

Chapter 10 Quiz

Default Options

****To receive credit for the following assignment, the quiz, along with the Integrity Statement MUST be filled out in its entirety and signed. The completed quiz may be sent through email to, ddavis@urbanleagueok.org or may be faxed to (405) 427-3647. Please allow up to 24 hours on business days for a response regarding assignment grades and at least 48 hours on weekends and holidays.****

1. A repayment plan or work-out agreement is a plan to pay back the past due amount of a mortgage, negotiated
 - a. With an assistance agency who loans the homeowner the past due amount
 - b. Between the lender and the borrower, with or without help from a counseling agency
 - c. Between a credit counseling agency and the lender
 - d. None of the above
2. Possible sources of foreclosure counseling include
 - a. Not-for-profit counseling agencies
 - b. HUD-approved counseling agencies
 - c. The loss mitigation department of the lender or servicer
 - d. All of the above
 - e. None of the above
3. Which of these possible alternatives to foreclosure requires the owner leave the house?
 - a. Partial claim
 - b. Loan modification
 - c. Forbearance agreement
 - d. Deed in lieu
4. Joe Oklahoma was allowed by his bank to sell his home in a pre-foreclosure sale. If Joe's house sells for \$2,000 less than he owed the lender
 - a. Joe is free of any debt because the lender agreed to the pre-foreclosure sale
 - b. Joe automatically has to pay the \$2,000 to the bank
 - c. The bank can go to court and get a deficiency judgment that makes Joe pay the \$2,000
 - d. The bank can go to court and get a default lien that makes Joe pay the \$2,000

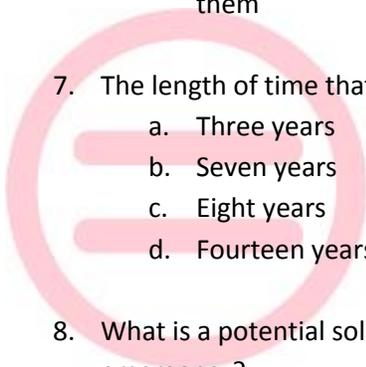
5. If Joe's lender agrees not to require the \$2,000 be paid back, Joe
 - a. Must pay the IRS capital gains tax on the difference what he owed on the house and what he got in the sale
 - b. Must report the \$2,000 as income on his tax return
 - c. Does not have any tax liability because the default on the house is a tax write-off
 - d. Must file form 401(d) to determine tax liability

6. It is important to know how deficiency judgments works because
 - a. There is no way around the
 - b. The client can sometimes negotiate a waiver into the Pre-Foreclosure Sale or Deed in Lieu
 - c. The lender can obtain a judgement against credit counselors who advise clients incorrectly about deficiency judgments
 - d. They are easy and inexpensive to obtain, so clients need to be aware this can happen to them

7. The length of time that most public records will remain on a credit report is
 - a. Three years
 - b. Seven years
 - c. Eight years
 - d. Fourteen years

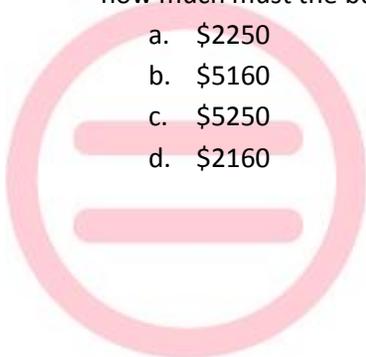
8. What is a potential solution for a client who has a poor credit history because of a medical emergency?
 - a. Wait seven years for the problems to be removed from the credit report
 - b. Establish nontraditional credit
 - c. Write an explanation letter
 - d. None of the above
 - e. All of the above

9. What is the gross monthly income of someone who earns \$10/hour and works 40 hours/week?
 - a. \$1946
 - b. \$866
 - c. \$1733
 - d. \$1556



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10. What is the total monthly debt (including housing costs) allowed for someone earning \$1,800/month with a program that allows for a front-end ratio of 28% and a back-end ratio of 36%?
- a. \$700
 - b. \$594
 - c. \$756
 - d. \$648
11. What is the maximum house payment a client could afford who has a total monthly income of \$2,500 and a debt load of \$455/month, when your loan program uses ratios of 33/38?
- a. \$825
 - b. \$455
 - c. \$495
 - d. \$950
12. If a house is appraised at only \$72,000, and the sale price on the purchase contract is \$75,000, how much must the buyer have for a down payment on a loan with an LTV of 97%?
- a. \$2250
 - b. \$5160
 - c. \$5250
 - d. \$2160



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Integrity statement

My signature below constitutes my pledge that all of the writing is my own work, with the exception of those portions which are properly documented.

Name (printed)

Date

Signature

Date