

Quiz 4 – Section 4

1. The loan servicer may or may not be the company that receives or holds your mortgage.
 - True
 - False

2. Refinancing your mortgage to pay for consumer goods is a good way to pay for that new family SUV.
 - True
 - False

3. When paying property taxes, most homeowners make these payments as part of their monthly mortgage payments. This payment is held in a different account than your escrow account.
 - True
 - False

4. Government regulations require lenders to cancel the PMI when the homeowner has paid the equivalent of 20% in equity, or the loan's outstanding balance has decreased to less than 80% of the appraised value of the home through appreciation or the repayment of the principal of the loan.
 - True
 - False

5. _____ is when the value of your home may increase as the demand for housing increases in a particular neighborhood. It's all based on the supply and demand theory.
 - A. Appreciation
 - B. Depreciation
 - C. Indemnification
 - D. None of the above

6. During your first few years of mortgage payments, the majority of your payments are paying toward the interest on the loan – NOT on the principal.
 - True
 - False

7. "Homestead Credits" do NOT allow reductions in property taxes to eligible households, for example, low-income households, elderly, or families with disabilities.
 - True
 - False

8. If you can make additional monthly payments directly on the principal, you will NOT build equity in your home any faster.

- True
- False

9. Because mortgage companies often change or merge, escrow accounts can vary. It is therefore important to stay on top of things.

- True
- False

10. Escrow accounts are used to hold part of the monthly mortgage to pay _____.

- A. Utility bills
- B. Income taxes
- C. Homeowner's insurance
- D. Property taxes and homeowner's insurance