

**Question 1 of 100**

Which of the following are typically unsecured forms of debt whose repayments do not involve amortization of loan principal?

- I. High-yield bonds
- II. Leveraged loans
- III. Mezzanine debt

- A. I only
  - B. II only
  - C. III only
  - D. I and III only
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**Question 2 of 100**

According to Antczak, Lucas, and Fabozzi (2009), which of the following are ways in which covenants may control risk for lenders?

- I. Performance and reporting requirements
- II. Control of market risk
- III. Preservation of collateral
- IV. Use of excess cash flow

- A. I, III, and IV only
  - B. I, II, III, and IV
  - C. II and IV only
  - D. I and III only
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**Question 3 of 100**

Which of the following best describes blanket subordination?

- A. Blanket subordination prevents any payment of principal or interest to the mezzanine investor until the senior debt has been fully repaid.
  - B. Blanket subordination prevents any payment of principal to the LBO investor until the senior debt has been fully repaid.
  - C. Blanket subordination permits payment of principal to the LBO investor while the senior debt is outstanding.
  - D. Blanket subordination permits payment of principal or interest to the mezzanine investor while the senior debt is outstanding.
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**Question 4 of 100**

Which of the following is true of project finance of an infrastructure project?

- A. The loans are paid back with cash flows from the project.
  - B. The loans provided are not secured.
  - C. The loans are funded with an equal mix of equity and debt.
  - D. The loans provided are typically recourse loans.
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**Question 5 of 100**

Baltech Corp. has declared Chapter 11 bankruptcy and presented a reorganization plan to its creditors. Viktors Licis, a creditor of Baltech, plans to block the reorganization plan by establishing a blocking position. Which of the following would enable him to accomplish this?

- A. if he files an objection to the reorganization plan within 120 days after the bankruptcy filing
  - B. if he files an objection to the reorganization plan within 60 days after the bankruptcy filing
  - C. if he holds one-third of the dollar amount of any claimant class
  - D. if he holds two-thirds of the dollar amount of any claimant class
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**Question 6 of 100**

Subordinated debt with warrants provide issuers which of the following advantages compared to other bonds?

- A. lower interest rates and less restrictive covenants
  - B. less restrictive covenants and equity upside potential
  - C. more credit enhancements and lower interest rates
  - D. more restrictive covenants and shorter maturities
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**Question 7 of 100**

Which of the following characterizes the business approach of different categories of venture lenders?

- A. Specialized venture banks charge the highest rates and convert warrants into large equity stakes.
  - B. Venture debt funds seek high growth, shorter-term investments, and charge high interest rates.
  - C. Venture debt funds are less expensive than banks since they have access to low cost capital.
  - D. International financial institutions are the primary venture lenders and they pursue social objectives.
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**Question 8 of 100**

The lender of an asset-backed security takes steps to ensure that another creditor cannot claim the security's collateral if the debtor becomes insolvent. Which of the following best describes this process?

- A. increasing the borrowing base
  - B. including a traditional overadvance
  - C. perfecting the security interest
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**Question 9 of 100**

Which of the following risk factors most likely affects commercial and insured residential MBSs to the same extent?

- A. geographic location
  - B. path that the mortgage rate has followed to arrive at the current level
  - C. borrowers' creditworthiness
  - D. prevailing mortgage rate
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**Question 10 of 100**

A homeowner has a 30-year fixed-rate, constant payment, fully amortized mortgage. Which of the following best describes the interest and principal components of the monthly mortgage payments over the 30-year term?

- A. The change in interest and principal components depends on whether the mortgage has a balloon payment at maturity.
  - B. The interest component increases and the principal component decreases.
  - C. The interest component decreases and the principal component increases.
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**Question 11 of 100**

30-year mortgage loans in a pool underlying a mortgage-backed security are 100% PSA. Which of the following most accurately describes these loans with respect to their conditional prepayment rates (CPRs)?

- A. The CPRs begin at 0.2% in the first month, increase by 0.2% each month over the next 30 months until they reach 6%, and then remain at 6% for the remaining 330 months.
  - B. The CPRs begin at 0% in the first month, increase by 0.2% each month over the next 10 months until they reach 6%, and then remain at 6% for the remaining 350 months.
  - C. The CPRs begin at 0% in the first month, increase by 0.1% each month over the next 10 months until they reach 5%, and then remain at 5% for the remaining 350 months.
  - D. The CPRs begin at 0.2% in the first month, increase by 0.1% each month over the next 30 months until they reach 5%, and then remain at 5% for the remaining 330 months.
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**Question 12 of 100**

Amy DeWitt has a recourse mortgage with Citixens Bank. If Amy defaults on this loan, which of the following best describes Citixens Bank's options?

- A. The bank can only seize and sell Amy's house.
  - B. The bank can seize and sell Amy's house and can go after Amy's other physical assets to cover the amount owed.
  - C. The bank can seize and sell Amy's house and can go after Amy's other assets to cover the amount owed.
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**Question 13 of 100**

Which of the following is NOT true of an asset-backed security structure with three tranches: A, B, and C?

- A. Tranche A never suffers losses.
  - B. Tranche C has a lower credit rating than tranche B.
  - C. Tranche B has higher yield than tranche A.
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**Question 14 of 100**

Which of the following insurance-linked security payment triggers is based on actual losses?

- A. parametric trigger
  - B. indemnity trigger
  - C. industry loss trigger
  - D. modeled trigger
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**Question 15 of 100**

Which of the following statements about the diversification benefits of cat bonds is most accurate?

- A. The diversification benefits of mortality cat bonds are lower than those of non-life cat bonds.
  - B. The diversification benefits of mortality cat bonds are higher than those of non-life cat bonds.
  - C. The diversification benefits of mortality cat bonds are about the same as those of non-life cat bonds.
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**Question 16 of 100**

Which of the following best represents the primary motivation for the creation of the Ethereum network by Vitalik Buterin?

- A. To introduce a blockchain architecture that does not use tokens.
  - B. To overtake Bitcoin as the primary public blockchain network.
  - C. To use blockchain technology for applications other than the transfer of money.
  - D. To centralize the deployment of online applications.
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**Question 17 of 100**

A company has gotten DeFi insurance against a category 5 hurricane in Florida. Which of the following best describes the form of insurance that the company has?

- A. parametric insurance
  - B. yield farming insurance
  - C. indemnity insurance
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**Question 18 of 100**

Which of the following statements regarding the proof-of-stake (PoS) consensus mechanism is NOT correct?

- A. With PoS, a validator proposing a bad data block may lose its staked ether.
  - B. In PoS, validators need to acquire tokens to create new blocks.
  - C. In a PoS system, users with larger stakes are more likely to be selected as validators of new blocks.
  - D. A PoS system is more energy-intensive than a proof-of-work (PoW) system.
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**Question 19 of 100**

Which of the following terms describes the process of blockchain users locking up digital tokens in a smart contract in a bid to be selected as validators of new data blocks?

- A. collateralization
  - B. proof of funds
  - C. buy-in
  - D. staking
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