

Rate/MREL Quiz!

1) Conventional (typical AUS-approve) maximum DTI is most often capped around:

- A. 36%
- B. 43%
- C. 45%
- D. 50%

2) FHA maximum DTI with strong compensating factors / AUS approval is commonly allowed up to about:

- A. 43%
- B. 50%
- C. 57%
- D. 65%

3) VA loans technically do not have a hard maximum DTI, but many lenders commonly see approvals up to about:

- A. 41% only
- B. 45%
- C. 50%
- D. 60%+

4) Minimum down payment for FHA (purchase) with a 580+ credit score is:

- A. 0%
- B. 3%
- C. 3.5%
- D. 10%

5) For a conventional loan, a “minimum credit score” is best described as:

- A. A single fixed number that never changes
- B. The lowest score any lender can ever use, regardless of the program
- C. A baseline guideline that can be higher due to AUS results and lender overlays
- D. Not relevant for conventional loans

6) If a borrower's credit report shows a dispute on an account, the best expectation is:

- A. Disputes never matter for underwriting
- B. The lender may require disputes to be removed (especially if they impact qualifying), depending on loan type and the specific dispute
- C. Disputes automatically improve approval odds
- D. Disputes are only reviewed on FHA, never on conventional

7) Minimum down payment for VA (assuming eligible veteran and lender approval) is:

- A. 0%
- B. 3%
- C. 3.5%
- D. 5%

8) A borrower with a short credit history is most likely to strengthen their loan profile by:

- A. Opening multiple new credit cards before applying
- B. Closing their oldest trade line to reduce liabilities
- C. Adding acceptable non-traditional credit history (for example, documented rent) and/or building seasoned tradelines over time
- D. Ignoring credit because income is all that matters

9) Conventional maximum seller (interested party) contributions for an owner-occupied primary residence with <10% down is typically:

- A. 3%
- B. 6%
- C. 9%
- D. No limit

10) Conventional maximum seller (interested party) contributions for an owner-occupied primary residence with 10%-25% down is typically:

- A. 3%

- B. 6%
- C. 9%
- D. 12%

11) You have a client that owns a house currently and made an offer on a new house with no home sale contingency. The sale is closing after the new purchase. What must happen in order to not count the old house liabilities against them and close on the new purchase successfully? (Assuming they cannot qualify carrying both payments).

- A. Proof of a CTC commitment letter from the buyer's lender prior to closing
- B. A fully executed P&S with no mortgage contingency
- C. An appraisal on the sale showing at least 20% equity
- D. A or B
- E. A, B and C must all happen

12) FHA maximum interested party contributions (seller + other allowable parties) toward closing costs and prepaid items is:

- A. 3%
- B. 4%
- C. 6%
- D. 9%

13) VA allows seller concessions up to:

- A. 3%
- B. 4%
- C. 6%
- D. 9%

14) When an appraisal comes in low, which option is generally NOT permitted?

- A. Buyer brings in additional funds to cover the difference
- B. Seller reduces the price
- C. A second appraisal is ordered at the buyer's request and replaces the first
- D. Parties renegotiate and amend the contract

15) "Cash to close" on a purchase is best described as:

- A. Down payment only
- B. Closing costs only
- C. Down payment + closing costs + prepaid items, minus credits/earnest money
- D. The loan amount plus closing costs

16) Buyer and Seller enter into contract for a home located at 123 Main Street. There were no additional provisions included in the offer or PSA. The Buyer has a mortgage contingency clause, of which the commitment deadline date expires on the 15th of the month. On the 5th of the month the Buyer's lender advises that the property didn't appraise for full value. The Buyer's agent emails the Listing agent and advises them that the property did not appraise for value and that the Buyer was terminating the transaction. Is the Buyer's deposit refundable, Yes or No, and Why?

17) Buyer and Seller enter into contract for a home located at 123 Main Street. There were no additional provisions included in the offer or PSA and there was no mention of any appliances being included with the sale (on MLS or in their Contract). The Seller removes the refrigerator, dishwasher, and washer & dryer prior to closing. The Buyer states that they are not willing to proceed with the purchase and that they demand their deposit be returned. Is the Buyer able to terminate the transaction and receive back his depository funds – Yes or No, and Why?

18) Buyer and Seller enter into contract for a home located at 123 Main Street. The Buyer performs their inspection, and final walkthrough, both of which were successful. Parties close as outlined in their Agreement. Six months after living in the home the Buyer notices there is knob and tube wiring on the second floor. They reach out to you and demand that the Seller pay for the removal and replacement of the same. Is the Seller obligated to perform on this demand, Yes or No, and Why? Who does the Buyer have potential recourse against?

19) At what point do VA loans no longer need mortgage insurance?

- A. 25%
- B. 20%
- C. VA loans do not require mortgage insurance, regardless of down payment
- D. VA loans do not require mortgage insurance UNLESS the LTV is higher than 100% due to a low appraisal

20) An FHA buyer put down 3.5% on a purchase transaction. At what point will the mortgage insurance fall off?

- A. Never
- B. After 11 years
- C. When the mortgage balance hits 80% of the original appraised value
- D. When the mortgage balance hits 80% of the current appraised value

