

ch2

Student: _____

1. Which of the following situations is NOT a common cause for the use of a purchase-money mortgage?
 - A.
 - B.
 - C.
 - D.
2. Which of the following is NOT a minimum mortgage requirement?
 - A.
 - B.
 - C.
 - D.
3. A mortgage is BEST defined as a legal document that:
 - A.
 - B.
 - C.
 - D.
4. Which of the following solutions is LEAST likely to be acceptable to a mortgagee when discussing alternatives to foreclosing a property?
 - A.
 - B.
 - C.
 - D.

5. Which of the following terms refers to an owner's right to redeem a property after foreclosure?
- A.
 - B.
 - C.
 - D.
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.
 - B.
 - C.
 - D.
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.
 - B.
 - C.
 - D.
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 without having to raise additional funds?
- A.
 - B.
 - C.
 - D.

9. Which of the following types of bankruptcy is filed with the end result of liquidating the debtor's assets?
- A.
 - B.
 - C.
 - D.
10. Which of the following types of bankruptcy is available to a business to reorganize and rehabilitate the debtor?
- A.
 - B.
 - C.
 - D.
11. Which of the following terms refers to the prohibition of the commencement or continuation of collection proceedings during a bankruptcy proceeding?
- A.
 - B.
 - C.
 - D.
12. A mortgage agreement provides the lender with _____ interests.
- A.
 - B.
 - C.
 - D.
13. What is usually executed at the same time as a mortgage and creates the obligation to repay the loan in accordance with its terms?
- A.
 - B.
 - C.
 - D.

14. The Acceleration Clause says notice of all, but which of the following, must be given to the mortgager?
- A.
 - B.
 - C.
 - D.
15. Which of the following is not an alternative to foreclosure?
- A.
 - B.
 - C.
 - D.
16. Which of the following default is least often used for foreclosure?
- A.
 - B.
 - C.
 - D.
17. Which of the following statements is true about foreclosure?
- A.
 - B.
 - C.
 - D.
18. When Seller financing is not used?
- A.
 - B.
 - C.
 - D.
19. A remainder cannot be mortgaged.
- True False

20. A fee simple estates is a type of freehold estate.
True False
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 mortgage is typically included in a mortgage.
True False
22. A clause which specifies that the mortgagee will obtain and maintain property insurance is typically included in a mortgage.
True False
23. Under lien theory, title and the right to possession pass from the mortgagor to the mortgagee when the mortgage is executed.
True False
24. A due on sale clause which specifies that the mortgage can accelerate the debt if the property is sold without the mortgagee's permissions is a typical clause in a mortgage document.
True False
25. It is a federal law that a mortgage must be recorded to be valid.
True False
26. A mortgage default can result from failure to pay property taxes.
True False
27. A technical default can result from failure to keep the property in repair.
True False
28. When a purchaser takes a property "subject to" an existing mortgage, the purchaser becomes personally liable for repaying the debt.
True False

29. When a deed is given in lieu of foreclosure of the mortgage, the mortgagor no longer has an obligation to pay the mortgage note.
- True False
30. Junior liens are eliminated by a voluntary conveyance of a property to the mortgagee.
- True False
31. If a property encumbered by a mortgage is sold at a foreclosure sale for an amount less than the value of the mortgage, the mortgagor is not obligated to pay the mortgagee the remaining balance.
- True False
32. A purchaser at a tax sale receives a deed to the property at the time of the sale.
- True False
33. The process of confirming a plan of reorganization under Chapter 11, even if one or more creditor classes dissent, is known as a "cramdown."
- True False
34. If a debtor, under Chapter 7 bankruptcy, is not behind on his mortgage payments, he does not have to give up the property.
- 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

1. Which of the following situations is NOT a common cause for the use of a purchase-money mortgage?

- A.
- B.
- C.
- D.**

Brueggeman - Chapter 02 #1

2. Which of the following is NOT a minimum mortgage requirement?

- A.
- B.
- C.**
- D.

Brueggeman - Chapter 02 #2

3. A mortgage is BEST defined as a legal document that:

- A.
- B.**
- C.
- D.

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.
- B.
- C.
- D.**

Brueggeman - Chapter 02 #4

5. Which of the following terms refers to an owner's right to redeem a property after foreclosure?

A.

B.

C.

D.

Brueggeman - Chapter 02 #5

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.

B.

C.

D.

Brueggeman - Chapter 02 #6

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.

B.

C.

D.

Brueggeman - Chapter 02 #7

8. A property is encumbered as follows:
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A.

B.

C.

D.

Brueggeman - Chapter 02 #8

9. Which of the following types of bankruptcy is filed with the end result of liquidating the debtor's assets?

A.

B.

C.

D.

Brueggeman - Chapter 02 #9

10. Which of the following types of bankruptcy is available to a business to reorganize and rehabilitate the debtor?

A.

B.

C.

D.

Brueggeman - Chapter 02 #10

11. Which of the following terms refers to the prohibition of the commencement or continuation of collection proceedings during a bankruptcy proceeding?

A.

B.

C.

D.

Brueggeman - Chapter 02 #11

12. A mortgage agreement provides the lender with _____ interests.

A.

B.

C.

D.

Brueggeman - Chapter 02 #12

13. What is usually executed at the same time as a mortgage and creates the obligation to repay the loan in accordance with its terms?

- A.**
- B.
- C.
- D.

Brueggeman - Chapter 02 #13

14. The Acceleration Clause says notice of all, but which of the following, must be given to the mortgager?

- A.
- B.
- C.**
- D.

Brueggeman - Chapter 02 #14

15. Which of the following is not an alternative to foreclosure?

- A.
- B.
- C.
- D.**

Brueggeman - Chapter 02 #15

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

- A.
- B.**
- C.
- D.

Brueggeman - Chapter 02 #16

17. Which of the following statements is true about foreclosure?

- A.
- B.
- C.**
- D.

Brueggeman - Chapter 02 #17

18. When Seller financing is not used?

- A.
- B.
- C.**
- D.

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 mortgage is typically included in a mortgage.

TRUE

Brueggeman - Chapter 02 #21

22. A clause which specifies that the mortgagee will obtain and maintain property insurance is typically included in a mortgage.

FALSE

Brueggeman - Chapter 02 #22

23. Under lien theory, title and the right to possession pass from the mortgagor to the mortgagee when the mortgage is executed.

FALSE

Brueggeman - Chapter 02 #23

24. A due on sale clause which specifies that the mortgage can accelerate the debt if the property is sold without the mortgagee's permissions is a typical clause in a mortgage document.

TRUE

Brueggeman - Chapter 02 #24

25. It is a federal law that a mortgage must be recorded to be valid.

FALSE

Brueggeman - Chapter 02 #25

26. A mortgage default can result from failure to pay property taxes.

TRUE

Brueggeman - Chapter 02 #26

27. A technical default can result from failure to keep the property in repair.

TRUE

Brueggeman - Chapter 02 #27

28. When a purchaser takes a property "subject to" an existing mortgage, the purchaser becomes personally liable for repaying the debt.

FALSE

Brueggeman - Chapter 02 #28

29. When a deed is given in lieu of foreclosure of the mortgage, the mortgagor no longer has an obligation to pay the mortgage note.

TRUE

Brueggeman - Chapter 02 #29

30. Junior liens are eliminated by a voluntary conveyance of a property to the mortgagee.

FALSE

Brueggeman - Chapter 02 #30

31. If a property encumbered by a mortgage is sold at a foreclosure sale for an amount less than the value of the mortgage, the mortgagor is not obligated to pay the mortgagee the remaining balance.

FALSE

Brueggeman - Chapter 02 #31

32. A purchaser at a tax sale receives a deed to the property at the time of the sale.

FALSE

Brueggeman - Chapter 02 #32

33. The process of confirming a plan of reorganization under Chapter 11, even if one or more creditor classes dissent, is known as a "cramdown."

TRUE

Brueggeman - Chapter 02 #33

34. If a debtor, under Chapter 7 bankruptcy, is not behind on his mortgage payments, he does not have to give up the property.

TRUE

Brueggeman - Chapter 02 #34

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

TRUE

Brueggeman - Chapter 02 #35

ch2 Summary