

**LEON MUHAMMAD INTERNATIONAL, CORP.**  
**837 East 162<sup>nd</sup> Street, Suite 8**  
**South Holland, IL 60473**  
**The Test**

NAME:  
CIRCLE ONLY ONE

1. A mortgage is
  - a. A pledge of property as security for a debt
  - b. A separate promissory note evidencing debt and providing terms of the debt's repayment
  - c. Property occupied by one family
  - d. a and b
  - e. None of the above
  
2. A loan made through an approved lender and insured by the Federal Housing Authority is
  - a. Conventional mortgage
  - b. Veterans Administration (VA) mortgage
  - c. Federal Housing Administration (FHA) mortgage
  - d. Fannie Mae (FNMA) mortgage
  
3. A fixed rate mortgage
  - a. is periodically adjusted to more closely coincide with current rates
  - b. remains the same for the life of the mortgage
  - c. is principal, interest, taxes and insurance
  - d. None of the above
  - e. All of the above
  
4. The ratio for Fannie Mae is
  - a. 28/36
  - b. 33/38
  - c. 28/28
  - d. 50/50
  
5. The ratio for Freddie Mac is
  - a. 28/36
  - b. 33/38
  - c. 28/28
  - d. 50/50

6. Using Fannie Mae ratios, the front number represents the housing-to-income ratio.

- a. True
- b. False

7. In Fannie Mae loans, to get the front ratio multiply the current rent times the gross monthly income.

- a. True
- b. False

8. In Fannie Mae loans, the back number represents

- a. The total income
- b. The total debt
- c. The total debt-to-income ratio
- d. The gross weekly income
- e. The gross monthly income

9. When a loan amount has been determined

- a. The mortgage is refinanced
- b. The borrower has a contract
- c. Start paying back the loan
- d. The loan officer now has to calculate the living expense
- e. All of the above
- f. None of the above

10. Loan officers can only work with borrowers who want to purchase property.

- a. True
- b. False

11. A single family house

- a. Is occupied by 2 or more families
- b. Contains office space
- c. Is also a warehouse
- d. None of the above
- e. All of the above

12. Mixed-use commercial property is

- a. Property with a combination of storefronts and residential apartments
- b. Occupied by one family
- c. Property where the borrower is responsible for only the interior of the house
- d. Property with 5 units or more
- e. Property with 1-4 units

13. Commercial property is

- a. Property with a combination of storefronts and residential apartment
- b. Occupied by one family
- c. Property where the borrower is responsible for only the interior of the house
- d. Property with 5 units or more
- e. Property with 1-4 units

14. When qualifying a prospect for property, ask the questions

- a. How is the credit picture?
- b. Is the prospect applying as an individual or jointly?
- c. What is the marital status of the prospect?
- d. What is the prospect's income?
- e. Both A & D
- f. Both C & D
- g. All of the above

15. A mortgage loan which exceeds the loan-to-ratio is

- a. Conforming loan
- b. Not allowed
- c. Non-conforming loan
- d. Allowed

16. An agreement between a buyer and seller of real property is

- a. Purchase agreement
- b. Seller agreement
- c. Borrower agreement
- d. Loan officer agreement

17. A real estate sales contract contains the price and terms of the sale.

- a. True
- b. False

18. Renewing an existing loan on the same property is a

- a. Purchase
- b. Refinance
- c. Sale
- d. All of the above
- e. None of the above

19. Chapter 9 and 11

- a. Permits the debtor to liquidate debt to the creditors
- b. Does not permit the debtor to undertake a reorganization to pay debts
- c. Does not permit the debtor to liquidate debt to the creditors
- d. Permits the debtor to undertake a reorganization to pay debts

20. Chapter 7

- a. Permits the debtor to liquidate debt to the creditors
- b. Does not permit the debtor to undertake a reorganization to pay debts
- c. Does not permit the debtor to liquidate debt to the creditors
- d. Permits the debtor to undertake a reorganization to pay debts