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**QUESTION 1**

During the underwriting process, information related to a mortgage loan is collected, and this information is the basis for a final decision as to whether or not the loan should be made. The documents generated during this underwriting process are all of the following EXCEPT:

- A. Loan applications
- B. Credit reports
- C. Borrower's financial statements
- D. Periodic inspection reports

Correct Answer: D

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**QUESTION 2**

To realize the effect on the "bottom line," or the net gain from operations, from various transactions, one must consider the amount of any liabilities that are released because of the transaction. Assume a death claim entry as follows: Death proceeds-ordinary \$10,000 Dividends on deposit disbursed 1,000 Cash \$11,000

On first appearance, one might think that this will cause the net gain from operations to be \$11,000 lower. However, if the policy has a reserve of \$3,000, the effect on the net gain is only , because the reserve liability of \$3,000 and the dividend liability of \$1,000 will no longer be shown on the balance sheet

- A. \$7,000
- B. \$10,000
- C. \$8,000
- D. \$9,000

Correct Answer: A

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**QUESTION 3**

If claims have been reported to the insurer after the contract period, it may several months for the insurer to investigate and establish a case reserve for reported claims.

- A. True
- B. False

Correct Answer: B

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**QUESTION 4**

Cash does include funds in transit, unless the deposit was prepared and sent to the bank. If the deposit was sent to the bank, it is considered cash and entered into the company's books and is no longer in transit. Funds in transit not yet sent to the bank are entered:

- A. On a write-in line on the Assets page
- B. As a prepaid asset on the Assets page
- C. As a long term asset on the Assets page
- D. As a non-admitted asset on Asset page

Correct Answer: A

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#### QUESTION 5

What represent the ownership interests in the net assets of the subsidiary held by persons outside the controlling entities' structure?

- A. External control
- B. Minority interests
- C. Permanent stockholder
- D. None of the above

Correct Answer: B

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