**CBE Competency 2**

**FS.C02 LM01 Module 1**

**Progress Monitoring Assessment**

**Multiple Choice: Circle the letter that best answers the question, responds to the statement, or completes the statement.**

1**.** What loan type usually has an outstanding balance that may fluctuate?

a. revolving line of credit

b. seasonal loan

c. special commitment loan

d. single purpose loan

**Answer: A. Revolving loan**

**Answer B: Incorrect**

**Answer C: Incorrect**

**Answer D. Incorrect**

2. Which loan type usually is used to fund permanent expansion of inventory caused by sales growth?

a. permanent working capital

b. seasonal loan

c. special commitment loan

d. construction loan

**Answer: A: Permanent working capital**

**Answer B: Incorrect**

**Answer C: Incorrect**

**Answer D: Incorrect**

3. Which loan type usually has a maturity greater than one year?

a. term loan

b. special commitment loan

c. unsecured loan

d. seasonal loan

**Answer A: Term loan**

**Answer B: Incorrect**

**Answer C: Incorrect**

**Answer D: Incorrect**

4. Which of the following is an example of an open-end credit?

a. home equity line of credit

b. home equity loan

c. mortgage loan

d. boat loan

**Answer: A: Home equity line**

**Answer B: Incorrect**

**Answer C: Incorrect**

**Answer D: Incorrect**

5. What type of commercial loan is appropriate for a business that needs funds soon and plans to repay the loan within three months?

a. working capital loan

b. term loan

c. participation loan

d. indirect loan

**Answer A: Working capital loan**

**Answer B: Incorrect**

**Answer C: Incorrect**

**Answer D: Incorrect**