

### Multiple Choice Questions

1. The allodial system of land ownership that forms the basis of ownership in the United States is best described as the
  - A. Right to occupy and use land owned by a superior
  - B. Right of a democratic government to control how land is used
  - C. Ownership of land is free and absolute subject only to governmental and voluntary restrictions
  - D. Origin and development of community property laws.
2. As used in mortgage lending, the term “collateral” means
  - A. Something of value pledged as security for a loan
  - B. The purpose for which a mortgage loan is made
  - C. A valuable asset
  - D. Associated with but of secondary importance.
3. A word that has the legal meaning of a borrower remaining in possession of property pledged as security for a loan is
  - A. Possession
  - B. Collateral
  - C. Security
  - D. Hypothecate
4. A “negotiable instrument” is one that can be
  - A. Adjusted by negotiation between parties involved
  - B. Sold to others
  - C. Changed only at periodic intervals
  - D. An agreement to negotiate with another
5. As used in business, a “security” is
  - A. A safety measure
  - B. A blanket
  - C. A certificate representing an investment
  - D. A limited form of protection
6. Bonds are sold in the financial market by corporations for the purpose of
  - A. raising equity cash
  - B. Borrowing money
  - C. Providing additional brokerage fees
  - D. Generating greater income
7. In mortgage lending, the best description of a loan discount is
  - A. A cost of borrowed money
  - B. A lower price for a mortgage loan
  - C. A method of lowering an interest rate
  - D. An extra fee for services rendered

8. Of the following, the more precise description of a share of stock is
  - A. An indication of an obligation
  - B. A form of unsecured debt
  - C. An evidence of ownership
  - D. A kind of security
  
9. Which of the following is most descriptive of the primary market?
  - A. The loan origination market
  - B. Trading in second mortgages
  - C. The buying and selling of mortgage loans
  - D. The market created by Fannie Mae and Freddie Mac
  
10. Of the following, the more precise description of a share of stock is:
  - A. An indication of an obligation.
  - B. A form of unsecured debt.
  - C. An evidence of ownership
  - D. A kind of security.
  
11. To create a legally valid security interest, a business must ensure that the interest is:
  - A. Perfected
  - B. Debated
  - C. United
  - D. Detached
  - E. Exposed
  
12. When a lender who's primary aim is to pool mortgages to resell or commit them to a Mortgage Back Security and then service the mortgages uses a funding vehicle called a:
  - A. REMIC
  - B. Mortgage Conduit
  - C. Ginnie Mae
  - D. Warehouse Line
  
13. After the recent financial crisis Fannie Mae and Freddie Mac were put into conservatorship and the new government agency that has responsibility for their oversight is:
  - A. Federal Reserve Bank
  - B. The Office of Federal Housing Enterprise Oversight
  - C. Federal Housing Finance Agency
  - D. Department of Housing and Urban Development
  
14. The need to have a borrower sign both a mortgage and a promissory note is necessary as these two documents are:
  - A. Both collateral instruments
  - B. Considered interlinked documents
  - C. Must both be recorded to have a perfected interest
  - D. None of the above

Answer Key:

1. C
2. A
3. D
4. B
5. C
6. B
7. A
8. C
9. A
10. C
11. A
12. B
13. C
14. B