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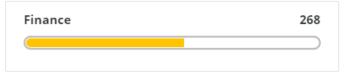
TO PASS 80% or higher

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Lesson #10 Quiz

LATEST SUBMISSION GRADE

100%

1. Which of the following is FALSE of Direct Participation Programs (DPPs)?

1/1 point

- They must operate for at least some minimum amount of time.
- A major example of a DPP is a real estate partnerships.
- They may skip corporate profits tax.
- They are for accredited investors only



/ Correct

DPPs must have a limited lifetime. Corporations derive much of their value from the fact that they will last for a long time, which is why there are restrictions on the duration of DPPs.

2. If Sabine is "under water", what can we say about her situation?

1 / 1 point

- She has no choice but to declare bankruptcy.
- The value of her home is less than the value of her mortgage.
- She has sent her keys to the bank and abandoned her house.

0) She does not have enough money to make payments on her home.	
	✓ Correct This is the definition of being under water.	
141		
	ny does the 30 year mortgage rate so closely match the 10 year treasury bond YTM?	1 / 1 point
•		
0) The interest rate of 30 year mortgages and the price of 10 year treasury bonds are set by the same organization.	
0) There are similar psychological causes which influence both the 30 year mortgage rate and the 10 year treasury YTM.	
0	People could choose to finance their home with 10 year treasury bonds instead of with 30 year mortgages.	
	✓ Correct 30 year mortgages usually only last about 10 years because people will sell their homes.	
Wh	no pays for private mortgage insurance on a mortgage?	1 / 1 point
Wh	no pays for private mortgage insurance on a mortgage? The US government	1 / 1 point
Wh		1 / 1 point
Wh	The US government	1 / 1 point
Wh	The US government Fannie Mae and Freddie Mac	1 / 1 point
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○○●Bef	The US government Fannie Mae and Freddie Mac Thank banks The homeowner Correct fore the recession in 2007, why were banks giving out mortgages to people who could not afford them? Many people faked documents in order to get a mortgage, known as a "liar loan" Banks would resell to mortgages to CMOs, and thus they were not incentivized to make sure their	

3.

4.

5.

	Banks could make more money by offering mortgages to people who they knew could not pay for them.	
6.	Select TWO key causes of the housing bubble which crashed in 2007:	1/1 point
	✓ Over-optimistic mortgage lending	
	✓ Correct	
	Corruption within the government	
	Fraudulent mortgage lending	
	✓ Correct	
	☐ Hyper-inflation	
7.	During the housing bubble of 2007, which of the following tended to fluctuate with home price index?	1 / 1 point
	The percentage of new homeowners who think investing in real estate is a bad long term investment.	
	The percentage of new homeowners who regretted their decision.	
	The percentage of new homeowners who have been evicted from their home.	
	The percentage of new homeowners who think that investing in real estate is a good long term investment.	
	✓ Correct	
8.	What in 2005 indicated the housing market might be a bubble?	1 / 1 point
	Time magazine predicted that the housing market was a bubble.	
	The expected 10 year home price appreciation dropped below the 30 year mortgage rate.	
	Media was discussing how people were no longer purchasing houses.	
	Media was discussing a home-buying mania in the American public.	