

Loan Processing Interview Questions And Answers Guide.



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Loan Processing Job Interview Preparation Guide.

Question # 1

Do you know what is 'Loan grading'?

Answer:-

The classification of loan based on various risks and parameters like repayment risk, borrower's credit history etc. is known as 'loan grading'. This system places loan on one to six categories, based on the stability and risk associated with the loan.

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Question # 2

Tell me what is 'Credit Check'?

Answer:-

A credit check or a credit report is done by the bank on a basis of an individual's financial credit. It is done in order to make sure that an individual is capable enough of meeting the financial obligation for its business or any other monetary transaction. The credit check is done keeping few aspects in concern like your liabilities, assets, income etc.

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Question # 3

Tell us what is your greatest weakness and what are you doing to improve it?

Answer:-

Speaking my mind. I am reserved and tactful, and sometimes withhold my opinion when it may be used to serve a purpose. Speak to a situation, not an individual. When speaking to a scenario, one can tactfully express opinion.

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Question # 4

Explain what is cashier's cheque?

Answer:-

A cashier cheque issued by the bank on behalf of the customer and takes the guarantee for the payment. The payment is done from the bank's own funds and signed by the cashier. The cashier cheque is issued when rapid settlement is necessary.

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Question # 5

Tell me how to analyze credit?

Answer:-

A processor should have the ability to analyze a credit report regardless of what credit bureau or repository provided it. In addition to understanding the content of the report, the processor should know what documentation is required to address that credit profile.

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Question # 6

Tell me what is the 'cost of debt'?

Answer:-

When any company borrows funds, from a financial institution (bank) or other resources the interest paid on that amount is known as 'cost of debt'.

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Question # 7

Tell me what do you mean by term 'Usury'?

Answer:-



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When a loan is charged with high interest rate illegally then it is referred as 'Usury'. Usury rates are generally set by State Law.

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Question # 8

Tell me what is the card based payments?

Answer:-

There are two types of card payments

- a) Credit Card
- b) Debit Card

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Question # 9

Explain me what do you mean by term 'Loan Maturity' and 'Yield'?

Answer:-

The date on which the principal amount of a loan becomes due and payable is known as 'Loan Maturity'. Yield is commonly referred as the dividend, interest or return the investor receives from a security like stock or bond, interest on fix deposit etc. For example, any investment for \$10,000 at interest rate of 4.25%, will give you a yield of \$425.

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Question # 10

Explain what is 'balloon payment'?

Answer:-

The 'balloon payment' is the final lump sum payment that is due. When the entire loan payment is not amortized over the life of the loan, the remaining balance is due as the final repayment to the lender. Balloon payment can occur within an adjustable rate or fixed rate mortgage.

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Question # 11

Tell me how confident are you with reviewing pay stubs to calculate income accurately? Walk me through your calculations?

Answer:-

Confident. I can see where deductions and percentages are deducted from annual income before tax and medical.

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Question # 12

Do you know how to analyze a loan file?

Answer:-

Knowing the elements that make or break a deal is essential. It is critical that a processor has the ability to take a look at a loan application with its supporting documentation and quickly determine the likelihood of that file closing. If challenges are identified, the processor should have some idea of what has to happen (and in what time frame) for the loan to be approved.

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Question # 13

Tell me what is 'prime rate'?

Answer:-

Basically, 'prime rate' is the rate of interest that is decided by nations (U.S.A) largest banks for their preferred customers, having a good credit score. Much 'variable' interest depends on the 'prime rates'. For example, the 'APR' (Annual Percentage Rate) on a credit card is 10% plus prime rate, and if the prime rate is 3%, the current 'APR' on that credit card would be 13%.

[Read More Answers.](#)

Question # 14

Tell me what is (APR) Annual Percentage Rate?

Answer:-

APR stands for Annual Percentage Rate, and it is a charge or interest that the bank imposes on their customers for using their services like loans, credit cards, mortgage loan etc. The interest rate or fees imposed is calculated annually.

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Question # 15

Do you know what is Charge-off?

Answer:-

Charge off is a declaration by a lender to a borrower for non-payment of the remaining amount, when borrower badly falls into debt. The unpaid amount is settled as a bad debt.

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Question # 16



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Tell us how reliable of a worker are you?

Answer:-

I am extremely reliable. I have never really called in, and whenever extra help is needed I am usually the first person to volunteer to help.

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Question # 17

Tell me how to shop a loan?

Answer:-

Long gone are the days of shipping a loan to a lender just to find out that it won't fly as submitted. Take advantage of the lender's quick qualification and automated underwriting system to close more loans. Underwriting guidelines, program matrixes, rate sheets, and more may be available on the lender's website.

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Question # 18

Do you know what is 'Bill Purchase'?

Answer:-

In 'Bill Purchase' the loan will be created for the full value of the draft and the interest will be recovered when the actual payment comes. For example, a 'Sight draft' is presented for which the loan is created for 100% of the draft value. The money is received after 7 days, and then the interest will be recovered for 7 days along with the principal amount.

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Question # 19

Explain about your education/training?

Answer:-

My work history is of 26 years provided me training and education which I apply everyday. I keep myself informed by enrolling into different web sites to keep myself informed of changes that may effect my role as Mortgage Loan Processor.

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Question # 20

Tell me what do you mean by 'cheque endorsing'?

Answer:-

'Endorsing cheque' ensures that the cheque get deposited into your account only. It minimizes the risk of theft. Normally, in endorsing cheque, the cashier will ask you to sign at the back of the cheque. The signature should match the payee.

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Question # 21

Explain me how to avoid funding delays?

Answer:-

Funding delays can kill your referral business. Don't assume that all is well during the rescission period. Confirm with the lender that all prior to funding request have been met and that they have the correct wiring instructions for the title company.

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Question # 22

Tell me how to verify employment?

Answer:-

Don't waste time making repeated phone calls only to find that the verification has to be submitted in writing or is available instantly via an automated system. Ask the borrower upfront. You may find that they already have a PIN or direct contact to expedite the process.

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Question # 23

Do you know what is Convertibility Clause?

Answer:-

For certain loan, there is a provision for the borrower to change the interest rate from fixed to variable and vice versa is referred as Convertibility Clause.

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Question # 24

Tell me what is 'Amortization'?

Answer:-

The repayment of the loan by instalment to cover principal amount with interest is known as 'Amortization'.

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Question # 25

Tell me what are the different types of 'Fixed Deposits'?



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Answer:-

There are two different types of 'Fixed Deposits'

Special Term Deposits: In this type of 'Fixed Deposits', the earned interest on the deposit is added to the principal amount and compounded quarterly. This amount is accumulated and repaid with the principal amount on maturity of the deposit.

Ordinary Term Deposits: In this type of 'Fixed Deposits', the earned credit is credited to the investor's account, once in a quarter. In some cases, interest may be credited on a monthly basis.

The earned interest on fixed deposits is non-taxable. You can also take a loan against your fixed deposit.

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Question # 26

Explain me what is adjustment credit?

Answer:-

Adjustment credit is a short-term loan made by the Federal Reserve Bank (U.S) to the commercial bank to maintain reserve requirements and support short term lending, when they are short of cash.

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Question # 27

Basic Banking Loan Processor interview questions:

Answer:-

- * Are you planning to continue your studies?
- * How would you describe your work style?
- * What have you learned from mistakes on the job?
- * Describe a situation where you had to plan or organise something.
- * What is more important to you: the money or the work?

Focus on positive achievements and views.

Give an example that relates to the type of position applied for. Make sure the experience is relevant.

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Question # 28

Competency Based Banking Loan Processor interview questions:

Answer:-

- * Did you feel you progressed satisfactorily in your last job?
- * What are your expectations regarding promotions and salary increases?
- * What are your long-term goals or career plans?
- * Do you prefer to work in a small, medium or large company?
- * What was the most stressful situation you have faced?

Be relaxed. Don't overstress yourself. A comfortable mind shall generate a good outcome.

Avoid negative comments about past employers. Don't spend a lot of time on these Banking Loan Processor interview questions.

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Question # 29

Behavioral Loan Processor Job Interview Questions:

Answer:-

- * Recall a time you discovered a fraud
- * Describe a time you had to multi-task to meet a deadline
- * Tell me about the most challenging loan file you dealt with
- * Recall a time you took an initiative to complete loan processing faster
- * Have you ever faced an ethical dilemma at your job?
- * Have you ever helped a client with bad credit secure a loan?

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Question # 30

Role-specific Loan Processor Interview Questions:

Answer:-

- * How has your education/training prepared you for this job?
- * How do you maintain attention to detail?
- * What software do you use in this job?
- * What useful information do you get from bank statements/credit reports/etc.?
- * What are different types of mortgages?
- * Explain RESPA
- * What's the highest number of loan files you were processing at the same time in your previous job?

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Question # 31

Video Based Banking Loan Processor interview questions:

Answer:-

- * What would you say are your strong points?
- * Describe a situation in which you had to collect information.



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- * What would make you happy in a job?
- * What do you think, would you be willing to travel for work?
- * What negative thing would your last boss say about you?

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Question # 32

Group Based Loan Processor interview questions:

Answer:-

- * How have you changed in the last five years?
- * What do you do if you disagree with a co-worker?
- * How would your teacher or other Loan Processor describe you?
- * Have you gone above and beyond the call of duty?
- * How do you get a peer or colleague to accept one of your ideas?
- * How do you keep track of things you need to do?
- * What is more important to you: the money or the work as Loan Processor?

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Question # 33

Operational and Situational Loan Processor Interview Questions:

Answer:-

- * How do you calculate income?
- * What methods would you use to analyze credit?
- * Imagine you have a busy day, with loan officers and clients calling constantly to inquire about the state of applications. How do you handle the stress? What do you do to ensure excellent customer service?
- * How would you approach a demanding loan officer/underwriter?
- * What documents would you ask for to begin processing a loan?

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Question # 34

Strengths and Weaknesses Based Banking Loan Processor interview questions:

Answer:-

- * What do you believe are your key strengths?
- * Tell us about the last time you had to negotiate with someone.
- * What do you consider your most significant accomplishment?
- * What is a typical career path in this job function?
- * Time when you made a suggestion to improve the work.

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Question # 35

Communication skills Based Banking Loan Processor interview questions:

Answer:-

- * List five words that describe your character.
- * What has been your most successful experience in speech making?
- * Who has impacted you most in your career and how?
- * What three character traits would your friends use to describe you?
- * Describe a time you were faced with stresses which tested your skills.

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Question # 36

Panel Based Loan Processor interview questions:

Answer:-

- * Tell me about an important issue you encountered recently.
- * Tell about a problem that you solved in a unique or unusual way.
- * What will you do if you don't get this position?
- * Did you feel you progressed satisfactorily in your last Loan Processor job?
- * What are your salary increases?
- * When was the last time you were in a crises?
- * When given an important assignment, how do you approach it?

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Question # 37

Phone Based Banking Loan Processor interview questions:

Answer:-

- * Tell me about an important goal that you set in the past.
- * If you were hiring a person for this job, what would you look for?
- * What has been your biggest professional disappointment?
- * What do you feel is the best educational preparation for this career?
- * When were you most satisfied in your job?



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Question # 38

Behavioral Loan Processor interview questions:

Answer:-

- * What kind of decisions are most difficult for you to make?
- * What have you learned from your past jobs?
- * What are your long and short range plans?
- * What qualities should a successful manager possess?
- * What is the last movie you watched?
- * What was the most rewarding experience at work?
- * What sort of things do you like to delegate?

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Question # 39

Situational Banking Loan Processor interview questions:

Answer:-

- * What was the most important task you ever had?
- * What problems have you encountered at work?
- * What relevant experience do you have?
- * Which subjects did you enjoy during your qualifying degree?
- * What attracted you to this company?

It is meant to see whether or not you'll speak poorly of an employer.

No matter the question, applicants should provide positive, result-oriented responses. The interviewers want to know the real you, the potential candidate they may accept in.

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Question # 40

Difficult Loan Processor interview questions:

Answer:-

- * In your opinion, what makes you different from the other applicants?
- * If you could start your professional life again, what would you do differently?
- * Have you ever worked with anyone with developmental disabilities?
- * Why did you choose your degree subject?
- * What type of people do you like to work with?
- * How would you define good customer service?
- * Tell me about your most significant work experience.

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Question # 41

Phone Based Loan Processor interview questions:

Answer:-

- * If your job was suddenly eliminated, what kinds of work do you feel prepared to do?
- * What does your current job involve on a day-to-day basis?
- * How do you handle rejection?
- * What can you tell me about this company that nobody else can?
- * In what ways do you think you can make a contribution to our company?
- * What do you think is most important when dealing with your customer?
- * How ambitious are you?

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Question # 42

Behavioral Banking Loan Processor interview questions:

Answer:-

- * How did you prepare for this work?
- * Do you know anyone who works with our company?
- * What kind of personality do you work best with and why?
- * Has anything ever irritated you about people you've worked with?
- * What steps do you follow to study a problem before making a decision?

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Question # 43

General Loan Processor interview questions:

Answer:-

- * Do you feel you have strong opinions about others?
- * How do you get the best out of people?
- * What did you like/dislike about your last job?
- * What do you like best about your school?
- * If starting over again, what job or field would you enter?



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- * What two or three accomplishments have given you the most satisfaction?
- * What was your biggest failure?

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Question # 44

Basic Loan Processor Job Interview Questions:

Answer:-

- * Tell me about yourself.
- * Why are you leaving your current job?
- * How organized are you? Give me an example.
- * What do you think is a reasonable time frame to return a client's phone call/email?
- * What do you do when you get stressed out?
- * What does your typical day look like?
- * What are your processing responsibilities now?
- * How many loans are you comfortable handling?
- * What is your loan product mix?
- * What loan origination software have you used?
- * What investors have you worked with?
- * What is the lowest credit score you've seen approved through automated underwriting?
- * What documentation is needed for a self-employed borrower?
- * What is the difference between Desktop Underwriter and Loan Prospector?
- * What do you look for when reviewing a bank statement?
- * Tell me about an instance where you've seen mortgage fraud.
- * Tell me about RESPA.
- * If I were to call one of the loan officers you have worked for, what would they say about you?
- * Tell me about the last time you experienced an ethical dilemma.
- * Tell me what you think a customer goes through when buying a home.
- * What have customers said about the way you worked with them to help them get their loan approved?
- * If a customer is on the phone screaming at you, what do you do?
- * What do you think are the responsibilities of a loan officer?
- * In your opinion, what's the hardest part of a loan officer's job?
- * What's the easiest part of a LO's job?
- * What's your impression of real estate agents?
- * Tell me about one of your most stressful days at work.
- * Tell me about a fantastic day at work.
- * What's the best job you've ever had? Why?
- * What's the worst job you've ever had? Why?
- * What's the best customer service experience you've ever had?
- * What achievement are you most proud of?
- * Who do you look up to? Why?

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Question # 45

Do you know what is 'Cheque Discount'?

Answer:-

Cheque discounting service is offered only by few banks. For instance, if you have a cheque of \$3000 outstation and the cheque will take 7 seven days for clearance, then bank will offer you a service for early payment. The bank can make an early payment, but they will pay only for certain percentage of the actual amount, here they will pay you \$2000 but they will charge interest on it and the remaining \$1000 will be paid, once the outstation cheques get clear.

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Question # 46

Please explain do you work well under pressure?

Answer:-

Pressure to me is not a concern due to the fact that when all task are ordered by length of time to complete and the amount of daily tasks, you avoid an over filled work load. If for some reason issues arise I always guarantee the task to be completed.

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Question # 47

Explain me what are the biggest challenges you face in processing?

Answer:-

When I have to put liens on property and or levy a savings account o payroll check to a client.

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Question # 48

Explain me what is 'Crossed Cheque'?

Answer:-

A crossed cheque indicates the amount should be deposited into the payees account and cannot be cashed by the bank over the counter. Two cross-lines on the left side corner of the cheque that indicates crossed cheque.

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Question # 49

Tell me what is Payday loan?

Answer:-

A pay-day loan is generally, a small amount and a short-term loan available at high interest rate. A borrower normally writes post-dated cheques to the lender in respect to the amount they wish to borrow.

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Question # 50

Tell me what are the different ways you can operate your accounts?

Answer:-

You can operate your bank accounts in different ways like

- a) Internet banking
- b) Telephone or Mobile banking
- c) Branch or Over the counter service
- d) ATM (Automated Teller Machine)

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Question # 51

Tell me how bank earns profit?

Answer:-

The bank earns profit in various ways

- a) Banking value chain
- b) Accepting deposit
- c) Providing funds to borrowers on interest
- d) Interest spread
- e) Additional charges on services like checking account maintenance, online bill payment, ATM transaction

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Question # 52

Explain me why do you think you are the strongest candidate for the job? Explain what makes you different and/or more valuable than other Mortgage Loan Processors?

Answer:-

I am the total package I have experience in frontend / backend processing and Underwriting. I have a clear understanding of processing and reporting.

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Question # 53

Tell me on a scale of 1-10 with 10 being highest, how confident are you with your knowledge and skill in Desktop Underwriter (DU)?

Answer:-

I am a quick learner and although I have been away from the industry for a short time, I am confident that I will recall much of what I knew and what is new efficiently.

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Question # 54

Explain me what are the different types of Loans offered by banks?

Answer:-

The different types of loans offered by banks are:

- a) Unsecured Personal Loan
- b) Secured Personal Loan
- c) Auto Loans
- d) Mortgage Loans
- e) Small business Loans

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Question # 55

Tell me how do you determine your daily work priorities?

Answer:-

For the day to day tasks I will take care of those first. After that I base it off of deadlines.

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Question # 56

Explain me what ACH stands for?

Answer:-

ACH stands for Automated Clearing House, which is an electronic transfer of funds between banks or financial institutions.

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**Question # 57**

Tell me how to calculate income?

Answer:-

The income noted on the 1003 should always be based on calculations made using actual file documentation rather than the borrower's rough estimate. If the income consists of more than regular wages or salary, the processor should know how the lender views and calculates that particular source of income rather than assume it will be acceptable.

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Question # 58

Explain me why do you believe you are a good fit for our company culture?

Answer:-

Because not only I have the experience, but its a life/professional goal I set many years ago and also because I like it and I enjoyed doing this, of course there are times when you need to take a mental break.

[Read More Answers.](#)

Question # 59

Tell me what is negative Amortization?

Answer:-

When repayment of the loan is less than the loans accumulated interest, then negative Amortization occurs. It will increase the loan amount instead of decreasing it. It is also known as 'deferred interest'.

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Question # 60

Tell me do you enjoy talking to clients, and building relationships with them?

Answer:-

Yes through speaking with clients and building a relationship clients become more trusting and open to working with you when situations arise with the loan.

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Question # 61

Tell me what is bank? What are the types of banks?

Answer:-

A bank is a financial institution licensed as a receiver of cash deposits. There are two types of banks, commercial banks and investment banks. In most of the countries, banks are regulated by the national government or central bank.

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Question # 62

Explain me do bank charge for 'overdraft protection' service?

Answer:-

Yes, bank will charge on 'overdraft protection' services but the charges will be applicable only when you start using the service.

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Question # 63

Explain me what is investment banking?

Answer:-

Investment banking manages portfolios of financial assets, commodity and currency, fixed income, corporate finance, corporate advisory services for mergers and acquisitions, debt and equity writing etc.

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Question # 64

What is your greatest strength as Loan Processor?

Answer:-

Commitment. I am known for seeing every goal through, and exceeding it.

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Question # 65

Explain me how often are you given new business through referrals?

Answer:-

The experience, drive, inner motivation to succeed in order to help others is not something that can be taught. I have a proven record of commitment.

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Question # 66



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Explain me what is inter-bank deposit?

Answer:-

Any deposit that is held by one bank for another bank is known as inter-bank deposit. The bank for which the deposit is being held is referred as the correspondent bank.

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Question # 67

Tell me what do you mean by co-maker?

Answer:-

A person who signs a note to guarantee the payment of the loan on behalf of the main loan applicant's is known as co-maker or co-signer.

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Question # 68

Tell me do you have experience using Desktop Originator?

Answer:-

I do not. However, I am in the process of learning more about mortgage loans and love to learn about the process in general. I also can learn most programs quickly.

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Question # 69

Tell me what are your career goals as a Mortgage Loan Processor?

Answer:-

To perform at a consistent, then exemplary level by the end of year one. By year two, to have earned recommendations from current accounts.

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Question # 70

Tell me how to avoid closing delays?

Answer:-

You'd be surprised how many times someone forgot about that at closing condition. Pay special attention to those conditions and get as many as possible cleared beforehand. Additionally, make certain that you are aware of the lender's deadline for closing document requests.

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Question # 71

Tell me which loan origination system software are you most familiar with?

Answer:-

The loan origination system software I am most familiar with would be LIS as I had worked on it and installed new systems to the software for about two years.

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Question # 72

Explain me what is 'Credit-Netting'?

Answer:-

A system to reduce the number of credit checks on financial transaction is known as credit-netting. Such agreement occurs normally between large banks and other financial institutions. It places all the future and current transaction into one agreement, removing the need for credit cheques on each transaction.

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Question # 73

Tell me do you feel you do a good job of juggling multiple tasks at one time on a consistent basis?

Answer:-

I enjoy multi-tasking to the best of my ability and feel that organization is key to being able to multi-task.

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Question # 74

Tell me what is Cost Of Funds Index (COFI)?

Answer:-

COFI is an index that is used to determine interest rates or changes in the interest rates for certain types of Loans.

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Question # 75

Explain me what is the difference between 'Cheque' and 'Demand draft'?

Answer:-

Both are used for the transfer of the amount between two accounts of same banks or different bank. 'Cheque' is issued by an individual who holds the account in a bank, while 'Demand draft' is issued by the bank on request, and will charge you for the service. Also, demand draft cannot be cancelled, while cheques can be



cancelled once issued.

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Question # 76

Where do you see yourself in 5 years as Loan Processor?

Answer:-

I am driven to be the best at what I do and I want to work somewhere where I'll have opportunities to develop my skills, take on interesting projects, and work with people I can really learn from. Some of the most innovative thinkers in the industry work here and that's a big reason why I would love to build a career here." OR "My goal right now is to find a position at a company where I can grow and take on new challenges over time. Ultimately, I'd like to assume more management responsibilities and get involved in product strategy. But most importantly, I want to work for an organization where I can build a career.

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Question # 77

Do you know what are the types of Commercial Banks?

Answer:-

a) Retail or consumer banking

It is a small to mid-sized branch that directly deals with consumer's transaction rather than corporate or other banks

b) Corporate or business banking

Corporate banking deals with cash management, underwriting, financing and issuing of stocks and bonds

c) Securities and Investment banking

Investment banking manages portfolios of financial assets, commodity and currency, fixed income, corporate finance, corporate advisory services for mergers and acquisitions, debt and equity writing etc.

d) Non-traditional options

There are many non-bank entities that offer financial services like that of the bank. The entities include credit card companies, credit card report agencies and credit card issuers

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Question # 78

Tell me what is home equity loan?

Answer:-

Home equity loan, also known as the second mortgage, enables you to borrow money against the value of equity in your home. For example, if the value of the home is \$1, 50,000 and you have paid \$50,000. The balance owed on your mortgage is \$1, 00,000. The amount \$50,000 is an equity, which is the difference of the actual value of the home and what you owe to the bank. Based on equity the lender will give you a loan. Usually, the applicant will get 85% of the loan on its equity, considering your income and credit score. In this case, you will get 85% of \$50,000, which is \$42,500.

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Question # 79

Tell me where at in the processing do you usually run into delays, and what steps do you take to avoid them?

Answer:-

Delays are usually encountered at closing. To avoid delays at closing always send the good faith estimate to the loan officer the day before closing to go over with the customers to make sure they are in agreement with the final numbers.

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Question # 80

Explain me what's your ideal company to work for?

Answer:-

My ideal company to work for would be one that is fast growing, fast paced and where there is room for learning and advancement.

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Question # 81

Please explain what do you mean by 'foreign draft'?

Answer:-

Foreign draft is an alternative to foreign currency; it is generally used to send money to a foreign country. It can be purchased from the commercial banks, and they will charge according to their banks rules and norms. People opt for 'foreign draft' for sending money as this method of sending money is cheaper and safer. It also enables receiver to access the funds quicker than a cheque or cash transfer.

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Question # 82

Explain me four different types of mortgages and why a client would select each one?

Answer:-

Fixed = client pays off a fixed rate over a fixed time period regardless of changes in trends that may cause the loan payment to increase or decrease.

FHA= 1st time buyers with low or no downpayment and lower credit scores. It is secured by Mortgage insurance that is included in the payment of the loan.

VA= former military and is usually no money down. Interest Only=borrow has option to pay only the interest on this loan for a specified period of time.

Adjustable (ARM)= a client who wants a lower rate up front and is willing to have the payments balloon at a later date. Someone who.

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Question # 83

Explain what do you feel is your favorite thing about loan processing?

Answer:-

Variety of tasks, feeling of satisfaction I get when I can assist consumers in their home needs.

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Question # 84

Explain me what are the things that you have to keep in concern before opening the bank accounts?

Answer:-

Before opening a bank account, if it is a saving account, you have to check the interest rate on the deposit and whether the interest rate remains consistent for the period. If you have the checking account, then look for how many cheques are free to use. Some banks may charge you for using paper cheques or ordering new cheque books. Also, check for different debit card option that is provided on opening an account and online banking features.

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Question # 85

Explain me how and when to request file documentation?

Answer:-

In order for a loan to close in a timely fashion, file documentation must be available when needed. Find out the turn around time for all of the documents required for your file and request them far enough in advance.

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Question # 86

Do you know alternative ways to meet document requirements and underwriting conditions?

Answer:-

An experienced processor knows that although the condition sheet says that the lender wants one thing, they will actually accept another. Knowing how to ask the right person the right questions can save a lot of time and trouble.

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Question # 87

Tell me what skills do you feel are most essential in order to be a successful Mortgage Loan Processor?

Answer:-

Math, communication (written and verbal), ethics, organizational skills, setting and executing to achieve goals, proficiency in the application of the statistical and probability studies using the collected data and then concluding with a logical decision.

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Question # 88

Explain what is the difference between bank guarantee and letter of credit?

Answer:-

There is not much difference between bank guarantee and letter of credit as they both take the liability of payment. A bank guarantee contains more risk for a bank than a letter of credit as it is protecting both parties the purchaser and seller.

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Question # 89

Tell me what is 'Bill Discount'?

Answer:-

'Bill Discount' is a settlement of the bill, where your electricity bill or gas bill is sold to a bank for early payment at less than the face value and the bank will recover the full amount of the bill from you before bill due date. For example, electricity bill for XYZ is \$1000; the electricity bill company will sell the bill to the bank for 10% to 20% discount to the face value. Here, the bank will buy the electricity bill for \$900 whose face value is \$1000, now the bank will recover, full amount of bill from the customer i.e \$1000. If the customer fails to pay the bill, the bank will put interest on the outstanding bill and ask the customer for the payment.

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Question # 90

Tell me how confident are you in making crucial decisions?

Answer:-

Extremely confident in making crucial decisions. I have learned to trust my gut instinct. I would rather stop knowing that I erred on the side of caution.

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Question # 91

Tell me what is 'Availability Float'?

Answer:-

Availability Float is a time difference between deposits made, and the funds are actually available in the account. It is time to process a physical cheque into your account.

For example, you have \$20,000 already in your account and a cheque of another \$10,000 dollar is deposited in your account but your account will show balance of



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\$20,000 instead of \$30,000 till your \$10,000 dollar cheque is cleared this processing time is known as availability float.

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Question # 92

Tell me what are payroll cards?

Answer:-

Payroll cards are types of smart cards issued by banks to facilitate salary payments between employer and employees. Through payroll card, employer can load salary payments onto an employee's smart card, and employee can withdraw the salary even though he/she doesn't have an account in the bank.

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Question # 93

Tell me what is 'Fixed' APR and 'Variable' APR?

Answer:-

'APR' (Annual Percentage Rate) can be 'Fixed' or 'Variable' type. In 'Fixed APR', the interest rate remains same throughout the term of the loan or mortgage, while in 'Variable APR' the interest rate will change without notice, based on the other factors like 'prime rate'.

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Question # 94

Tell me what lenders have you worked with? Which are you most familiar with?

Answer:-

Chase, Huntington, PNC, and Private Clients.

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Question # 95

Explain me what have you done in the past year to make yourself a better Mortgage Loan Processor?

Answer:-

Loan originator, learn procedures, guidelines and policies from my previous employers.

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Question # 96

Please explain what is Line of credit?

Answer:-

Line of credit is an agreement or arrangement between the bank and a borrower, to provide a certain amount of loans on borrower's demand. The borrower can withdraw the amount at any moment of time and pay the interest only on the amount withdrawn. For example, if you have \$5000 line of credit, you can withdraw the full amount or any amount less than \$5000 (say \$2000) and only pay the interest for the amount withdrawn (in this case \$2000).

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Question # 97

Do you know what is debt-to-Income ratio?

Answer:-

The debt-to-income ratio is calculated by dividing a loan applicant's total debt payment by his gross income.

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Question # 98

Tell me what is consumer bank?

Answer:-

Consumer bank is a new addition in the banking sector, such bank exist only in countries like U.S.A and Germany. This bank provides loans to their customer to buy T.V, Car, furniture etc. and give the option of easy payment through instalment.

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Question # 99

Explain me what is commercial bank?

Answer:-

Commercial bank is owned by the group of individuals or by a member of Federal Reserve System. The commercial bank offer services to individuals, they are primarily concerned with receiving deposits and lending to business. Such bank earns money by imposing interest on the loan borrowed by the borrower. The money that is deposited by the customer will be used by the bank to give business loan, auto loan, mortgages and home repair loans.

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Question # 100

Explain me how to review title and appraisal reports?

Answer:-

Title and appraisal documents should be reviewed for issues or inconsistencies upon receipt. Title liens and appraisal issues often take a considerable amount of time



to resolve. The underwriting process is expedited when those things are identified and addressed early rather than left for discovery by the lender.

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Question # 101

Explain me what is ILOC (Irrevocable Letter Of Credit)?

Answer:-

It is a letter of credit or a contractual agreement between financial institute (Bank) and the party to which the letter is handed. The ILOC letter cannot be cancelled under any circumstance and, guarantees the payment to the party. It requires the bank to pay against the drafts meeting all the terms of ILOC. It is valid upto the stated period of time. For example, if a small business wanted to contract with an overseas supplier for a specified item they would come to an agreement on the terms of the sale like quality standards and pricing, and ask their respective banks to open a letter of credit for the transaction. The buyer's bank would forward the letter of credit to the seller's bank, where the payment terms would be finalized and the shipment would be made.

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Question # 102

Tell me are you familiar with the Fannie Mae and Freddie Mac Selling Guides?

Answer:-

I am absolutely familiar and spent many years training new loan officers on products and guidelines. I have done recent brushing up via the Internet and would like to gain more from your current employees.

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Question # 103

Please explain us what do you know about our company?

Answer:-

This is a highly esteemed privately held company, looking for to invest in human resources to expand Mortgage Loan to families seeking the American Dream of Homeownership.

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