

Jeopardy Game

Overview

Participants review topics covered throughout the course, in various categories. This fun activity gets the entire class involved in the learning process. It encourages good-natured competition and is an excellent confidence-building tool for the prospective borrower. Jeopardy is most effective when used to review the key elements at the end of the training.

Time

30–40 minutes

Materials

- 5 colors of pocket folders (6 of each color)
- Masking tape
- Half-page labels
- Flipchart
- Markers
- Prizes

Set Up

- Choose 5 categories. Make labels for the categories. Place each label on a different color pocket folder.
- Choose 5 questions for each category. Print the Jeopardy answers on white paper and place them inside the appropriate color pocket folders. Make 5 sets of labels of "\$100," "\$200," "\$300," "\$400" and "\$500." Place the labels on the folders.
- Print the winning questions on the backs of the pocket folders.
- Hide two Daily Doubles.
- Tape all the pocket folders onto the wall.

Activity

- Divide participants into two teams on opposite sides of the room. Have each team choose a team name.
- Explain the rules of the game.
- Conduct the activity and record the scores.
- When all the questions have been answered, give the winning team a prize.

Jeopardy Rules and Instructions

- Each team must select a team captain to answer for the team after conferring with the team members.
- All answers must be in the form of questions.
- Teams can choose any category for any dollar amount.
- Flip a coin to determine which team goes first.
- After the first round, the two teams take turns choosing and answering questions.
- If a team answers incorrectly, the other team gets an opportunity to answer (except on Daily Doubles).
- No points are subtracted (except on Daily Doubles).
- On a Daily Double, a team may wager up to the amount it has won so far. If the team answers correctly, it receives the amount it wagered. If the team answers incorrectly, it loses the amount it wagered. The other team may not try to answer.
- There is no Final Jeopardy.
- The team with the most money at the end wins.

Jeopardy Categories, Questions and Answers

IT'S JEOPARDY

REFINANCING FOR A BETTER RATE OR TERM

\$100 Q: How long it would take for someone to recoup the total costs of refinancing.

\$100 A: What is the break-even point?

\$200 Q: A fee charged by some lenders for paying off a mortgage early.

\$200 A: What is a prepayment penalty?

\$300 Q: The type of refinancing that helps build equity faster.

DAILY DOUBLE

\$300 A: What is a loan with a shorter term?

\$400 Q: An agreement by which a lender places its lien position behind that of another lender.

\$400 A: What is subordination?

\$500 Q: Refinancing that requires limited documentation and underwriting.

\$500 A: What is streamline refinancing?

SHOPPING FOR A LOAN

\$100 Q: A loan in which the interest rate does not change during the entire term of the loan.

\$100 A: What is a fixed-rate loan?

\$200 Q: A type of mortgage loan not insured by the federal government.

\$200 A: What is a conventional loan?

\$300 Q: A type of loan in which the interest rate changes periodically, up or down, usually once or twice a year.

\$300 A: What is an adjustable-rate loan?

\$400 Q: A special account set up by a lender to pay for real estate property taxes and insurance when they are collected as part of your monthly loan payment.

\$400 A: What is an escrow account?

\$500 Q: The ratio of the loan balance you owe, compared to the appraised value of a home.

\$500 A: What is loan-to-value (LTV)?

CONVERTING EQUITY TO CASH

- \$100 Q: A loan that allows someone to borrow more money by replacing the old mortgage with a larger one.
- \$100 A: What is a cash-out refinance loan?
- \$200 Q: A specialized form of a second lien, where the balance can go up or down.
- \$200 A: What is a home-equity line of credit?
- \$300 Q: A second mortgage for a set amount of money.
- \$300 A: What is a home-equity loan?
- \$400 Q: A loan that is available only if all the owners on the title to the home are at least 62 years old.
- \$400 A: What is a reverse mortgage?
- \$500 Q: The sum of all the mortgages on a property divided by the value of the home.
- \$500 A: What is the combined loan-to-value (CLTV)?

MISCELLANEOUS

- \$100 Q: A legal commitment between a borrower and lender to guarantee a loan at a specific interest rate for a certain period of time.
- \$100 A: What is interest rate lock-in?
- \$200 Q: A prepaid finance charge paid in exchange for a lower interest rate on a loan.
- \$200 A: What is a discount point?
- \$300 Q: A document that discloses the terms and cost of a mortgage loan, including the APR.
- \$300 A: What is the Truth-in-Lending Statement?
- \$400 Q: The legal process used to force the payment of a debt secured by collateral whereby the property is sold to satisfy the debt.
- \$400 A: What is foreclosure?
- \$500 Q: The maximum principal loan balance from which someone can deduct mortgage interest paid on home-equity debt.
- \$500 A: What is \$100,000?

PREDATORY LENDING

\$100 Q: The recommended number of lenders to compare when shopping for a loan.

\$100 A: What is three?

\$200 Q: A loan with fixed monthly payments based on a 30-year schedule on which the entire balance of the loan comes due at the end of a set period of time.

\$200 A: What is a balloon-payment mortgage?

\$300 Q: A right provided under federal law to borrowers who are refinancing or borrowing against their home equity that allows them three days after signing the loan documents to cancel the contract.

DAILY DOUBLE

\$300 A: What is the Right of Rescission?

\$400 Q: An optional form of life insurance that pays off a mortgage if the borrower dies.

\$400 A: What is mortgage-life insurance?

\$500 Q: A dispute resolution mechanism, whereby an independent, neutral third party is appointed to oversee a dispute and render a final binding decision.

\$500 A: What is arbitration?