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| User | Rahul Kotian |
| Course | (MERGED) FIN 6322.0W1 - REAL 6322.0W1 - Su24 |
| Test | Ch05 Quiz |
| Started | 6/12/24 10:12 PM |
| Submitted | 6/12/24 10:32 PM |
| Status | Completed |
| Attempt Score | 80 out of 100 points |
| Time Elapsed | 19 minutes out of 5 hours |
| Results Displayed | Feedback, Incorrectly Answered Questions |

* **Question 1**

10 out of 10 points

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| Correct | When describing the "rate" of an adjustable rate mortgage, all of the following terms will normally be used, EXCEPT |  |  |  |
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* **Question 2**

10 out of 10 points

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| Correct | If you were contemplating a new home mortgage and considering a fixed rate mortgage versus an adjustable rate mortgage: |  |  |  |
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* **Question 3**

10 out of 10 points

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| Correct | You are in the 5th year of a $300,000 5/1, 30 year ARM with caps of 3/2/5 and an initial (composite) rate of 4.5% (Index of 2.5% + margin of 2%). Your current monthly payments of P+I equal $1,520.06. By the end of Year 5, interest rates have increased substantially and the "index" is now at 6.5%. What will your new monthly payment be for Year 6. [Hint: find the loan principal amount then recast for remaining 25 years at new rate]. |  |  |  |
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* **Question 4**

0 out of 10 points

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| Incorrect | Assume you have an ARM mortgage loan and are currently paying a total interest rate of 4.1%. However, the loan is about to be reset and the following info is provided to you:  Index: 1 Year Constant Maturity Treasury Rate: 2.9%  Margin: 2.1%  Annual Cap on rate change: 2%  What will your new rate be? |  |  |  |
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* **Question 5**

10 out of 10 points

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| Correct | The most important difference between a fixed rate mortgage and an adjustable rate mortgage is: |  |  |  |
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* **Question 6**

10 out of 10 points

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| Correct | In an adjustable rate mortgage, which of the following changes over the life of the loan? |  |  |  |
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* **Question 7**

10 out of 10 points

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| Correct | The text book references loan structures (now rare) where the payments are not sufficient to cover the interest rate being charged (accrued) on the loan. These loans are said to have: |  |  |  |
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* **Question 8**

0 out of 10 points

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| Incorrect | The interest rate that applies in any given year on an ARM loan can be referred to by all of the following terms EXCEPT: |  |  |  |
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* **Question 9**

10 out of 10 points

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| Correct | If you received a mortgage quote of 3.5%  5/1 ARM , 30 year am with caps of 3/2/6, which of the following best describes this? |  |  |  |
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* **Question 10**

10 out of 10 points

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| Correct | All of the following can be considered as synonyms for an ARM loan, EXCEPT |  |  |  |
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