ch2

Student:			

- 1. Which of the following situations is NOT a common cause for the use of a purchase-money mortgage?
 - A. The buyer cannot come up with the down payment needed to qualify for a mortgage.
 - B. The seller wants to receive the gain from the sale in installments.
 - C. Third-party mortgage financing is too expensive of unavailable.
 - D. The seller desires to artificially raise the price of the property by receiving a higher-than-market interest rate.
- 2. Which of the following is NOT a minimum mortgage requirement?
 - A. Description of the property
 - B. Covenant of warranty
 - C. Prepayment clause
 - D. Covenant of seizing
- 3. A mortgage is BEST defined as a legal document that:
 - A. creates an obligation to repay a loan under specific terms.
 - B. names real estate as the security or collateral for the repayment of a loan.
 - C. defines a possessory interest in real estate.
 - D. conveys ownership of a property to its purchaser.

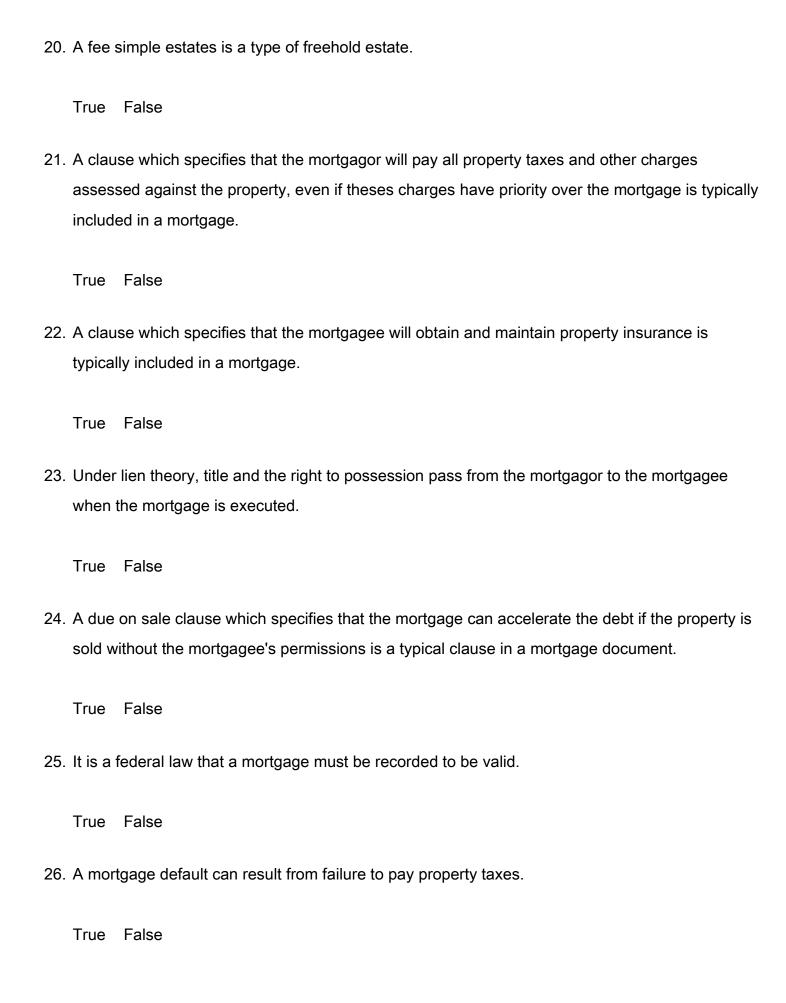
4.	Which of the following solutions is LEAST likely to be acceptable to a mortgagee when discussing
	alternatives to foreclosing a property?
	A. Permanently extending the amortization period.
	B. Finding someone else to assume the mortgage.
	C. Providing a temporary grace period during which principal and interest are not paid.
	D. Permanently reducing the interest rate.
5.	Which of the following terms refers to an owner's right to redeem a property after foreclosure?
	A. Equity of redemption
	B. Statutory redemption
	C. Attachment
	D. Execution
6.	In jurisdiction where a deed of trust is used to finance real estate, there are three parties to the
	loan secured by the deed of trust. Which of the following is NOT one of those three parties?
	A. Borrower
	B. Trustee
	C. Holder of the note
	D. Grantor
	D. Grantor

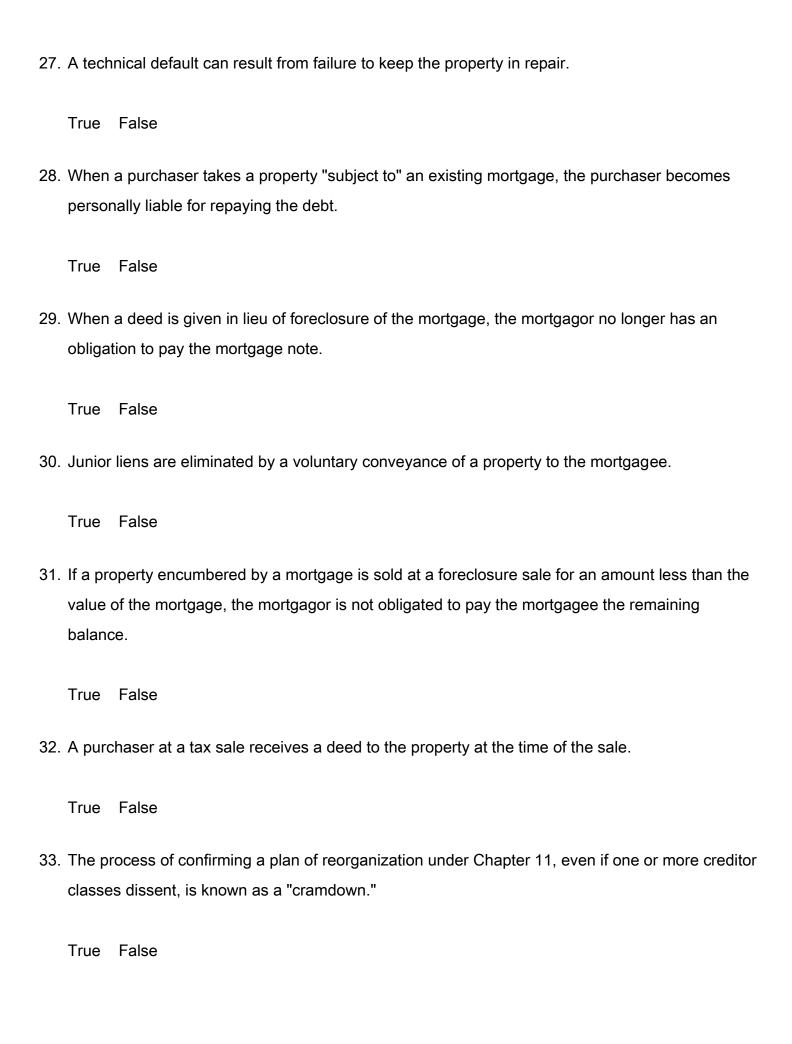
7. A senior mortgage holder is owed a mortgage balance of \$140,000 and brings a foreclosure suit which includes all junior claimants in the suit. If the senior mortgage holder purchases the property for \$140,000 at the foreclosure sale, what happens to the claim of the junior claimants? A. The liens of the junior claimants are unaffected and the debt is due upon sale. B. The liens of the junior claimants are extinguished, but the debt owed to the junior claimants is unaffected. C. The liens of the junior claimants and the debt owed to them are extinguished. D. The liens of the junior claimants are unaffected, but the debt owed to them is extinguished. A property is encumbered as follows: First mortgage, A \$250,000 Second mortgage, B \$40,000 Third mortgage, C \$10,000 How much can mortgagee B pay for the property at a foreclosure sale without having to raise additional funds? A. \$290,000 B. \$40,000 C. \$300,000 D. \$50,000 9. Which of the following types of bankruptcy is filed with the end result of liquidating the debtor's assets? A. Chapter 7 B. Chapter 11 C. Chapter 13 D. Chapter 17

10.	Which of the following types of bankruptcy is available to a business to reorganize and
	rehabilitate the debtor?
	A. Chapter 7
	B. Chapter 11
	C. Chapter 13
	D. Chapter 17
11.	Which of the following terms refers to the prohibition of the commencement or continuation of
	collection proceedings during a bankruptcy proceeding?
	A. Preferential transfer
	B. Deficiency judgment
	C. Automatic stay
	D. Extension
12.	A mortgage agreement provides the lender with interests.
	A. Unsecured
	B. Secured
	C. Nonpossesory
	D. Possesory

13. What is usually executed at the same time as a mortgage and creates the obligation to repay th	ne
loan in accordance with its terms?	
A. Recording acts	
B. Ownership interests	
C. Method of payment	
D. Promissory note	
14. The Acceleration Clause says notice of all, but which of the following, must be given to the mortgager?	
A. Acceleration of debt secured by the mortgage has taken place because of default	
B. Action required to cure default	
C. Time by which default must be cured	
D. Default	
15. Which of the following is not an alternative to foreclosure?	
A. Restructuring the mortgage loan	
B. Transfer of the mortgage to a new owner	
C. Redemption	
D. Prepackaged bankruptcy	

16.	Which of the following default is least often used for foreclosure?
	A. Failure to fulfill financial obligation
	B. Failure to pay taxes
	C. Failure to pay insurance premiums when due
	D. Failure to keep the security in repair
17.	Which of the following statements is true about foreclosure?
	A. In judicial foreclosure, property subject to attachment and execution is limited to the mortgaged property
	B. If the sale of the mortgaged property realizes a price above the claims of the mortgage and
	expense of the sale, the balance goes to the mortgagor
	C. Redemption can be accomplished by paying 95% of the debt, interest and costs due to mortgage
	D. None of the above
18.	When Seller financing is not used?
	A. The seller desires to take advantage of the installment method of reporting the gain from sale
	B. The buyer does not qualify for long term mortgage credit because of low down payment or
	difficulty meeting monthly payments
	C. Third-party mortgage financing is less expensive or easily available
	D. The seller desires to artificially raise the price of the property by offering a lower-than-market
	interest rate on the mortgage
19.	A remainder cannot be mortgaged.
	True False





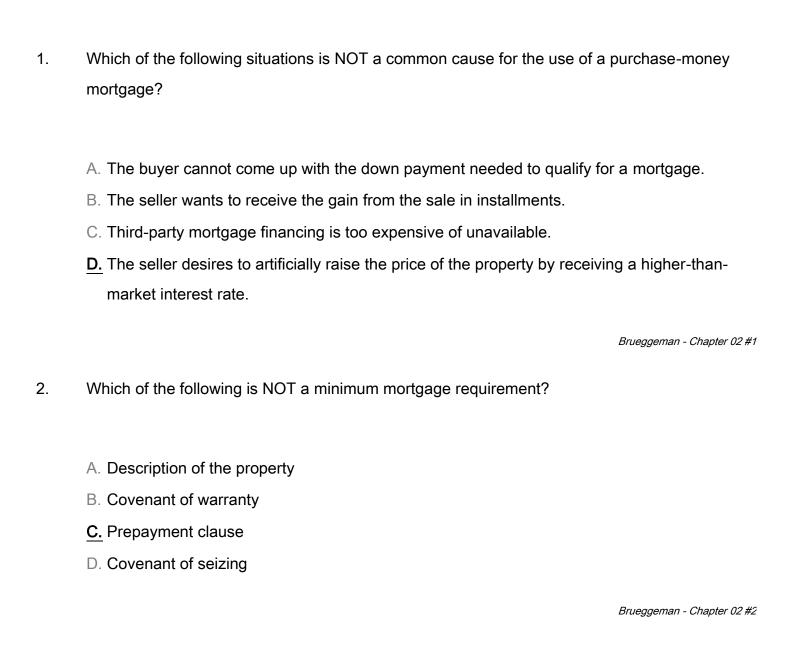
34.	If a debtor, under Chapt	er 7 bankruptcy	, is not behind	on his mortgage	payments,	he does	not
	have the give up the pro	perty.					

True False

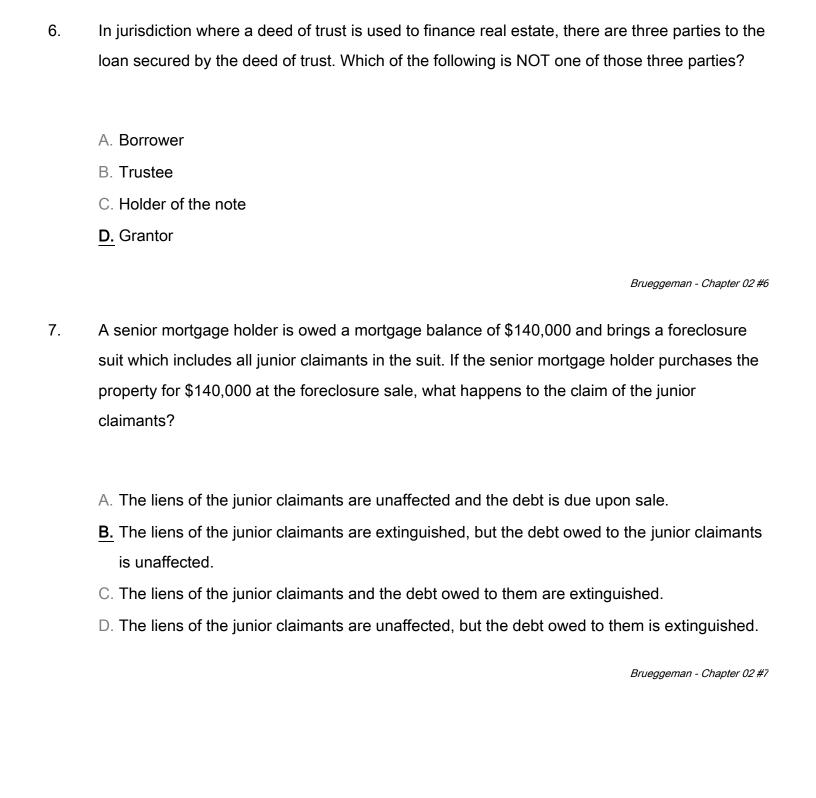
35. Unless stated otherwise, the borrower is personally liable for payment of all amounts due under the terms of the note.

True False

ch2 Key



3.	A mortgage is BEST defined as a legal document that:
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	B. names real estate as the security or collateral for the repayment of a loan.
	C. defines a possessory interest in real estate.
	D. conveys ownership of a property to its purchaser.
	Brueggeman - Chapter 02 #3
4.	Which of the following solutions is LEAST likely to be acceptable to a mortgagee when
	discussing alternatives to foreclosing a property?
	A. Permanently extending the amortization period.
	B. Finding someone else to assume the mortgage.
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	<u>D.</u> Permanently reducing the interest rate.
	Brueggeman - Chapter 02 #4
5.	Which of the following terms refers to an owner's right to redeem a property after foreclosure?
	A. Equity of redemption
	B. Statutory redemption
	C. Attachment
	D. Execution
	D. EXECUTION
	Brueggeman - Chapter 02 #S



8.	A property is encumbered as follows:	
	First mortgage, A \$250,000	
	Second mortgage, B \$40,000	
	Third mortgage, C \$10,000	
	How much can mortgagee B pay for the property at a foreclosure sale with	hout having to raise
	additional funds?	
	<u>A.</u> \$290,000	
	B. \$40,000	
	C. \$300,000	
	D. \$50,000	
		Brueggeman - Chapter 02 #8
9.	Which of the following types of bankruptcy is filed with the end result of liq	uidating the debtor's
	assets?	
	A. Chapter 7	
	B. Chapter 11	
	C. Chapter 13	
	D. Chapter 17	
		Brueggeman - Chapter 02 #\$

10.	Which of the following types of bankruptcy is available to a business to re	eorganize and
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	B. Chapter 11	
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	D. Chapter 17	
		Brueggeman - Chapter 02 #10
11.	Which of the following terms refers to the prohibition of the commencement	ent or continuation of
	collection proceedings during a bankruptcy proceeding?	
	A. Preferential transfer	
	B. Deficiency judgment	
	C. Automatic stay	
	D. Extension	
		Brueggeman - Chapter 02 #11
12.	A mortgage agreement provides the lender with interests.	
	A. Unsecured	
	B. Secured	
	C. Nonpossesory	
	<u>D.</u> Possesory	
		Brueggeman - Chapter 02 #12
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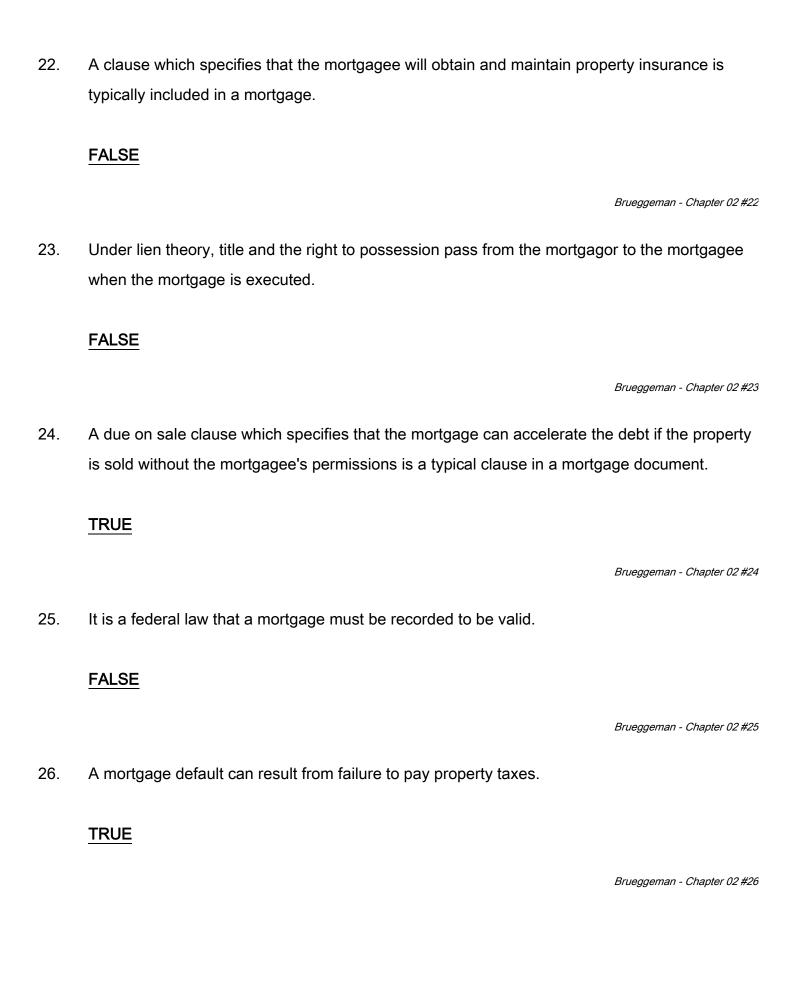
13.	What is usually executed at the same time as a mortgage and creates the the loan in accordance with its terms?	e obligation to repay
	A. Recording acts	
	B. Ownership interests	
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	D. Promissory note	
		Brueggeman - Chapter 02 #13
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	A. Acceleration of debt secured by the mortgage has taken place because B. Action required to cure default	e of default
	C. Time by which default must be cured	
	D. Default	
		Brueggeman - Chapter 02 #14
15.	Which of the following is not an alternative to foreclosure?	
	A. Restructuring the mortgage loan	
	B. Transfer of the mortgage to a new owner	
	C. Redemption	
	<u>D.</u> Prepackaged bankruptcy	
		Brueggeman - Chapter 02 #15

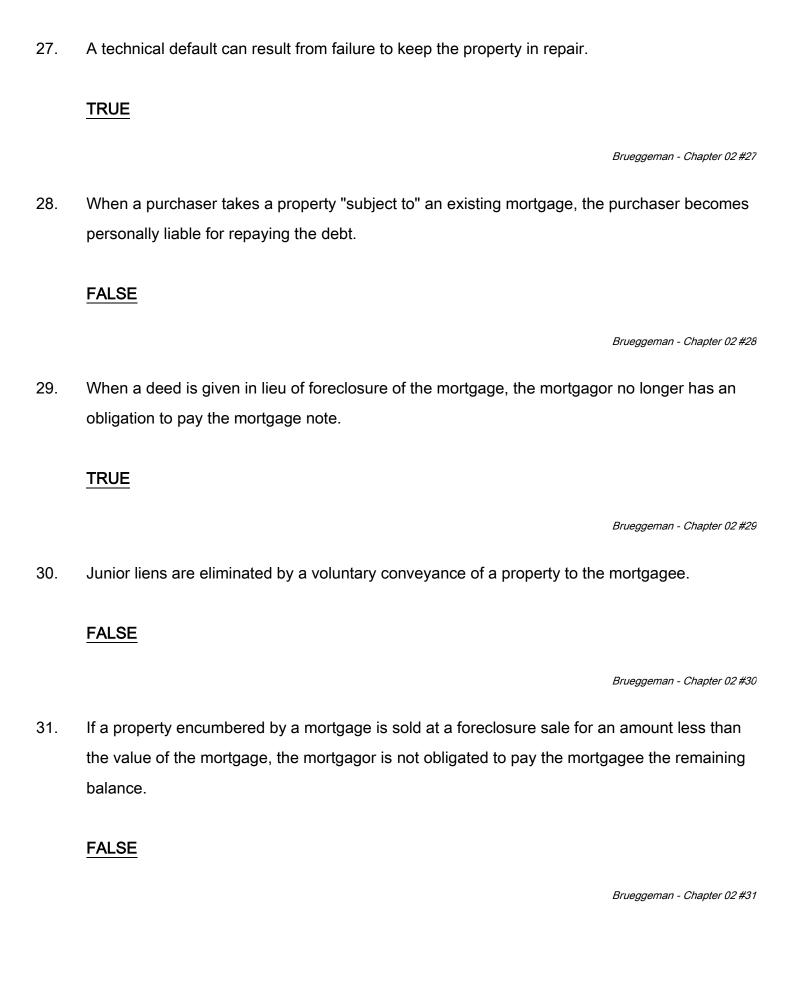
	A. Failure to fulfill financial obligation
	B. Failure to pay taxes
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	D. Failure to keep the security in repair
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	mortgaged property
	B. If the sale of the mortgaged property realizes a price above the claims of the mortgage and
	expense of the sale, the balance goes to the mortgagor
	<u>C.</u> Redemption can be accomplished by paying 95% of the debt, interest and costs due to mortgage
	D. None of the above
	Brueggeman - Chapter 02 #1.

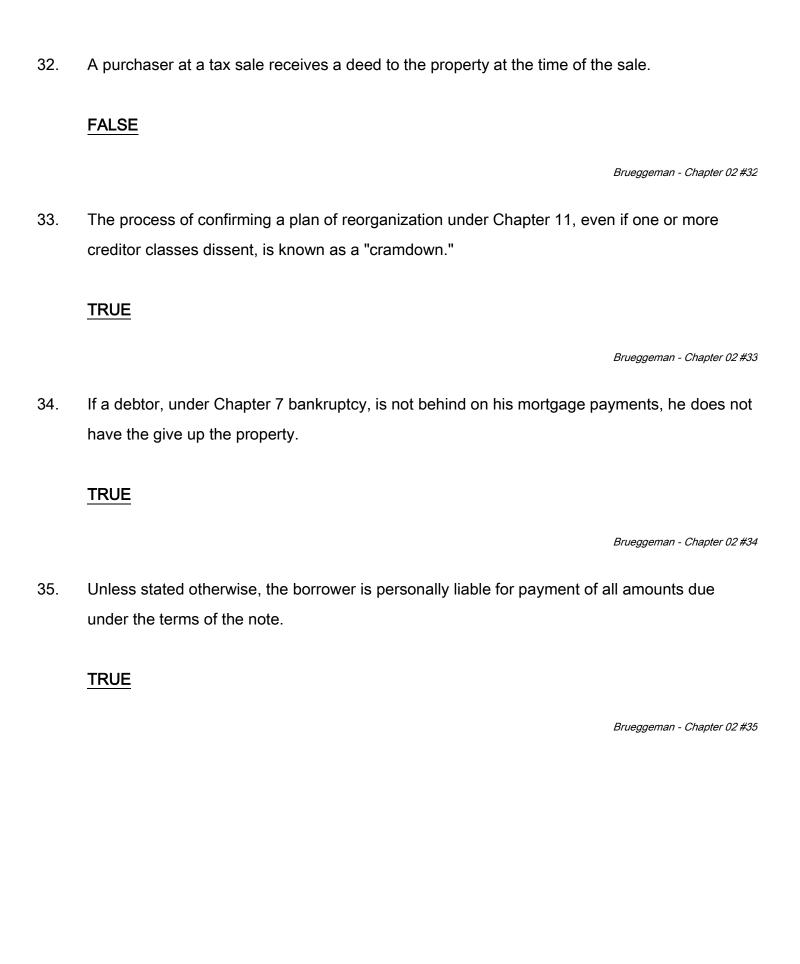
Which of the following default is least often used for foreclosure?

16.

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	A. The seller desires to take advantage of the installment method of report sale	ting the gain from
	B. The buyer does not qualify for long term mortgage credit because of lov difficulty meeting monthly payments	w down payment or
	C. Third-party mortgage financing is less expensive or easily available	
	D. The seller desires to artificially raise the price of the property by offering	g a lower-than-
	market interest rate on the mortgage	
		Brueggeman - Chapter 02 #18
19.	A remainder cannot be mortgaged.	
	FALSE	
		Brueggeman - Chapter 02 #19
20.	A fee simple estates is a type of freehold estate.	
	TRUE	
		Brueggeman - Chapter 02 #20
21.	A clause which specifies that the mortgagor will pay all property taxes and	other charges
	assessed against the property, even if theses charges have priority over the typically included in a mortgage.	ne mortgage is
	TRUE	
		Brueggeman - Chapter 02 #21







ch2 Summary

Category # of Questions

Brueggeman - Chapter 02

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