ch26

Student: ____

1. Depository institutions have followed and originate-to-lend model of loan origination only since the Financial Services Modernization Act of 1999.
   True False

2. The availability of a liquid secondary market for asset-backed securities provided an incentive for FIs to follow an originate-to-lend strategy of loan origination.
   True False

3. Securitization increases the FI's capital requirements.
   True False

4. When a Special Purpose Vehicle (SPV) creates asset-backed securities, the SPV retains ownership of the original assets.
   True False

5. The life of a Structured Investment Vehicle (SIV) is not tied to any particular asset class that it is responsible for securitizing.
   True False

6. Investors in a Structured Investment Vehicle (SIV) have no direct right to the cash flows on the underlying portfolio of the SIV.
   True False

7. Despite the complexity of measuring the risk of asset-backed securities, credit rating agencies continued to use their own measures to quantify risks involved.
   True False

8. GNMA helps create pass-throughs by providing timing insurance.
   True False

9. GNMA is a privately-owned entity.
   True False

10. GNMA will sponsor any pool of loans regardless of the size of each individual loan in the pool.
    True False

11. FNMA supports only those pools of mortgages that comprise mortgage loans whose default or credit risk is insured by one of three government agencies.
    True False

12. Historically, FNMA has had a secured line of credit with the U.S. Treasury.
    True False

13. FNMA does not hold the mortgages it purchases on its balance sheet, thereby transferring credit and default risk to investors purchasing its securities.
    True False

14. The three government agencies that sponsor the creation of mortgage-backed, pass through securities are: GNMA, FNMA, and FDIC.
    True False

15. On September 7, 2008, FNMA and FHLMC were placed under conservatorship and both are controlled by a federal government agency.
    True False

16. FNMA securitizes conventional mortgage loans as well as FHA/VA insured loans.
True False

17. Individual mortgage loans in a pool sponsored by FNMA or FHLMC must be non-assumable of the property is sold.
True False

18. GNMA is more active in the market for mortgage pass-through securities than either FNMA or FHLMC.
True False

19. Unlike GNMA, FNMA will securitize conventional mortgages issued by depository institutions.
True False

20. The securities that form a GNMA pass-through are U.S. Treasury bonds, bills, and notes.
True False

21. All tranches in a collateralized mortgage obligation (CMO) have the same prepayment risk exposure.
True False

22. GNMA pass-throughs can assist an FI in resolving duration mismatch and illiquidity risk problems.
True False

23. GNMA pass-through bondholders can be protected against default risk by FHA/VA housing insurance.
True False

24. Investors in GNMA pass-through securities are exposed to the risk that the originating bank may fail, and the risk that the trustee may mismanage monthly interest and principal payments collected.
True False

25. Current statistics show, that the servicing fee depository institutions can earn by securitizing through GNMA approximates 44 basis points.
True False

26. Full amortization of a thirty-year mortgage means that monthly payments are equal and include both principal and interest.
True False

27. Prepayment risk means that realized cash flows on pass-through securities may be more than expected cash flows.
True False

28. The ability to refinance a mortgage with no prepayment penalty gives the borrower a long-term put option on interest rates.
True False

29. One advantage of asset securitization to a bank is the ability to originate new assets before the original assets have matured.
True False

30. All else equal, once a mortgage pool has aged, prior prepayments of mortgages in the pool have no bearing on the current value of the pool or the future prepayment rates of mortgages left in the pool.
True False

31. One cause of residential mortgage prepayment risk is the sale of the mortgaged property.
True False

32. It is advantageous for the residential mortgage holder to refinance because market interest rates on new mortgages are less than interest rates on existing mortgages.
True False

33. The call option held by the residential mortgage holder is in the money when market interest rates are less than the interest rate on an existing mortgage.
True False

34. A bad news effect of increased mortgage prepayments on a mortgage pool caused by decreasing market interest rates includes a reduction in the discount rate on the mortgage cash flow.
True False

35. A good news effect of increased mortgage prepayments on a mortgage pool caused by decreasing market interest rates includes the receipt of fewer scheduled interest payments.
True False

36. Prepayment models are attempts by professional mortgage portfolio managers to estimate the rate of prepayment on given mortgage pools.
True False

37. The weighted-average life of a loan is greater than the duration of the loan.
True False

38. Mortgage pools that are assumed to prepay at a rate of speed that is more rapid than the PSA model would indicate, are said to prepay at less than 100 percent PSA behavior because the mortgage life and balance will exist for a longer time.
True False

39. Early prepayments on mortgages backing a CMO are normally allocated to the earliest existing tranche maturity.
True False

40. CMOs are typically created from existing GNMA pass-through securities that are held in trust.
True False

41. The creation and sale of CMOs is based, at least in part, on the ability to segment the market for pass-through security products.
True False

42. Mortgage-backed bonds are a form of on-balance-sheet securitization.
True False

43. Most mortgage-backed bond issues conducted by depository institutions are under-collateralized.
True False

44. Mortgage-backed bonds differ from CMOs and pass-through securities in that there is no direct link between the cash flows on the mortgages and the interest and principal payments on the bonds.
True False

45. A mortgage pass-through strip security is a special type of collateralized mortgage obligation (CMO).
True False

46. An interest-only (IO) mortgage pass-through strip has a claim on the present value of interest payments on the mortgages in a GNMA pool.
True False

47. The value of an interest-only (IO) mortgage-backed strip is not sensitive to changes in current market interest rates.
True False

48. At market rates substantially below the mortgage coupon rate of an interest-only (IO) mortgage-backed strip, the prepayment effect will dominate the discount effect resulting in a decrease in the price of the IO strip.
True False

49. An interest-only (IO) mortgage-backed strip is a rare example of a negative duration asset.
True False

50. A principal only (PO) mortgage-backed strip is attractive to investors who wish to speculate about decreasing interest rates.
True False

51. A principal-only (PO) mortgage pass-through strip security is attractive to investors that wish to increase the interest rate sensitivity of their portfolio.
True False

52. The discount effect and the prepayment effect are negatively correlated in their impact on the value of a principal-only (PO) mortgage-backed strip security.
True False

53. Certificates of Amortizing Revolving Debts are asset-backed securities that have a claim on automobile installment loans.
True False

54. The packaging of loans into asset pools and then selling portions of the pool to investors is known as
A. security creation.
B. securitization.
C. loan transfer.
D. loan collateralization.
E. mutual fund management.

55. Which of the following is a primitive form of asset securitization?
A. Loan sales.
B. Pass-through security.
C. Collateralized mortgage obligation.
D. Mortgage-backed bond.
E. Timing insurance.

56. Which of the following is not accomplished by securitization of assets?
A. Increases the liquidity of assets.
B. Provides a new source of funds.
C. Increases the costs of monitoring.
D. Decreases the duration of assets.
E. Decreases the costs of regulation.

57. A commercial bank operating under an originate-to-sell model is acting most like
A. an asset transformer.
B. an asset broker.
C. a portfolio lender.
D. an asset accumulator.
E. an investment bank.

58. Which type of loans are securitized most often?
A. Residential mortgages.
B. Credit card loans.
C. Auto loans.
D. Student loans.
E. Commercial and industrial (C&I) loans.

59. Which of the following assets have not been securitized by FIs?
   A. Mortgages.
   B. Credit card receivables.
   C. Auto loans.
   D. Debts of Lesser Developed Countries (LCD debt).
   E. Student loans.

60. As of 2009, the amount of mortgage-backed securities outstanding was approximately
   A. $2.9 trillion.
   B. $5.1 trillion.
   C. $7.5 trillion.
   D. $11.0 trillion.
   E. $15.0 trillion.

61. All else equal, advantages of a DI operating as an asset broker in regard to mortgages includes all of the following EXCEPT
   A. lower regulatory taxes.
   B. increased fee-based income.
   C. increased liquidity.
   D. decreased asset and liability duration mismatch.
   E. increased capital requirements.

62. Which of the following government agencies or government-sponsored enterprises are NOT directly involved in the creation of mortgage-backed pass-through securities?
   A. Government National Mortgage Association.
   B. Farmers Home Administration.
   C. Federal National Mortgage Association.
   D. Federal Home Loan Mortgage Corporation.
   E. All of the above are directly involved.

63. The Government National Mortgage Association
   A. is a private corporation owned by shareholders.
   B. purchases pools of mortgages originated by FIs.
   C. provides timing insurance to investors in mortgage-backed securities.
   D. only approves conventional and FHA/VA insured mortgages.
   E. was the first agency to securitize residential mortgages.

64. On September 7, 2008, both FHMA and FHLMC were placed under conservatorship by the
   A. Federal Reserve.
   B. Federal Housing Finance Agency.
   C. Federal Deposit Insurance Corporation.
   D. Federal Home Loan Bank.
   E. Comptroller of the Currency.

65. Which of the following is an incentive to securitize mortgage assets?
   A. To reduce the regulatory tax burden on the FI.
   B. To adjust the gap exposure of the FI.
   C. To improve the liquidity of the FI.
   D. To generate non-interest sensitive fee income.
   E. All of the above.

66. Which of the following factors occurred in the early 2000s and created concerns about the ability of Fannie Mae and Freddie Mac to manage their portfolios of assets?
   A. Fannie Mae miscalculated the value of its mortgages that created a restatement of its stockholder equity.
   B. Both agencies overcharged lenders for services they provided.
   C. Fannie Mae operated for some time with a sharp increase in interest rate risk on its balance sheet.
   D. All of the above.
   E. Answers B and C only.

67. Which of the following are functions of GNMA?
    A. Engaging in swap transactions where it swaps mortgage-backed securities with an FI for original mortgages.
    B. Sponsors mortgage-backed securities programs by FIs such as banks, thrifts, and mortgage bankers.
    C. Acts as a guarantor to investors in mortgage-backed securities regarding the timely pass-through of principal and interest payments on their sponsored bonds.
    D. All of the above.
    E. Answers B and C only.

68. Which is the oldest mortgage-backed security sponsoring agency?
    A. GNMA.
    B. FNMA.
    C. FHA.
    D. FMHA.
    E. FHLMC.

69. Which of the following is the principle source of prepayment risk on a typical FNMA mortgage-backed pass-through security?
    A. Refinancing.
    B. Default risk.
    C. Housing turnover.
    D. Non-assumable mortgages.
    E. All of the above.

70. Servicing a pass-through security refers to
    A. an FI processing of all payments.
    B. an FI provision of clearing services to set up the pass-through.
    C. broker/dealer services provided by the FI to the ultimate holders of the pass-through.
    D. guarantee by the FI of all principal and interest payments.
    E. an FI provision of liquidity services to the ultimate holders of the pass-through.

71. The characteristics of a CMO securities issue include the following EXCEPT
    A. the tranches will have different coupon rates.
    B. the CMO securities are insured separately from the GNMA pass-through securities.
    C. the principal payments are made totally to the earliest remaining tranche.
    D. GNMA pass-through securities are used as collateral in a trust to support the CMOs.
    E. the CMO securities are split into different tranches or groupings.

72. Investors in mortgage-backed pass-through securities are exposed to a variety of risks. Compared to other fixed-income securities, the most unique of these risks is
    A. prepayment risk
    B. default risk
    C. credit risk
    D. interest rate risk
    E. liquidity risk

73. Which of the following good news and bad news effect is NOT true when mortgage interest rates decline, resulting in faster repayments?
    A. Lower market yields reduce the discount rates on any mortgage cash flows and increase the present value of any given stream of cash flows (good news effect).
    B. Low yields lead to faster prepayment of the mortgage pool's principal (good news effect).
    C. With early prepayments comes fewer interest payments in absolute terms (bad news effect).
    D. Faster cash flows due to prepayments can only be reinvested at lower interest rates (bad news effect).
    E. Faster cash flows due to prepayments can be reinvested at higher interest rates (good news effect).

74. Which of the following is NOT a factor that may cause the prepayment risk on a pool of mortgages to differ from the PSA's assumed pattern?
   A. The age of the mortgage pool.
   B. Geographic location.
   C. Seasons in the year in which the mortgage was originated.
   D. Full or partial amortization of the payments.
   E. Assumability of mortgages in the pool.

75. Mortgage-backed bonds (MBB) differ from pass-throughs and CMOs in which of the following ways?

   A. The MBB bondholders have a junior claim to assets of the FI.
   B. There is no direct link between the cash flow on the mortgages backing the bond and the interest and principal payments on the MBB.
   C. The assets backing a MBB issue are normally removed from the balance sheet of the FI.
   D. Tranches of a MBB are treated equally with respect to prepayments on mortgages backing the bond issue.
   E. None of the above.

76. A claim to the present value of the interest payments made by the mortgage holders in a GNMA pool is
   A. a CARS.
   B. an IO strip.
   C. a CARD.
   D. a PO strip.
   E. a prepayment claim.

77. Which of the following is an example of a negative duration asset that is valuable as a portfolio-hedging device for an FI manager when included with regular bonds whose price-yield curves show the normal inverse relationship?
   A. PO strip.
   B. IO strip.
   C. Class B bonds.
   D. Class Z bonds.
   E. Class A bonds.

78. What is defined as the sum of the products of the time when principal payments are received and the amount of principal received all divided by total principal outstanding?
   A. Weighted-average life.
   B. Burn-out factor.
   C. Degree of collateralization.
   D. Option-adjusted spread.
   E. Time to maturity.

79. Which of the following best explains the term burn-out factor?
   A. The percent of mortgage contract that is transferred from the seller to the buyer of a house.
   B. The required interest spread of a pass-through security over a treasury when prepayment risk is taken into account.
   C. The aggregate percent of the mortgage pool that has been prepaid prior to the month under consideration.
   D. A mortgage-backed bond issued in multiple classes or tranches.
   E. Bonds collateralized by a pool of assets.

80. Which of the following is true concerning an assumable mortgage?
   A. The aggregate percent of the mortgage pool that has been prepaid prior to the month under consideration.
   B. The mortgage contract is transferred from the seller to the buyer of a house.
   C. The required interest spread of a pass-through security over a treasury when prepayment risk is taken into account.
   D. A mortgage-backed bond issued in multiple classes or tranches.
   E. Bonds collateralized by a pool of assets.

81. Why are the regular GNMA pass-throughs not very attractive to insurance companies and pension funds seeking long-term duration assets to match their long-term duration liabilities?
   A. Because of their short expected duration.
   B. Because these bonds have the shortest average life with a maximum of prepayment protection.
   C. Because they are zero coupon bonds and hence carry maximum amount of risk.
   D. Because of their failures to offer prepayment protection.
   E. Bondholders receive the promised coupon and principal payments but are not entitled to accrued interest payments.

82. In regard to a CMO, which of the following have the shortest average life with a minimum of prepayment protection?
   A. Class A bonds.
   B. Class B bonds.
   C. Class C bonds.
   D. Class Z bonds.
   E. Class R bonds.

83. Why are the class C bonds highly attractive to insurance companies and pension funds?
   A. Because of their ability to offer perfect prepayment protection.
   B. Because of the shortest average life with a minimum of prepayment protection.
   C. Because of their long expected duration.
   D. Because they are basically zero coupon bonds and hence carry a minimum amount of risk.
   E. Answers A and D only.

84. These bonds have some prepayment protection and expected durations of five to seven years depending on the level of interest rates and are primarily purchased by pension funds and life insurance companies.
   A. Class A bonds.
   B. Class R bonds.
   C. Class C bonds.
   D. Class Z bonds.
   E. Class B bonds.

85. Which of these CMO issues has characteristics of both a zero-coupon bond and a regular bond?
   A. Class A bonds.
   B. Class B bonds.
   C. Class C bonds.
   D. Class Z bonds.
   E. None of the above.

86. This is an accrual class of a CMO that makes a payment to bondholders only when preceding CMO classes have been retired.
   A. Class A bonds.
   B. Class B bonds.
   C. Class C bonds.
   D. Class Z bonds.
   E. None of the above.

87. Identify the residual class of a CMO that gives the owner the right to any remaining collateral in the trust after all other bond classes have been retired plus any reinvestment income earned by the trust.
A. Class A bonds.
B. Class B bonds.
C. Class C bonds.
D. Class Z bonds.
E. Class R bonds.

88. Which of the following is NOT true of an R class CMO issue?
A. It is treated as "garbage class."
B. It is a high-risk investment class.
C. It gives the investor the rights to the over-collateralization and reinvestment income on the cash flows in the CMO trust.
D. Returns increase when interest rates increase.
E. It has a positive duration.

89. Why do garbage class bonds often have a negative duration?
A. The value of the returns in this bond class increases when interest rates increase.
B. It gives the rights to collateralization.
C. Bond values fall with interest rate increases.
D. It gives rights to reinvestment income on the cash flows in the CMO trust.
E. Significant risk premium required by the uninsured depositors.

An FI funds a $5 million residential mortgage by allocating capital and by issuing demand deposits. The demand deposits have a reserve requirement of 10 percent and a deposit insurance premium of 23 basis points.

90. What are the initial minimum capital requirements on the mortgage?
A. $0.
B. $400,000.
C. $200,000.
D. $500,000.
E. $5,000,000.

91. What amount of demand deposits are needed to fund the mortgage?
A. $5,500,000.
B. $400,000.
C. $5,333,333.
D. $500,000.
E. $5,000,000.

92. What is the deposit insurance premium on the demand deposits issued to fund the mortgage?
A. $11,756.
B. $12,267.
C. $11,500.
D. $1,150.
E. $9,200.

93. What would have been the capital requirements if the FI had securitized the mortgage?
A. $0.
B. $400,000.
C. $200,000.
D. $500,000.
E. $5,000,000.

One hundred identical mortgages are pooled together into a pass-through security. Each mortgage has a $150,000 principal, a fixed interest rate of 8 percent per annum (paid monthly), and is fully amortized over a term of 30 years.

94. What is the monthly payment on the mortgage pass-through?
A. $100,000.
B. $110,065.
C. $12,000.
D. $12,000,000.
E. $80,000.

95. For the first monthly payment, what portion is principal and what portion is interest?
A. $100,000 principal and $10,065 interest.
B. $12,000 interest and no principal.
C. $100,000 interest and no principal.
D. $100,000 interest and $10,065 principal.
E. $10,000 interest and $2,000 principal.

96. If the entire mortgage pool is repaid after the second month, what is the second month's (liquidating) principal and interest payments?
A. $99,932.90 interest and $14,989,935 principal.
B. $100,000 interest and $10,065 principal.
C. $100,000 interest and $15,000,000 principal.
D. $99,932.90 principal and $14,989,935 interest.
E. $12,000 interest and $138,000 principal.

97. What is the weighted average life of the above mortgage pool?
A. 30 years.
B. 2 months.
C. 1.999 months.
D. 1 month.
E. 1.5 months.

98. What is the present value of the mortgage pass-through if the entire pool is repaid after two months and there is no change in interest rates?
A. $14,989,935.
B. $15,089,868.
C. $15,000,000.
D. $15,110,065.
E. $14,889,935.

99. What is the monthly payment on the mortgage pass-through if a 44 basis point servicing fee is deducted monthly?
A. $105,499.
B. $114,700.
C. $11,340.
D. $1,055.
E. $1,277,494.

100. What is the present value of the mortgage pass-through if, immediately after origination, interest rates increase to 8.25 percent per annum?
A. $15,000,000.
B. $14,650,591.
C. $14,000,000.
D. $15,115,493.
E. $15,267,549.

The following information is for a collateralized mortgage obligation (CMO). Tranche A has a face value of $110 million and pays 5 percent annually. Tranche B has a face value of $90 million and pays 7 percent annually.

101. What are the annual coupon payments promised to each tranche? (Assume no prepayments and non-amortization of principal.)
   A. $5.5 million on Tranche A and $6.3 million on Tranche B.
   B. $5.5 million on Tranche B and $6.3 million on Tranche A.
   C. A total of $12 million on both Tranche A and B.
   D. $4.5 million on Tranche A and $7.7 million on Tranche B.
   E. $4.5 million on Tranche B and $7.7 million on Tranche A.

102. If at the end of the first year, the CMO trustee receives total cash flows of $15 million, how are they distributed?
   A. $7.5 million to Tranche A and $7.5 million to Tranche B.
   B. $15 million to Tranche A and nothing to Tranche B.
   C. $5.5 million to Tranche A and $9.5 million to Tranche B.
   D. $8.7 million to Tranche A and $6.3 million to Tranche B.
   E. $7.1 million to Tranche A and $7.9 million to Tranche B.

103. What is the principal outstanding on Tranche A and Tranche B after the end of year payment in the previous question?
   A. $110 million on Tranche A and $90 million on Tranche B.
   B. $95 million on Tranche A and $90 million on Tranche B.
   C. $106.8 million on Tranche A and $90 million on Tranche B.
   D. $110 million on Tranche A and $86.8 million on Tranche B.
   E. $108.4 million on Tranche A and $88.4 million on Tranche B.

The underlying GNMA 15-year mortgage pool has a principal amount of $50 million and a yield of 6 percent per annum (paid monthly). Assume that there are no prepayments.

104. What is the first monthly payment on the Interest Only (IO) strip?
   A. $3,000,000.
   B. $421,928.
   C. $250,000.
   D. $299,775.
   E. $171,928.

105. What is the first monthly payment on the Principal Only (PO) strip?
   A. $3 million.
   B. $421,928.
   C. $250,000.
   D. $299,775.
   E. $171,928.

Overseas bank is pooling 50 similar and fully amortized mortgages into a pass-through security. The face value of each mortgage is 100,000 paying 180 monthly interest and principal payments at a fixed rate of 9 percent per annum.

106. What is the monthly payment on the mortgage pass-throughs?
   A. $37,500.
   B. $45,231.
   C. $45,309.
   D. $50,713.
   E. $55,256.

107. For the first monthly payment, what are the interest and principal portions of the payment?
   A. $37,500 principal and $13,213 principal.
   B. $37,500 interest and $13,213 principal.
   C. $37,500 principal and $7,809 interest.
   D. $37,500 interest and $7,809 principal.
   E. $37,500 interest and $17,756 principal.

108. If the entire mortgage pool is repaid after the second month, what is the second month's interest and principal payments?
   A. $37,441 interest and $13,275 principal.
   B. $13,275 principal and $37,441 interest.
   C. $13,312 interest and $4,986,786 principal.
   D. $4,986,786 interest and $37401 interest.
   E. $37,401 interest and $4,986,786 principal.

109. If the entire mortgage pool is repaid at the end of the second month, what is the weighted average life of the mortgage pool?
   A. 2.10 months.
   B. 2 months.
   C. 1.997 months.
   D. 1.95 months.
   E. 1.90 months.

110. What is the monthly payment received by investors of the mortgage pass-through if the FI deducts a 50 basis points servicing fee?
   A. $49,237.
   B. $50,713.
   C. $50,459.
   D. $51,200.
   E. $52,100.

111. What is the market (present) value of the mortgage pass-through to the investor if the interest rates on this risk category of securities decrease to 7 percent? (Note that investors receive payments net of the 50 basis points servicing fees.)
   A. $4,892,200.
   B. $5,000,000.
   C. $5,152,189.
   D. $5,477,910.
   E. $5,675,005.

The following information is for a collateralized mortgage obligation (CMO). Tranche A has a face value of $50 million and pays 6 percent annually. Tranche B has a face value of $50 million and pays 8 percent annually. All mortgages have maturities of 30 years.

112. What are the annual payments promised to Tranche A and Tranche B, respectively, assuming no prepayments and non-amortization?
   A. $3,632,446; $4,000,000.
   B. $4,000,000; $3,000,000.
   C. $3,000,000; $4,000,000.
   D. $3,632,446; $4,441,372.
   E. $4,441,372; $3,632,446.

113. If at the end of the first year, the trustee of the CMO receives total cash flows of $10 million, how are they distributed to Tranche A and B, respectively?
   A. $5,558,628; $4,441,372.
   B. $4,441,372; $5,558,868.
   C. $4,000,000; $6,000,000.
   D. $6,000,000; $4,000,000.
   E. $5,558,628; $4,000,000.

114. What are the principals outstanding on Tranches A and B, respectively, after the CMO distributes the $10 million of cash flows?

A. $50 million; $47 million.
B. $47 million; $50 million.
C. $48 million; $48 million.
D. $50 million; $48 million.
E. $50 million; $50 million.

ch26 Key

1. FALSE
2. TRUE
3. FALSE
4. FALSE
5. TRUE
6. TRUE
7. FALSE
8. TRUE
9. FALSE
10. FALSE
11. FALSE
12. TRUE
13. FALSE
14. FALSE
15. TRUE
16. TRUE
17. TRUE
18. FALSE
19. TRUE
20. FALSE
21. FALSE
22. TRUE
23. TRUE
24. FALSE
25. TRUE
26. TRUE
27. TRUE
28. TRUE
29. TRUE
30. FALSE
31. TRUE
32. FALSE
33. TRUE
34. FALSE
35. FALSE
36. TRUE

37. FALSE

38. FALSE

39. TRUE

40. TRUE

41. TRUE

42. TRUE

43. FALSE

44. TRUE

45. TRUE

46. TRUE

47. FALSE

48. TRUE

49. TRUE

50. TRUE

51. TRUE

52. FALSE

53. FALSE

54. B

55. A

56. C

57. B

58. A

59. D

60. C

61. E

62. B

63. C

64. B

65. E

66. D

67. E

68. B

69. E

70. A

71. B

72. A

73. E

74. C

75. B

76. B

77. B

78. A

79. C

80. B

81. D

82. A

83. C

84. E

85. D

86. D

87. E

88. E

89. A

90. C

91. C

92. B

93. A

94. B

95. D

96. A

97. C

98. C

99. A

100. B

101. A

102. D

103. C

104. C

105. E

106. D

107. B

108. E

109. C

110. A

111. D

112. C

113. D

114. B

ch26 Summary

Category	*# of Questions*
Saunders - Chapter 26	120