

Loans Practice Test Questions and Answers

1. What is home equity?

- A) The original purchase price of the home
- B) The difference between the home's current market value and the outstanding mortgage balance
- C) The total amount of mortgage payments made to date
- D) The appraised value set at the time of purchase

2. What is a 'captive auto lender'?

- A) A lender that only approves borrowers with perfect credit
- B) A financing company owned by or exclusively partnered with an auto manufacturer
- C) A credit union that specializes in auto loans only
- D) A lender that requires borrowers to use a specific auto insurer

3. What is a business line of credit?

- A) A lump-sum loan repaid over a fixed term
- B) A revolving credit facility allowing businesses to borrow up to a set limit as needed
- C) A government grant for startup businesses
- D) A loan that converts to equity if not repaid

4. What is the 'draw period' of a HELOC?

- A) The time to close the HELOC after application
- B) The period during which the borrower can withdraw funds from the line of credit
- C) The waiting period before any withdrawals are allowed
- D) The final repayment period of the HELOC

Answers: 1-B 2-B 3-B 4-B

For More Loans Questions and Answers FREE, Loans Online Prep Training, Loans Exam, Loans Study Guide, Loans Flashcards, Loans Quizzes visit:

Loans Practice Test