

# Chapter 4 Quiz

## Mortgage Lending

**\*\*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. What type of loan starts out at an interest rate below the fixed rate and adjusts the rate on a regular basis?
  - a. Balloon loan
  - b. Predatory loan
  - c. ARM
  - d. FHA
2. Mortgage Brokers
  - a. Buy loans from banks as investments, making cash available to the lenders so they can make more loans
  - b. Put borrowers and lenders together, and take a fee for their services
  - c. Examine the information provided by the loan application and make recommendations to the lender on the risk involved in making the loan
  - d. Buy loans from the lenders and then “service” the loan, collecting payment
3. “Flipping is a predatory lending practice where
  - a. Lenders refer clients to high-interest lenders and receive a kickback
  - b. Telemarketers solicit second mortgages and sell them to predatory lenders
  - c. A lender repeatedly refinances a loan, each time charging new costs and fees
  - d. A loan is amortized over an unspecified period of time
4. The U.S. Department of Housing and Urban Development
  - a. Makes mortgage loans through its Federal Housing Administration Division
  - b. Insures loans made by banks and other lenders
  - c. Oversees the Federal Home Loan Bank
  - d. Guarantees loans made through the Veterans Administration

## 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.*

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Name (printed)

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Date

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Signature

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Date



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