

# BANKING & FINANCE (08)

## Regional– 2013

**Objective Portion** (30 @ 2 pts. each) \_\_\_\_\_(60)

**Application Portion**

Job 1—Loan Application (20 @ 2 pts. each) \_\_\_\_\_(40)

Job 2—Bank Deposit (12 @ 2 pts. each) \_\_\_\_\_(24)

**TOTAL POINTS** \_\_\_\_\_(124)

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No more than 60 minutes testing time

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*Multiple Choice, True / False: Choose the best answer for each of the following and record your answer on the Scantron form provided.*

1. The Federal Reserve System is composed of a central, independent government agency called the:
  - a. Board of Directors
  - b. Board of Governors
  - c. Executive Committee
  - d. Board of Trustees
  
2. Consumer's \_\_\_\_\_ is the amount received after all deductions have been subtracted from a paycheck.
  - a. Gross pay
  - b. Net pay
  - c. Salary
  - d. Rate of pay

True or False

3. Collateral is property required by a lender and offered by a borrower as a guarantee of payment on a loan.
  - a. True
  - b. False
  
4. Examples of deductions from a paycheck include the following:
  - a. Social Security tax
  - b. Medicare tax
  - c. Income tax
  - d. all of the above
  
5. All of the following are examples of liabilities, except:
  - a. A home mortgage
  - b. Credit card balances
  - c. Retirement plan
  - d. Student loans
  
6. Credit scores are determined by payment history, the amount of the outstanding debt, the length of your credit history, inquiries on your credit report and the types of credit you are using. Credit scores range from:
  - a. 100 - 500
  - b. 500 - 800
  - c. 600 – 900
  - d. 700 – 1000
  
7. Which of the following entities is NOT a bank regulator?
  - a. Federal Deposit Insurance Corporation
  - b. Office of Currency Regulation
  - c. Office of the Comptroller of Currency
  - d. Office of Thrift Supervision

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8. This one of the “5-Cs” of credit refers to an applicant’s assets minus their liabilities.
- Control
  - Condition
  - Capital
  - Capacity

True or False

9. Credit unions are not subject to the same supervision and regulation that banks are.
- True
  - False

10. The Truth in Lending Act requires banks to \_\_\_\_\_.
- monitor account activity.
  - charge for services.
  - limit fees for specialized accounts.
  - disclose finance charges in advance.

11. Every financial institution is required to keep a certain percentage of deposits in reserve as cash in its vault or in an account at a Federal Reserve Bank. This is called \_\_\_\_\_.
- Security reserves
  - Deposit hold
  - Reserve requirement
  - Account percentage hold

12. Under federal law, you can get a free report from each of the three national credit reporting companies every twelve months. The only authorized online source for a free credit report is the following:
- [www.annualcreditreport.com](http://www.annualcreditreport.com)
  - [www.freecreditreport.com/](http://www.freecreditreport.com/)
  - [www.myfreecreditscore.com](http://www.myfreecreditscore.com)
  - [www.creditreport.com](http://www.creditreport.com)

True or False

13. Every product sold by a bank or credit union is automatically insured by the U.S. government.
- True
  - False

14. Any money you have in savings and checking accounts or in certificates of deposit (CDs) is known as a(n) \_\_\_\_\_.
- annuity.
  - deposit.
  - investment.
  - mutual fund.

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15. K. Smith's regular rate of pay is \$6.50 an hour. Her overtime rate is  $1\frac{1}{2}$  times the regular rate of pay. What is her hourly overtime rate?
- \$8.00
  - \$9.25
  - \$9.75
  - \$13.00
16. Job duties as a Bank Teller include which of the following:
- Cashing checks
  - Handle foreign currencies
  - Processing withdrawals
  - All of the above
17. The long-term loan you take from a bank to buy a house or condo is called a(n)\_\_\_\_\_.
- mortgage.
  - overdraft.
  - arrears.
  - certificate of deposit.
18. A(n)\_\_\_\_\_ is money borrowed against a credit card limit.
- affinity card
  - cash advance
  - access check
  - cashier's check
19. Personal credit files are updated continuously, and information stays on the file for:
- 1 year
  - 3 years
  - 5 years
  - 7 years
20. In bankruptcy cases, information on a personal credit report stays on the file for:
- 5 years
  - 10 years
  - 15 years
  - 20 years
21. A person or company hired by a creditor to collect the overdue balance on an account is a(n):
- debt collector.
  - bank teller.
  - telemarketer.
  - stock broker.

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22. When you buy a car, you will probably have to pay at least 10 percent of the purchase price in cash. The price paid in cash up front is the:
- interest.
  - down payment.
  - finance charge.
  - APR.
23. Which of the following is NOT a personal fixed cost?
- grocery bill
  - car loan
  - mortgage
  - insurance premium
24. The process of matching your checkbook register with the bank statement is known as:
- deposits.
  - withdrawals.
  - reconciliation.
  - debit transactions.
25. A check cannot be cashed until it has been:
- subtracted.
  - endorsed.
  - registered.
  - reconciled.
26. If you make a mistake when writing a personal check, the proper term to write in large letters across the face of the check is:
- MISTAKE.
  - CANCEL.
  - VOID.
  - CLEAR.
27. The difference between the price at which a good or service is sold, and the per-unit costs of labor and materials to produce that unit is called:
- gross revenue.
  - gross profit.
  - gross domestic product.
  - gross pay.
28. An example of a non-bank financial institution is:
- credit unions.
  - banks.
  - savings associations.
  - life insurance companies.
29. Which of the following is NOT one of the 5 C's of lending?
- Capacity
  - Confidence
  - Capital
  - Character

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30. Which of the following is an example of a liquid asset?
- a. \$85,000 mortgage the Harris' have on their home
  - b. \$2,550 that the Hartford's have in a savings account
  - c. A balance of \$350 the Jones have on their Visa card
  - d. All of the above are liquid assets

**Job 1:** Jeff Abbott is a single male. Since June 1, 2008 he has been employed as a plumber for Joe's Construction Company. He earns \$51,000 annually. He has a monthly mortgage of \$1,400. Jeff has just won a raffle for \$2,000 that he would like to use as a down payment for a new boat. The boat he wants to purchase is \$18,000. His monthly budget has room for a \$300 boat payment on the first of every month if he can secure a loan. His local credit union requires a loan application to be completed prior to consideration for a loan. Complete the following application as Jeff including this additional information:

Credit Union Account # 010101  
Social Security # 000-00-000  
Date of Birth: 05/20/1982  
# of dependents: 0

Mailing & Physical address are the same:  
2000 West Higher Road Seattle, WA 98101  
Phone, Jeff uses his cell phone exclusively  
for contact: (201)333-3333

### **Consumer Loan Application**

Name \_\_\_\_\_ Account # \_\_\_\_\_

Soc. Sec. # \_\_\_\_\_ Date of Birth \_\_\_\_\_ # of dependents \_\_\_\_\_

Mailing address \_\_\_\_\_

Physical address \_\_\_\_\_

Day phone \_\_\_\_\_ Evening phone \_\_\_\_\_ Cell phone \_\_\_\_\_

Purpose of loan \_\_\_\_\_

Amount requested \$ \_\_\_\_\_ Down payment (if any) \$ \_\_\_\_\_

Desired payment amount \$ \_\_\_\_\_ Desired payment due date \_\_\_\_\_

Employer \_\_\_\_\_ Date of Hire \_\_\_\_\_

Occupation \_\_\_\_\_ Income \$ \_\_\_\_\_

Amt. of mortgage payment \$ \_\_\_\_\_ or monthly rent \$ \_\_\_\_\_

#### **Co-applicant** *(not required if applying individually)*

Name \_\_\_\_\_ Account # \_\_\_\_\_

Soc. Sec. # \_\_\_\_\_ Date of Birth \_\_\_\_\_ # of dependents \_\_\_\_\_

Mailing address \_\_\_\_\_

Physical address \_\_\_\_\_

Day phone \_\_\_\_\_ Evening phone \_\_\_\_\_ Cell phone \_\_\_\_\_

Employer \_\_\_\_\_ How long \_\_\_\_\_

Occupation \_\_\_\_\_ Income \$ \_\_\_\_\_

#### **Additional information may be required.**

**READ BEFORE SIGNING:** I certify that everything I have stated on this Loan Application is correct. Verification may be obtained from any source named in this application and from any credit reporting agency. I understand you will keep this application whether or not it is approved.

X \_\_\_\_\_ Date \_\_\_\_\_  
Applicant's signature

X \_\_\_\_\_ Date \_\_\_\_\_  
Co-applicant's signature

**JOB 2 - Deposit Slip**

On December 22, 2012, you deposit the following. Fill out the following deposit slip with the correct amount. You are keeping \$50.00 out of the deposit.

Currency	7	\$20 bills	
	4	\$10 bills	
	10	\$ 5 bills	
	35	\$ 1 bills	
Coins	33	quarters	
	17	dimes	
	6	nickels	
Checks	\$321.22	ABA #90-1234	
	\$15.67	ABA #87-3456	
	\$94.40	ABA #88-5678	

<p><b>DEPOSIT SLIP</b></p> <p>Samantha Jones 123 1st Street Columbus, OH 43214 PH 503-555-1212</p> <p>DATE _____</p> <p>_____</p> <p>Acknowledge receipt of cash returned by signing above.</p> <p>USA BANK Cleveland, Ohio</p> <p>I:074000052: 6485. 6000789.</p>	CASH		
	Including Coins		
	<i>List checks individually</i>		
	TOTAL		
	LESS CASH RECEIVED		
<b>NET DEPOSIT</b>			
<p>Checks and other items are received for deposit subject to the provisions of uniform commercial code or any applicable collection agreement.</p>			



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## KEY

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<b>Objective Portion</b> (30 @ 2 pts. each)	_____	(60)
<b>Application Portion</b>		
Job 1—Loan Application (20 @ 2 pts. each)	_____	(40)
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<b>TOTAL POINTS</b>	_____	<b>(124)</b>

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**KEY**

- |       |       |       |
|-------|-------|-------|
| 1. B  | 11. C | 21. A |
| 2. B  | 12. A | 22. B |
| 3. A  | 13. B | 23. A |
| 4. D  | 14. B | 24. C |
| 5. C  | 15. C | 25. B |
| 6. B  | 16. D | 26. C |
| 7. B  | 17. A | 27. B |
| 8. C  | 18. B | 28. D |
| 9. A  | 19. D | 29. B |
| 10. D | 20. B | 30. B |

**Job 1. Points – Each blank worth 2 points; Total Points – 40**

**Consumer Loan Application**

Name Jeff Abbott Account # 010101  
Soc. Sec. # 000-00-000 Date of Birth 05/20/1982 # of dependents 0  
Mailing address 2000 West Higher Road Seattle, WA 98101  
Physical address "SAME" or 2000 West Higher Road Seattle, WA 98101  
Day phone \_\_\_\_\_ Evening phone \_\_\_\_\_ Cell phone 201-333-3333  
Purpose of loan Purchase a boat or similar explanation  
Amount requested \$ 16,000 Down payment (if any) \$ 2,000  
Desired payment amount \$ 300 Desired payment due date 1st of each month  
Employer Joe's Construction Company Date of Hire June 1, 2008  
Occupation Plumber Income \$ 51,000  
Amt. of mortgage payment \$ 1,400 or monthly rent \$ \_\_\_\_\_

**Co-applicant** *(not required if applying individually)*

Name \_\_\_\_\_ Account # \_\_\_\_\_  
Soc. Sec. # \_\_\_\_\_ Date of Birth \_\_\_\_\_ # of dependents \_\_\_\_\_  
Mailing address \_\_\_\_\_  
Physical address \_\_\_\_\_  
Day phone \_\_\_\_\_ Evening phone \_\_\_\_\_ Cell phone \_\_\_\_\_  
Employer \_\_\_\_\_ How long \_\_\_\_\_  
Occupation \_\_\_\_\_ Income \$ \_\_\_\_\_  
X Jeff Abbott Date current date  
Applicant's signature  
X \_\_\_\_\_ Date \_\_\_\_\_  
Co-applicant's signature



Job 2 – Deposit Slip

**Each bolded item worth 2 points; Total Points - 24**

DEPOSIT SLIP  Samantha Jones 123 1st Street Columbus, OH 43214 PH 503-555-1212  DATE <u>December 22, 2012</u>  <b>Student Signature</b> _____ Acknowledge receipt of cash returned by signing above.  USA BANK Cleveland, Ohio  I:074000052: 6485. 6000789.	CASH Including Coins		
		<b>275</b>	<b>25</b>
	<i>List checks individually</i>		
	<b>90-1234</b>	<b>321</b>	<b>22</b>
	<b>87-3456</b>	<b>15</b>	<b>67</b>
	<b>88-5678</b>	<b>94</b>	<b>40</b>
	TOTAL	<b>706</b>	<b>54</b>
	LESS CASH RECEIVED	<b>50</b>	<b>00</b>
	NET DEPOSIT	<b>656</b>	<b>54</b>
Checks and other items are received for deposit subject to the provisions of uniform commercial code or any applicable collection agreement.			