the deed to the property after closing.
- True
 - False

- 14.** It is illegal for the buying agent to inquire why his/her client's offer was rejected or where the offer was ranked if there were multiple offers in competition for the property.
- True
 - False
- 15.** What can establish the value of the home you are purchasing?
- A. Listed Price
 - B. Appraisal
 - C. Sale Price
 - D. Your Offer
- 16.** When researching the right contractor to do repairs or improvements you should _____.
- A. Get 3-5 estimates
 - B. Check for bonding, insurance and licensing
 - C. Make sure your contractor has all the proper permits
 - D. Never sign a contract under pressure
 - E. Use a door-to-door salesperson
 - F. All of the above except "E"
- 17.** If the balance on the annual statement of the account is more than \$50 above what is needed to make the property tax and insurance payment, the lender should provide a refund to _____ as long as a performing loan is in good standing.
- A. You, the homeowner
 - B. The seller
 - C. The contractor
 - D. No one
- 18.** Buying a home is a good way to invest and to build credit.
- True
 - False
- 19.** Refinancing your mortgage to pay for consumer goods is a good way to pay for that new family SUV.
- True
 - False
- 20.** The outcome of inspections do NOT change, break or affect your contract with the seller.

- True
- False

21. Another option for homeowners deep in debt is _____. This option allows the homeowner to voluntarily give their property to the foreclosing lender or servicer and stop the process of foreclosure.

- A. An Arrears
- B. Bankruptcy
- C. Deed-in-lieu
- D. There is nothing to help homeowners deep in debt

22. The benefits of a deed-in-lieu of foreclosure are

- It stops the foreclosure process
- The property will not be sold at foreclosure sale
- The homeowner's credit is partially protected from a foreclosure sale, although the homeowner's credit has already been affected by delinquent and/or default payments

- True
- False

23. Preventative home maintenance and utility bills may at times seem overwhelming. So, it is important to _____.

- A. Create good relationships with contractors and utility personnel for free services
- B. Develop a savings plan
- C. Keep an organized record of maintenance schedules, warranties, contracts, receipts, etc. in a safe and easy place to find them
- D. Both B & C

24. If self employed, you need to provide a Profit and Loss Statement and employee records.

- True
- False

25. Refinancing is the process of getting a new mortgage or renegotiating your current terms on your home loan.

- True
- False