


	Learning Objective 1: 0.4 / 0.4 Chapter 7: 0 / 0 Learning Objectives 4 and 5: 0.4 / 0.4 Learning Objective 3: 0.4 / 0.4 Learning Objective 2: 1.6 / 1.6 Learning Objective 1: 0.4 / 0.4 Chapter 6: 0 / 0 Learning Objective 5: 0.4 / 0.4 Learning Objective 4: 0.4 / 0.4 Learning Objective 3: 0.8 / 0.8 Learning Objective 2: 0.8 / 0.8 Learning Objective 1: 0.4 / 0.4 Chapter 5: 0 / 0
Total Grade:	11.6 / 12 (96.67%) 

Learning Objective 5

Question 1: If a firm wishes to sell new common shares to the public, what must it issue?

(0.4 Point) An annual report.
A prospectus.
 An income tax return.
 A memorandum of information.

Learning Objective 4

Question 2: What type of financial planner will offer "free" investment advice?

(0.4 Point) **A salary-based planner.**
A fee-based planner.
A commission-based planner.

Question 3: ABC pays a common share dividend of \$1.00 per share. ABC is quoted on the TSX. How much would an investor owning 100 shares have to declare as taxable dividend income?

(0.4 Point) **\$125**
>\$125
\$100
\$50

Learning Objective 3

Question 4: How can you invest in real estate and still maintain high liquidity?

(0.4 Point) Invest in commercial properties only.
Invest in major cities only.
Invest in rental properties by paying the full amount in cash.
Invest in real estate investment trusts (REITs).

Question 5: Which would be considered a speculative investment?

(0.4 Point) **I. Call options.**
II. Stamps.
III. Hedge funds.

I, only.
I, II and III.
III, only.
II, only.

Learning Objective 2

Question 6: You have invested in a U.S. corporation listed on the New York Stock Exchange. What will happen to your Canadian dollar return if the Canadian dollar appreciates with respect to the U.S. dollar?

(0.4 Point)

- The return will rise.
- The return will fall.
- The return will not be affected.

Learning Objective 1

Question 7: In order to start an investment program, you need money. Which technique refers to the idea of making savings a priority?

(0.4 Point)

- Take advantage of gifts and other windfalls to add to savings.
- Make a special savings effort for a period of time.
- Save the monthly net income that you don't spend.
- Pay yourself first through automatic deposits taken from your pay.

Chapter 10

Learning Objective 5

Question 8: Which feature would most likely increase the appraised value of your home at time of sale?

(0.4 Point)

- An exercise room.
- Fewer bedrooms.
- A remodelled kitchen.
- A hot tub.

Learning Objective 4

Question 9: Which of the following, when applied, are likely to be significant (i.e. exceeding \$2,000) when purchasing a home?

- (0.4 Point)
- I. Home inspection.**
 - II. Land transfer tax.**
 - III. Mortgage default insurance.**

I and III, only.

I, II and III.

I and II, only.

II and III, only.

Question 10: In Canada, how often are fixed-rate mortgages compounded?

- (0.4 Point)
- Semi-annually.**
 - Monthly.
 - Annually.
 - Quarterly.

Learning Objective 3

Question 11: When might price negotiations between a home buyer and seller be minimized?

- (0.4 Point)
- I. In a buyer's market.**
 - II. In a seller's market.**
 - III. When working with a dual agent.**
 - IV. When working with a buyer's agent.**

I and IV, only.

I and III, only.

II and IV, only.

II and III, only.

Question 12: Which type of housing is fully or partially assembled in a factory then moved to the living site?

(0.4 Point)

- Manufactured home.
- Single-family dwelling.
- Condominium.
- Co-operative housing.

Question 13: The Home Buyers' Plan requires what minimum annual repayment of borrowed funds?

(0.4 Point)

- 1/10
- 1/15
- 1/25
- 1/20

Question 14: Given the following, what is the gross debt service (GDS) ratio? All figures are annual. Ignore heating costs.

(0.4 Point)

Gross income	\$70,000
Discretionary income	\$40,000
Mortgage principal and interest	\$15,000
Car lease payment	\$6,000
Property taxes	\$4,000

- 27.1%
- 35.7%
- 62.5%
- 47.5%

Learning Objective 2

Question 15: What forms part of the first step in choosing an apartment to rent?

(0.4 Point) Clean the apartment and leave it in the same condition as when you moved in.
Contact the owners regarding repairs for which they are responsible.
Talk to a lawyer about unclear aspects of the lease.
Select a geographical area and rental cost for your needs.

Learning Objective 1

Question 16: Traditionally, experts recommended that a home should cost no more than what multiple of your annual income? (This recommendation may not apply to today's housing market.)

(0.4 Point)
1 time.
1.5 times.
2 times.
2.5 times.

Chapter 7

Learning Objectives 4 and 5

Question 17: What are the two basic components of credit counselling?

(0.4 Point) **I. Helping families draw up personal financial statements.
II. Helping families manage their money better.
III. Helping families prevent further debt problems.
IV. Helping families to find better sources of income.**

II and III, only.
I and IV, only.

III and IV, only.
I and III, only.

Learning Objective 3

Question 18: If you fall behind in your car loan payments, what can the creditor do?

(0.4 Point) Repossess the car and hold it until you resume payments.
Take out a court order demanding immediate payment of arrears plus interest.
Take out a court order forbidding you to use the car until payments resume.
Repossess the car and sell it to recover the outstanding loan.

Learning Objective 2

Question 19: Given the following, which method of calculating credit card interest is most costly?

(0.4 Point)

Monthly rate	1.5%
APR	18%
Previous balance	\$400
New purchases on the 18th day	\$50
Payment on the 15th day	\$300

Average daily balance including new purchases.
Adjusted balance.
Previous balance.
Average daily balance excluding new purchases.

Question 20: Your credit card company charges interest based on the average daily balance method excluding new purchases. Given the following, what was your average daily balance? Base your calculations on a 30-day month.

(0.4 Point)

Monthly rate	1.5%
APR	18%
Previous balance	\$400
New purchases on the 18th day	\$50
Payment on the 15th day	\$300

\$300

\$330

\$250

\$270

Question 21:

You borrow \$10,000 under a fixed rate instalment loan. How would you calculate your monthly loan payment if your amortization period is 36 months and your loan rate is 6%, compounded monthly?

(0.4 Point)

\$10,000 PV, 36 N, 0.5 I, COMP PMT
BGN \$10,000 FV, 36 N, 6 I, COMP PMT
\$10,000 PV, 36 N, 6 I, COMP PMT
BGN \$10,000 FV, 36 N, 0.5 I, COMP PMT

Question 22:

You pay your credit card balance in full every month. Which credit card feature would be most beneficial to you?

(0.4 Point)

A low interest rate.
A low over-credit-limit fee.
A low annual fee.
A low grace period.

Learning Objective 1

Question 23:

Which statement is false?

Canadian students who qualify under integrated federal and provincial loan

(0.4 Point) **programs must manage two loan repayment schedules.**
The main difference between student loans and student grants is the latter does not have to be repaid.
Student loans can be granted to full and part-time students.
The Government of Canada can provide 60% of the assessed need of the student, up to a maximum of \$210 in loans per week of study.

Chapter 6

Question 24: Who should you contact immediately if you notice a billing error on your credit card?

(0.4 Point) The fraud department of the major credit bureaus.
Your employer.
Your credit card issuer.
The merchant that sold you the good or service.

Question 25: Which is likely to be poorly viewed by creditors?

(0.4 Point) Prior use of credit.
Frequent address changes.
Long service with the same employer.
The existence of collateral.

Question 26: Who regularly provides data to credit bureaus?

(0.4 Point) **I. Banks**
II. Employers
III. Credit card companies.
IV. Merchants.

I and IV, only.
I, II and IV, only.
I, III and IV, only.
I, II, III and IV.

Question 27: What credit rating is given to accounts too new to rate?

(0.4 Point) R1.
R0.
R8.
R9.

Question 28: In the calculation of the monthly car lease payment, which statement is true?

(0.4 Point) The calculation assumes a beginning of period annuity.
The calculation assumes a zero residual value.
The calculation assumes a zero down payment.
The calculation assumes that sales taxes are added up-front.

Question 29: What would be the maximum home equity line of credit if the appraised value of your home is \$400,000 and your outstanding mortgage is \$200,000? Assume the financial institution applies a rate of 80%.

(0.4 Point) \$80,000
\$160,000
\$280,000
\$120,000

Question 30: Which can be considered an advantage of using credit?

(0.4 Point) I. You can buy more goods and services.
II. Wise use of credit indicates stability.
III. It's safer - you don't have to carry cash.
IV. Shopping convenience.

I and III, only.
I, II, III and IV.
II, III and IV, only.

Chapter 5

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