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QUESTION 1

A document made available to prospective security buyers that describes the firm and a new security issue. _____ are responsible for ensuring that all the information in the prospectus accurately represents the facts.

- A. Federal agencies
- B. Private parties
- C. Local governments
- D. State government

Correct Answer: A

QUESTION 2

In a bar chart what does the red line represents?

- A. Stock prices are getting high
- B. Stock prices are getting low
- C. Stock prices are closing
- D. Stock prices are opening

Correct Answer: B

QUESTION 3

Which of the following is defined as the rate of return anticipated on a bond if it is held until the maturity date?

- A. Discount rate
- B. Interest free rate
- C. Return on equity
- D. Yield to maturity

Correct Answer: D

QUESTION 4

Which turnover rate suggests a more tax efficient funds?

- A. 10%

B. 100%

C. 5%

D. 200%

Correct Answer: C

QUESTION 5

Michael Cohn is a "member" (a type of owner) of a marine supply business. Michael's business is:

A. A sole proprietorship

B. A corporation

C. A limited liability company

D. A general partnership

Correct Answer: C

QUESTION 6

Reduction for salvage is:

A. the estimated amount payable by the vendor from the disposition of damaged or recovered property

B. the actual amount receivable by the claimer from the temperment of damaged property

C. the actual amount payable by the investor from the disposition of damaged or recovered property

D. the estimated amount receivable by the insurer from the disposition of damaged or recovered property

Correct Answer: D

QUESTION 7

The Counting House, Inc., purchased 5-year property class equipment for \$60,000. It uses the MACRS method of depreciation. What is tax depreciation for the second year of the asset's life?

A. \$12,000

B. \$19,200

C. \$20,000

D. \$24,000

Correct Answer: B

QUESTION 8

The risk-free security has a beta equal to, while the market portfolio's beta is equal to:

- A. One more than one
- B. One less than one
- C. Zero; one
- D. less than zero; more than zero

Correct Answer: C

QUESTION 9

Average tax rate:

- A. Is the rate at which each dollar of taxable income is taxed on average; calculated by dividing the tax liability by taxable income
- B. Is the rate at which each dollar of taxable income is taxed annually; calculated by dividing the tax liability by taxable income.
- C. Is the rate at which each dollar of taxable income is taxed on average; calculated by dividing the tax liability by non-taxable income
- D. Is the rate at which each dollar of taxable income is taxed on average; calculated by dividing the tax liability by expenses

Correct Answer: A

QUESTION 10

Real estate commissions generally range _____ for new homes and _____ for previously occupied homes or resales. It may be possible to negotiate a lower decision with your broker or to find one who charges a flat fee.

- A. From 5%-6% for new and from 6%-7%
- B. From 4%-6% for new and from 6%-9%
- C. From 4%-6% for new and from 8%-9%
- D. From 4%-6% for new and from 6%-7%

Correct Answer: A

QUESTION 11

They say it pays to shop around and when it comes to credit cards that are certainly true. Regardless of which category they fall into, there are basically four credit card features to look for. Which of the following is/are out of those features?

- A. Annual fees
- B. Rate of interest charged on account balance
- C. Length of the expiration period
- D. Method of calculating balances

Correct Answer: C

QUESTION 12

As defined in Accounting Standards Codification, dollar purchase agreements are the agreements to sell and repurchase similar and identical securities.

- A. True
- B. False

Correct Answer: B

QUESTION 13

The objective/s of trust department's administration of corporate trust accounts include:

- A. Policies producers ensure compliance with governing instruments, applicable law and accepted fiduciary principles
- II. Deficiencies are identified and corrective action is promptly initiated III. There is sufficient management and staff expertise to administer these accounts IV. Effective policies, procedures and internal controls have been established
- The legitimate needs of security holders and other interested parties are met in a professional and timely manner
- B. III and IV
- C. I, II and IV
- D. II, III and V
- E. All of these

Correct Answer: D

QUESTION 14

_____ is concerned with the acquisition, financing, and management of assets with some overall goal in mind.

- A. Financial management
- B. Profit maximization

- C. Agency theory
- D. Social responsibility

Correct Answer: A

QUESTION 15

The private pools can fall in which two categories:

- A. Risk retention and sale groups
- B. Risk retention and purchasing groups
- C. Public and purchasing groups
- D. None of the above

Correct Answer: B

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